

CONNECTICUT RESOURCES RECOVERY AUTHORITY

FOUR HUNDRED AND THIRTY-SECOND

SEPT 27, 2012

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thurs. Sept. 27, 2012, in the Board Room at 100 Constitution Plaza, Hartford, CT 06103. Those present were:

Directors: Chairman Don Stein
John Adams
Ryan Bingham
David Damer
Joel Freedman
Timothy Griswold
Ted Martland
Andrew Nunn
Pedro Segarra
Scott Slifka (present by telephone)
Steve Edwards, Bridgeport Project Ad-Hoc
Mark Tillinger, Bridgeport Ad-Hoc (present by telephone until 11:00 a.m.)
Bob Painter, Mid-Connecticut Project Ad-Hoc
Steve Wawruck, Mid-Connecticut Project Ad-Hoc

Present from CRRA in Hartford:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Peter Egan, Director of Environmental Affairs and Operations
Tom Gaffey, Director of Recycling
Laurie Hunt, Director of Legal Service
Lynn Martin, Risk Manager
Nhan Vo-Le, Director of Accounting
Paul Nonnenmacher, Director of Public Affairs
Jim Perras, Government Relations Liaison
Moirra Benacquista, Board Secretary/Paralegal
Marianne Carcio, Executive Assistant

Others present: Dave Aldrige, SCRRA; Jessica Campbell, Covanta; Diane Duva, Connecticut Department of Environmental Energy; John Pizzimenti, USA Hauling; Jim Sandler, Esq., MDC; Jeff Roude and Will Reynolds of Bollam Sheedy & Torrani.

Chairman Stein called the meeting to order at 9:35 a.m. and said a quorum was present.

PUBLIC PORTION

Chairman Stein 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. As there were no members of the public present which cared to speak the regular meeting commenced.

APPROVAL OF THE MINUTES OF THE REGULAR JULY 26, 2012, BOARD MEETING

Chairman Stein requested a motion to approve the minutes of the regular July 26, 2012, Board Meeting. Director Adams made a motion to approve the minutes as amended and discussed, which was seconded by Director Damer.

The motion previously made to approve the minutes as amended and discussed was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Edwards, Director Freedman, Director Griswold, Director Martland, and Director Painter voted yes. Director Nunn, Director Slifka, Director Tillinger, and Director Wawruck abstained.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn			X
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Mark Tillinger, Bridgeport			X
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct			X

APPROVAL OF THE MINUTES OF THE SPECIAL SEPT. 6, 2012, BOARD MEETING

Chairman Stein requested a motion to approve the minutes of the Sept. 6, 2012, Special Board Meeting. Director Adams made a motion to approve the minutes, which was seconded by Director Martland.

The motion previously made and seconded was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Edwards, Director Freedman, Director Griswold, Director Nunn, Director Painter, Director Tillinger, and Director Wawruck voted yes. Director Martland and Director Slifka abstained.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland			X
Andrew Nunn	X		
Scott Slifka			X
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Mark Tillinger, Bridgeport	X		
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

FINANCE COMMITTEE

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

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Griswold and seconded by Director Martland.

RESOLVED: That CRRA’s Commercial General Liability insurance be purchased from ACE American Insurance Company (Rating A+) with a \$1,000,000 limit, \$25,000 deductible, for the period 10/1/12 – 10/1/13 for a premium of \$218,926 as discussed at this meeting; and

FURTHER RESOLVED: That CRRA’s Umbrella Liability insurance be purchased from ACE Property & Casualty Insurance Company (Rating A+) with a \$25 million limit, \$10,000 retention, for the period 10/1/12 – 10/1/13 for a premium of \$162,500 as discussed at this meeting; and

FURTHER RESOLVED: That CRRA’s Pollution Legal Liability insurance be purchased from Illinois Union Insurance Company (ACE) (Rating A+) with a \$20 million limit, \$250,000 retention, for the period 10/1/12 – 10/1/13 for a premium of \$243,012; as discussed at this meeting, and;

FURTHER RESOLVED: That CRRA’s Commercial Automobile Liability insurance be purchased from ACE American Insurance Company (Rating A+) with a \$1 million limit, liability coverage on all and comprehensive and collision on fifteen (15) passenger vehicles and light trucks with a \$1,000 deductible, for the period 10/1/12 – 10/1/13 for a premium of \$59,293.

Director Griswold said the Finance Committee reviewed this item in great detail with CRRA's insurance brokers, Aon Risk Services (hereinafter referred to as "Aon"). He noted there is a general hardening occurring in the insurance market and that there has not been a lot of competition for CRRA's business given its claim history and the nature of our business. Director Griswold said that CRRA explored having a higher deductible on the auto insurance and found the possible savings were not worth the additional premium costs. He said in addition the insurers need to file rates with the State of Connecticut and they only filed specific rates with some higher deductibles. These higher deductibles raised the premium too high to be beneficial to CRRA.

Mr. Bolduc said CRRA's risk manager Lynn Martin is present for any questions. He explained that CRRA engages Aon on a fixed fee basis to approach the markets. As part of the contract CRRA has with Aon, they do not receive any commissions for placing the insurance. Mr. Bolduc said management comes to the Board twice a year for approval of insurance coverage.

Mr. Bolduc said that Exhibit 2 within the write up is a disclosure report from Aon which indicates for each of the various programs and classes of insurance what markets were approached and the carriers' response. He said that CRRA faces significant challenges when seeking insurance due to potential liability on the pollution side. Mr. Bolduc said there is not a lot of industry wide knowledge in the insurance market for solid waste authorities. Mr. Bolduc said a lot of the traditional carriers decline due to a lack of understanding of CRRA's business as a power producer and also as a trash to energy facility.

Mr. Bolduc said that Exhibit 3 within the write-up shows the various premiums in the past and also contains a calculation which is necessary because the period of insurance renewals are out of sync with CRRA's fiscal years and as a result an annualized premium is calculated. He said when the liability premiums are combined and compared to budget there is about \$16,000 savings and compared to premiums last year-there is about \$17,000 increase Mr. Bolduc said it is a fairly small increase which is indicative of work Ms. Martin and Aon did to secure this opportunity when considering the markets are hardening especially in the pollution areas.

Director Adams asked if the pollution is claims made. Ms. Martin replied yes. Mr. Bolduc said there was a separate pollution policy issued back in the Enron days with AIG. He said when CRRA acquired that property from Northeast Utilities it came with pollution issues that needed to be addressed. Mr. Bolduc said the CRRA received about \$26 million, which was transferred from Northeast to CRRA, and CRRA began the undertaking of cleaning up the site. He said CRRA issued a contract with TRC Environmental to clean up that site which was back stopped by an insurance policy purchased from AIG. Mr. Egan said the work is about 95% complete.

Chairman Stein asked if the Finance Committee has supported this resolution. Director Griswold replied yes.

The motion previously made and seconded was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland Director Nunn, Director Segarra and Director Slifka voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

RESOLUTION REGARDING THE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Griswold and seconded by Director Martland.

RESOLVED: That the Board hereby accepts the Annual Financial Report for the Fiscal Year Ended June 30, 2012, substantially as discussed and presented at this meeting.

Mr. Bolduc introduced Mr. Reynolds and Mr. Roude from Bollam Sheey & Torrani (hereinafter referred to as “BST”). He said BST runs the audit which Ms. Vo-Le and the Accounting department work on internally. Director Griswold said BST is in its fourth year as CRRA’s auditor and can serve for a total maximum of six years. He said the audit must be submitted to the State of Connecticut by the end of this month. Director Griswold said the CRRA Accounting department has done an excellent job, just as it has in past years.

Mr. Roude said he would be reviewing some highlights from the reports, beginning with the accountant’s opinion. He said an unqualified opinion was issued on the financial statements, which means the statement of revenues, expenses, and balance sheet were found to be in accordance with the general accepting accounting principles and government auditing standards.

Mr. Roude reviewed some highlights from management’s discussion and analysis. He said CRRA’s accounting department does an excellent job on the management discussion and analysis. Mr. Reynolds said this is a document which is generated from CRRA and is technically not audited by BST but is reviewed to be sure it does not contradict or influence the financial audit. Mr. Reynolds said it is a useful document for review.

Mr. Roude said CRRA's current assets over liabilities remain strong. He said there was \$124 million in current assets and only \$26 million in current liabilities, a slight improvement over the prior year. Mr. Roude said there was a distribution from the prior year surplus of \$1.4 million given back to SCRRA for the future use reserve. He said on the liability side it is important to note that the Mid-Conn bonds were moved from long-term liabilities to current liabilities and will mature in November of 2012.

Mr. Roude said pg. 14 contains a summary of CRRA's operating revenues and expenses. He said revenues were flat for the year and expenses dropped slightly making the overall income before depreciation about \$4.2 million, an improvement over the year prior which showed a loss of \$12 million. Mr. Roude noted as far as revenue is concerned there are some items of note. He explained energy sales are flat from 2011 and 2012 as there was a substantial rate drop from 8 cents down to 3.5 cents. Mr. Roude said the revenue is flat because more electricity was generated during the fiscal year and noted this will have a huge impact as far as the revenues are concerned for the following fiscal year.

Mr. Roude reviewed some of the notes within the financial statements. He said as of November 2012 the Mid-CT bonds will be paid off. Mr. Roude said every year management reviews the assets to see if there are any impairments, which means that the assets are performing properly and to ensure there is no substantial change in any useful life or the intent of what the asset is used for. Mr. Roude said as of June 30, 2012, management believes there are no impairments on any of the assets.

Mr. Reynolds said pg. 41 covers the long term debt note which provides a summary of all the various debts that CRRA has, as well as a description of each.

Mr. Roude said pg. 49 concerns contingencies and various footnotes concerning different issues. He said the first footnote regards the MDC arbitration for certain costs and future items which is now in arbitration. Mr. Roude said the other issue is with AIG regarding a lawsuit which was filed by commercial neighbors in Hartford. He said most of the summary notice which CRRA has applied for has been approved. He said there is a note in here regarding future plans for the Mid-Conn project which have not been determined and cannot be estimated at this time.

Mr. Roude said there are also some accounting pronouncements which have been issued and have become effective for certain items. He said those issues are mostly pension costs which BST must consider for the next audit although most of it will not affect CRRA at all.

Mr. Roude said BST provides an opinion regarding the internal controls at CRRA. He said this document is to ensure that internal controls are in place and that BST did not find any deficiencies or material weaknesses.

Mr. Roude said the accounting department was downsized slightly and moving forward BST will ensure proper internal controls and segregation of duties is taken. He said overall the audit went very smoothly and thanked Mr. Bolduc and Ms. Vo-Le and the staff for their assistance.

Director Painter asked what areas were being segregated. Mr. Reynolds said almost every area needs to be segregated. He said incompatible duties are not centered in one person so there is a check balance review process.

Mr. Reynolds said in the case of CRRA these are CRRA’s financial statements, footnotes, and MD&A, which is not always the case with BST’s clients. He said CRRA has a very knowledgeable staff.

The motion previously made and seconded was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland Director Nunn, Director Segarra and Director Slifka voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

POLICIES & PROCUREMENT COMMITTEE

RESOLUTION REGARDING USE OF THE HARTFORD LANDFILL CLOSURE RESERVES

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Damer and seconded by Director Adams.

WHEREAS, the Authority is responsible for the expenditures associated with the closure of the bulky waste and ash residue areas and the thirty years of monitoring and maintenance of the Hartford Landfill; and

WHEREAS, at its August 31, 2003 meeting, the Authority’s Board of Directors established the Hartford Landfill Closure Reserve to fund all expenses associated with the landfill’s closure activities ; and

WHEREAS, at its May 31, 2012 meeting, the Authority’s Board of Directors approved the President to enter into the Standard Contract associated with Connecticut Light and Power’s RFP for the purchase and sale of Connecticut Class 1 Renewable Energy Credits from low or zero emission projects; and

WHEREAS, the Authority submitted a bid in response to the RFP for Class 1 Renewable Energy Credits that will be generated by CRRA’s proposed solar landfill cap and will help offset the expenses associated with the Harford Landfill; and

WHEREAS, the Authority was selected as a winning bidder and signed and submitted the Standard Contract to CL&P; and

WHEREAS, the Standard Contract with Connecticut Light and Power has certain costs associated with it, including the requirement that the Authority post a financial guaranty in the amount of \$34,166, refundable upon completion of the solar landfill capping project; and

WHEREAS: the Hartford Landfill Closure Reserve has sufficient funds for these activities. now, therefore, be it:

RESOLVED: that the Board of Directors approves the use of the Hartford Landfill Closure Reserve for expenses associated with the Standard Contract for the zero emissions renewable energy credit program of the Connecticut Light and Power Company.

Director Damer said this item was thoroughly vetted by the Policies & Procurement Committee. Mr. Egan introduced Senior Environmental Engineer Mr. Bodendorf who has headed the initiative to qualify to sell renewable energy into the ZREC program that CL&P is obligated to offer.

Mr. Bodendorf said at the May 31, 2012, meeting the Board approved a resolution allowing the President to enter into a standard contract with CL&P in the event that CRRA was successful in the ZREC bid which occurred in June. He said CRRA was subsequently successful and the contract has been signed. Mr. Bodendorf said as an obligation to that contract CRRA needs to provide a performance assurance in the amount of \$34,166 assuring that CRRA is serious about building this project. He said this resolution authorizes approval of the reserve account for payment of this performance assurance which will be returned to CRRA when the project is complete.

Director Griswold asked if the amount is restricted to the \$34,166 as it is not specified in the resolution. Mr. Bodendorf said this is currently the only expense expected. Mr. Kirk said the actual construction and installation of the cap is an already approved landfill cost and that CRRA has a high degree of confidence in meeting this schedule.

Director Painter agreed with Director Griswold and suggested that the \$34,166 be entered into the resolved portion of the resolution in replacement of the word “expenses”.

AMENDMENT TO THE MOTION

Director Painter made a motion to change the second whereas in the resolution to the specific cost, the motion was seconded by Director Griswold and will now read as such:

RESOLVED: that the Board of Directors approves the use of the Hartford Landfill Closure Reserve for expenses of \$34,166 associated with the Standard Contract for the zero emissions renewable energy credit program of the Connecticut Light and Power Company.

The motion previously made and seconded to approve the amendment was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland Director Nunn, Director Painter, Director Segarra, Director Slifka and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

Chairman Stein asked if management would return to the Board if more money is required in the future. Mr. Bodendorf replied yes.

Director Edwards asked if there are applications in for the other landfills such as Shelton and Waterbury. Mr. Bodendorf said no. He said there is an RFP out on the street to potentially develop solar energy facilities at the Shelton, Waterbury and Ellington landfills. Mr. Bodendorf said some interest in the RFP has been received already. He said there is very little electricity load on those sites and a developer would likely need a higher ZREC price to be successful.

The motion previously made and seconded to approve the resolution as amended and discussed was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland, Director Nunn, Director Painter, Director Segarra, Director Slifka and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

RESOLUTION REGARDING DELIVERY OF COVER SOILS TO THE HARTFORD LANDFILL

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Damer and seconded by Director Adams.

RESOLVED: That the President is hereby authorized to enter into an agreement with LaRosa Construction Company, Inc. for delivery of soil to be used as contouring and cover material at the Hartford Landfill, and as approved by the Connecticut Department of Energy & Environmental Protection, substantially as discussed and presented at this meeting.

FURTHER RESOLVED: That the revenue received from this contract will be deposited into the Hartford Landfill Post Closure Reserve.

Director Damer said this is one of two similar resolutions which will provide contract revenue for bringing cover soil to the landfill. He said this material has been approved by the CT DEEP. He said this particular contract may generate in the realm of \$1 million.

Mr. Kirk said the Board has seen this resolution before. He said originally the City of Hartford was going to take responsibility for transporting the material and has since decided to contract with LaRosa. Mr. Kirk said this is the agreement with LaRosa for the same price and same benefit for the City.

The motion previously made and seconded was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland Director Nunn, Director Painter, Director Segarra, Director Slifka and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

RESOLUTION REGARDING DELIVERY OF COVER SOILS TO THE HARTFORD LANDFILL

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Damer and seconded by Director Adams.

RESOLVED: That the President is hereby authorized to enter into an agreement with Empire Paving, Inc. for delivery of soil to be used as contouring and cover material at the Hartford Landfill, and as approved by the Connecticut Department of Energy & Environmental Protection, substantially as discussed and presented at this meeting.

FURTHER RESOLVED: That the revenue received from this contract will be deposited into the Hartford Landfill Closure Reserve.

Director Damer said this resolution is for a different contract and a different location but is very similar to the one prior. He said the material has been approved the CT DEEP up to about \$1 million in potential revenue. He said this material is coming from the New Britain to Hartford busway project and the contract is with Empire Paving and is closer to the market rate of \$20 a ton.

Director Martland asked how many feet of soil are necessary for capping the landfill. Mr. Bodendorf said there is a 4% slope across the top but on the East side there is a large hole which CRRA is trying to fill in to create a consistent 3-1 slope which helps drainage and should reduce closure costs while increasing revenues.

The motion previously made and seconded was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland Director Nunn, Director Painter, Director Segarra, Director Slifka and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

RESOLUTION REGARDING A LETTER AGREEMENT FOR THE SALE OF BALED OLD CORRUGATED CARDBOARD AND LOOSE CORRUGATED CARDBOARD AND OLD NEWSPAPER

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Damer and seconded by Director Adams.

WHEREAS: The municipalities that constitute the Southwest Regional Recycling Operating Committee deliver source separated baled and loose old cardboard and loose old newspaper to CRRA’s Stratford Intermediate Processing Center and;

WHEREAS: Source separate cardboard and newspaper commodities garner higher revenues and avoid processing and transportation costs;

WHEREAS: CRRA is party to an Agreement for Operation, Maintenance and Transportation Services for the Stratford Intermediate Processing Center with City Carting, Inc. therefore;

RESOLVED: That the President is hereby authorized to execute a second Letter Agreement for the Acceptance of Baled and loose Old Corrugated Cardboard and loose Old Newspaper with City Caring, Inc.

Director Damer said this resolution discusses recycling issues with regard to the Stratford recycling facility. He said some of the towns in the Southwest region continue to source segregate some of their recycling material in particular newspapers and corrugated cardboard and this will allow CRRA to better capture the value of those previously segregated materials.

Director Griswold asked for an explanation as to why the pricing is \$10 or \$40 below the low side pricing. Mr. Gaffey explained the commodity index is published every week and there is always a

low side or high side. He said this contract utilizes the low side. Director Griswold asked why CRRA’s pricing would be \$40 below what is already the low side pricing. Mr. Gaffey said that is the processing cost. He said CRRA is receiving the low side range minus the processing cost if the material is not baled, which is \$40 a ton. Mr. Kirk said the contract is only implemented to the extent CRRA improves its earnings over the pricing from the long term contract with the IPC.

Chairman Stein asked why the contract was not negotiated using the high side pricing. Mr. Gaffey said this contract is as a result of negotiating with the contractor which also considers transportation and baling costs. He said when compared to the costs of transporting the single stream waste to Hartford this is a very favorable contract.

Director Edward said the high side is only good for that moment in time. He said long term contracts utilize a more stable base line as the high side assumes a higher risk and a much higher processing cost along with it.

Director Griswold asked if this is a variable price. Director Edwards said yes. Mr. Kirk said if CRRA had insisted on the high side the risk costs would have been much higher. Director Edwards said it also makes a difference on the quality of the bale going out. He said if CRRA is looking for a high price the quality must be higher and more manpower is needed to make sure the material is a Grade A instead of just average.

The motion previously made and seconded was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Edwards, Director Freedman, Director Griswold, Director Martland, Director Nunn, Director Segarra, Director Slifka and Director Tillinger voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Mark Tillinger, Bridgeport	X		
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

RESOLUTION REGARDING THE NEW PILOT AGREEMENT WITH THE CITY OF HARTFORD

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Damer and seconded by Director Adams.

WHEREAS, Connecticut General Statutes Section 22a-270 provides that the Authority shall be exempt from state and local taxes but may enter into agreements to make payment in lieu of taxes (“PILOT”); and

WHEREAS, the agreement between the City of Hartford and CRRA pursuant to which CRRA pays a PILOT to the City will expire November 15, 2012; and

WHEREAS, CRRA acknowledges the impact of its South Meadows operations on the City of Hartford, and intends to continue to pay a PILOT to abate that impact; and

WHEREAS, the expiration of the long term Mid-Connecticut Project municipal agreements, historically low wholesale electric rates, and the prospective permitting of new out-of-state transfer facilities raise concerns regarding the continued viability of CRRA’s South Meadows facilities;

NOW THEREFORE, it is hereby

RESOLVED: CRRA will pay a PILOT to the City of Hartford, in an amount to be determined on an annual basis as part of CRRA’s budgeting process; and

FURTHER RESOLVED: That, subject to the requirements of each annual budget, the amount of the PILOT shall be calculated as follows:

CRRA shall retain an appraiser who is familiar with the area and has expertise in appraising the type of facility under consideration, who shall perform a fair market valuation of the facility, the real estate, and appurtenances owned by CRRA in Hartford. The City of Hartford shall be free to retain its own appraiser with similar attributes to provide an independent appraisal of said facilities. Should the City of Hartford hire its own appraiser, appraisals provided by said appraiser shall be given consideration by CRRA.

The annual PILOT shall be calculated by multiplying seventy percent (70%) of the appraised value of the facility by the applicable municipal mill rate then in effect, provided that such amount is according to the number of days of such year that the agreement is in effect. Payment of the PILOT shall be due to the City in semi-annual installments on January 31st and July 31st.

CRRA acknowledges that this new method for determining a PILOT stated above will result in lower payments to the City of Hartford. CRRA undertakes to diminish this impact by reducing the difference between the amount of the current PILOT payment and that of the new PILOT payment based upon the above stated formula, incrementally by twenty percent (20%) yearly for a period of five years.

The actual amount of the PILOT to be paid to the City will be determined each year in accordance with the requirements of the CRRA as determined by the Board of Directors of the CRRA in its annual budget approval, and paid to the City in semi-annual installments on January 31st and July 31st.

Mr. Kirk said there is one edit management would like to make. He said in the second to last paragraph the last sentence; “payment of the PILOT shall be due to the City in semi-annual installments on January 31st and July 31st” will be removed.

Director Painter said under the proposed agreement between CRRA and the City of Hartford the appraisal issue was different than what is stated here and was different when presented to the Municipal Advisory Committee and the initial presentation to the Board. He said the agreement which was reached was that the CRRA would hire an appraiser to appraise its property, the City of Hartford would hire its own appraiser to appraise the property, and to the extent if there was a significant difference in the two numbers a mediator would be engaged to sort out what the number would be. Director Painter said the agreement has been changed to say, should the City of Hartford hire its own appraiser, “appraisals provided by said appraiser shall be given consideration by CRRA”. He asked Mr. Kirk to explain the change.

Mr. Kirk said the change was in recognition of the advisory nature of the PILOT payment. He said the discussion held with the Mayor’s office, Director Painter, and Chairman Stein on how the appraisal would be accomplished did concern two appraisers. Mr. Kirk said as a result management choose the following language, “appraiser provided by said appraiser shall be given consideration by CRRA” in recognition of the fact that the actual choice of the PILOT is not based on the resolution here but rather the budget which is approved by the Board.

Director Segarra said notwithstanding the advisory nature of the recommendation that he believes the resolution should reflect the mechanism by which we are trying to arrive at the valuation and that provided for a mediating person to reconcile the two appraisers. Mr. Kirk said provided there is acknowledgement that the actual decision on the PILOT payment is a budget decision determined by the CRRA Board.

Director Painter said this resolution is entirely different than the presentation by CRRA management to the Mayor of Hartford. He said this is so profoundly different it takes the issues out of the hands of a mediator and puts it totally in the hands of CRRA and its budget. Director Painter said there is a budget at the City of Hartford as well. He said it is his job to represent the City of Hartford and also to represent CRRA as a Board member and to make sure it functions properly. Director Painter said this is not a proper function.

Mr. Kirk asked if Director Painter’s objection is that this resolution establishes an appraisal as an advisory and budgetary issue. Director Painter said his objection is that the original agreement was not advisory, but for two appraisals which would be sorted out if they were of great variance by using a mediator to make a final decision which would then determine the budget. He said this determination would have to be made before the budget decisions were made for the benefit of the City of Hartford and CRRA.

Mr. Kirk disagreed. He said that he did not believe that the proposed resolution would provide for a PILOT to be established without Board budgetary approval. Chairman Stein said that he would have to agree with Director Painter. He said the approach which was described by Director Painter was the decision he also felt was made.

Mr. Kirk asked if that meant that CRRA was establishing the budget for 2014 and the years beyond. Chairman Stein said no. He explained the appraised price was being established as well as a method for determining the PILOT. He said any budget must be approved by the Board. Chairman Stein said he thought CRRA management and the City of Hartford had agreed on a process for determining the appraisal and hence calculating the proposed PILOT.

Director Martland said he had a problem with that, as the Board needs to determine the PILOT as part of the budget. He said the appraisal could be high and that affects the tip fee. Chairman Stein said it was agreed that there would be two appraisals, one by a professional selected by CRRA, and one selected by the City of Hartford. He said if there was a disagreement then the mediation and reconciliation process would take place.

Director Griswold asked with what frequency the appraisals would be done. Director Painter replied annually as part of the budget process. Director Griswold asked what the cost of an annual appraisal would be. Director Painter said it could certainly be agreed on that the appraisal would stand for multiple years.

The Board agreed to table this item for further discussion after Executive Session.

MOTION TO TABLE THE RESOLUTION REGARDING THE NEW PILOT AGREEMENT WITH THE CITY OF HARTFORD

Chairman Stein requested a motion to table this item until further discussion in Executive Session. The motion to table was made by Director Damer and seconded by Director Martland.

The motion previously made to table this item until after Executive Session was approved unanimously by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland, Director Nunn, Director Painter, Director Segarra, Director Slifka, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

DISCUSSION – CRRA’S MEMBERSHIP IN THE CONNECTICUT CONFERENCE OF MUNICIPALITIES

Mr. Kirk said this item is to notify the Board that CRRA intends to renew its membership with CCM. He said there have been some differences in the past between CRRA and CCM concerning legislative actions; in particular CCM’s endorsement of a bill which CRRA believed potentially rewrote the Solid Waste Management Plan.

Mr. Kirk said CCM is a great organization for CRRA to belong to as it provides an opportunity for outreach to the member towns. He said management recommends maintaining CRRA’s position with CCM. He said given the position CCM took on a bill in the past management wanted to confirm with the Board that it is in support of this action.

Chairman Stein said he is attending a meeting with Director Bingham, President of CCM, Jim Finley, CCM Executive Director, and Mr. Kirk to address communication issues and to strengthen that relationship going forward. He said he agrees with management that being part of CCM is important and noted having a booth at the CCM convention provides an opportunity to meet with member town leaders.

Director Damer said there was some question at the Policies & Procurement Committee meeting of how the Executive Director makes choices regarding policy for the organization. Director Bingham said that depends on the issue and noted CCM has a fairly structured legislative implementer with Committees that then refer on to a larger Board. He said generally speaking Mr. Finley tries to give municipalities as many options as possible and in that specific case it was more a pro-option decision.

Director Bingham said CCM had met last week and discussed possibly changing that position in favor of a more state wide solid waste management plan. He said CCM and CRRA do not have to agree on everything.

DISCUSSION - POTENTIAL AMENDMENT TO THE LEGAL SERVICES AGREEMENT WITH BROWN RUDNICK

Mr. Kirk said there was concern by the Board last year over CRRA's use of a municipal advisory consultant. He said management is recommending that CRRA does not renew that contract and instead gets a portion of those services from other vendors which are already in CRRA's stables, in particular Brown Rudnick, which acts as CRRA's Solid Waste Counsel. Mr. Kirk said the intent is to negotiate a lower fee with Brown Rudnick which will likely involve a minimum per month lower hourly rate.

Ms. Hunt said as long as Brown Rudnick negotiates lower prices with CRRA returning to the Board for approval is not necessary. Mr. Kirk said if those rates are higher Board approval will be required.

PRESIDENT'S REPORT

Mr. Kirk asked the Board to keep in mind that a Special meeting will be held in January on the 14, 15, 22, 28, or 29th. He said there is a possibility that CRRA will accelerate the consideration of the power contract by one month due to CRRA's needs to set a tipping fee at the end of January versus February due to contract restraints. Mr. Kirk said this may not be the case, but a meeting may be held prior to Christmas to accept or reject the power contract option.

Mr. Kirk said the plant operated without environmental safety or health problems throughout the period. He said the Mid-CT fiscal budget has highly unfavorable member waste deliveries due to a 7-12% reduction over the spring month with greater spot deliveries, greater metals revenue, lower administration costs, and higher than budgeted operating costs at the WPF. Mr. Kirk said there were less tons, lower energy prices, favorable administrative and a year-end surplus of \$1.9 million.

Mr. Kirk said on the PBF side lime costs were unfavorable and end of contract issues were unfavorable to the budget. He said there is a modest recycling surplus of about \$129,000 for the year. He said there were greater than budgeted deliveries of recyclables, lower personal and management costs, and unfavorable trends associated with fuel prices.

Mr. Kirk said the Southeast Project has a \$1.7 million surplus with reduced deliveries of member and spot waste, lower administrative costs, and boiler outages figured into that year-end surplus number. He said on the operations side all CRRA facilities are struggling with fuel shortages due to the poor economy and diversions. Mr. Kirk said Mid-Conn in particular has a substantially reduced load and has discounted way below CRRA budget numbers to attract spot waste. He said availability is maintaining its improved profile.

Mr. Kirk said there is a modest increase in spot recycling at the SWEROC towns. Mr. Kirk said the RFI for a composting facility is still in evaluation and noted pricing did not come in as favorably as management had expected.

Mr. Kirk said 44 towns have signed with CRRA and management expects the plant to be full. Mr. Kirk said that the leverage haulers have in spot waste is substantial and is driving prices down. He said tipping fee discounts affect CRRA's revenues and the very low electric contract is affecting

CRRA’s ability to set reasonable tipping fees for FY’14 and beyond and management continues to work with the CT DEEP and the Governor’s office to develop some alternative revenue opportunities.

Mr. Kirk said in July of this year the WPF broke the ultimate processing record for tons and amounts that day. He said the operating costs are about \$8 million less than they were the year prior.

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP’s, and feasibility estimates and evaluations with appropriate staff. The motion, made by Director Martland and seconded by Director Adams, was approved unanimously. Chairman Stein asked the following people join the Directors in the Executive Session:

- Tom Kirk
- Jim Bolduc
- Peter Egan
- Laurie Hunt

The motion previously made and seconded to go into Executive Session was approved by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Edwards, Director Freedman, Director Griswold, Director Martland, Director Nunn, Director Slifka, and Director Painter and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Scott Slifka	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

The Executive Session began at 11:11 a.m. and concluded at 11:59 a.m. Chairman Stein noted that no votes were taken in Executive Session.

VOTE ON THE RESOLUTION REGARDING THE NEW PILOT AGREEMENT WITH THE CITY OF HARTFORD AS AMENDED

Chairman Stein requested a motion on the above referenced item. The motion was made by Director Martland and seconded by Director Segarra.

WHEREAS, Connecticut General Statutes Section 22a-270 provides that the Authority shall be exempt from state and local taxes but may enter into agreements to make payment in lieu of taxes (“PILOT”); and

WHEREAS, the agreement between the City of Hartford and CRRA pursuant to which CRRA pays a PILOT to the City will expire November 15, 2012; and

WHEREAS, CRRA acknowledges the impact of its South Meadows operations on the City of Hartford, and intends to continue to pay a PILOT to abate that impact; and

WHEREAS, the expiration of the long term Mid-Connecticut Project municipal agreements, historically low wholesale electric rates, and the prospective permitting of new out-of-state transfer facilities raise concerns regarding the continued viability of CRRA’s South Meadows facilities;

NOW THEREFORE, it is hereby

RESOLVED: CRRA will pay a PILOT to the City of Hartford, in an amount to be determined on an annual basis as part of CRRA’s budgeting process; and

FURTHER RESOLVED: That, subject to the requirements of each annual budget, the amount of the PILOT shall be calculated as follows:

CRRA shall retain an appraiser who is familiar with the area and has expertise in appraising the type of facility under consideration, who shall perform a fair market valuation of the facility, the real estate, and appurtenances owned by CRRA in Hartford. The City of Hartford shall be free to retain its own appraiser with similar attributes to provide an independent appraisal of said facilities. If the appraisals yield dramatically different results, and a compromise cannot be reached by the parties, a mediator, agreed upon by the parties will be engaged to establish the appraised value. The appraisal will be conducted at least once every five years.

The annual PILOT shall be calculated by multiplying seventy percent (70%) of the appraised value of the facility by the applicable municipal mill rate then in effect, provided that such amount is according to the number of days of such year that the agreement is in effect.

CRRA acknowledges that this new method for determining a PILOT stated above will result in lower payments to the City of Hartford. CRRA undertakes to diminish this impact by reducing the difference between the amount of the current PILOT payment and that of the new PILOT payment based upon the above stated formula, incrementally by twenty percent (20%) yearly for a period of five years.

The actual amount of the PILOT to be paid to the City will be determined each year in accordance with the financial and operational requirements of the CRRA as determined by the

Board of Directors of the CRRA in its annual budget approval, and paid to the City in semi-annual installments on January 31st and July 31st.

Director Adams said this version of the resolution includes his comments. He asked if the third appraiser is a mediator. Chairman Stein said the language Director Adams had in his comment was for an independent third appraiser. Director Painter and Director Segarra said it was for an independent mediator.

Director Painter said he believed it would be in the best interest of both parties to meet before hiring a mediator in an effort to come to an agreement. Director Damer said it would be in the best interest of both parties if CRRA receives input from the City of Hartford to get an appraiser to do the first one.

Chairman Stein said if the appraisals yield dramatically different results and a compromise cannot be reached a mediator agreed upon by both parties will be engaged to conduct an impartial appraisal. Director Segarra agreed. Director Adams suggested it say “shall be engaged to develop an appraised value” rather than conducting an impartial appraisal. Director Adams then suggested it read as “established an appraised value or develop an appraised value”.

Mr. Kirk said it was his understanding the Board would like to amend the language to “if the appraisal yields dramatically different results and a compromise cannot be reached by the parties, a mediator agreed upon by the parties will be engaged to establish the appraised value”.

The motion previously made and seconded to approve the resolution as amended was approved unanimously by roll call. Chairman Stein, Director Adams, Director Bingham, Director Damer, Director Freedman, Director Griswold, Director Martland, Director Nunn, Director Painter, Director Segarra, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Donald Stein	X		
John Adams	X		
Ryan Bingham	X		
David Damer	X		
Joel Freedman	X		
Timothy Griswold	X		
Ted Martland	X		
Andrew Nunn	X		
Pedro Segarra	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

ADJOURNMENT

Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Director Adams and seconded by Director Bingham and was approved unanimously.

There being no other business to discuss, the meeting adjourned at 12:04 p.m.

Respectfully Submitted,

Moira Benacquista
HR Specialist/Board Administrator