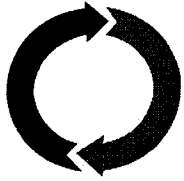


**CRRA  
BOARD MEETING  
MARCH 24, 2011**



**CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY**

**100 Constitution Plaza • Hartford • Connecticut • 06103 • Telephone (860)757-7700  
Fax (860)757-7745**

## **MEMORANDUM**

**TO:** CRRA Board of Directors  
**FROM:** Moira Benacquista, Secretary to the Board/Paralegal  
**DATE:** March 18, 2011  
**RE:** Notice of Regular Meeting

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There will be a Regular Meeting of the Connecticut Resources Recovery Authority Board of Directors on Thursday, March 24, 2011, at 9:30 p.m. The meeting will be held in the Board Room of 100 Constitution Plaza, Hartford, Connecticut.

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

Connecticut Resources Recovery Authority  
Special Board of Directors Meeting

Agenda  
March 24, 2011  
9:30 AM

I. Pledge of Allegiance

II. Public Portion

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

III. Minutes

1. Board Action will be sought for the Approval of the Feb. 24, 2011, Special Board Meeting Minutes (Attachment 1).

1.a Action Items

IV. Board Committee Reports

A. Finance Committee Reports

1. Board Action will be sought Regarding Approval of the Insurance Renewals - Property (Attachment 2).
2. Board Action will be sought Regarding Approval of the Insurance Renewals – Public Officials and Employment Practices Liability (Attachment 3).
3. Board Action will be sought Regarding Approval of the Insurance Renewal – Crime (Attachment 4).
4. Board Action will be sought Regarding Approval of the Insurance Renewal – Fiduciary (Attachment 5).
5. Board Action will be sought Regarding Approval of the Wallingford Final Distribution (Attachment 6).

B. Policies & Procurement Committee

1. Board Action will be sought Regarding Approval of the Completion of Baseline Ecological Risk Assessment at the Wallingford Landfill (Attachment 7).

V. Chairman and President's Reports

VI. Executive Session

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

# TAB 1

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRED AND EIGHTY-FOURTH**

**FEBRUARY 24, 2011**

A special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, Feb. 24, 2011, in the Board Room at CRRA Headquarters, 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Directors:      Chairman Pace  
                 Timothy Griswold  
                 John Harkins  
                 Dot Kelly (present by telephone)  
                 Theodore Martland  
                 Nicholas Mullane  
                 Ron Van Winkle  
                 Steve Edwards, Bridgeport Project Ad-Hoc  
                 Bob Painter, Mid-Connecticut Project Ad-Hoc  
                 Steve Wawruck, Mid-Connecticut Project Ad-Hoc  
                 Warren Howe, 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  
Marianne Carcio, Executive Assistant  
Maira Benacquista, Board Secretary/Paralegal

Also present were: Vic Fortin, Covanta Energy; Tom Gormley, Town of Middlebury First Selectman; John Pizzimenti of USA Hauling & Recycling; Jim Sandler, Esq., Sandler & Mara.

Chairman Pace called the meeting to order at 1:00 p.m. and said that a quorum was present.

**PLEDGE OF ALLEGIANCE**

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

**PUBLIC PORTION**

Chairman Pace welcomed John Harkins, Mayor of Stratford, CT, to the Board. Chairman Pace said Director Harkins is replacing Director Lauretti, who was a vital member of the newly constituted

CRRA Board beginning nearly ten years ago. He said Director Laretti put his heart and soul into this Board and was a strong voice for CRRA and also served on the Finance Committee for many years as well.

Chairman Pace said that the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes. As there were no members of the public which cared to comment Chairman Pace proceeded with the agenda.

**APPROVAL OF THE AMENDED MINUTES OF THE DEC 2, 2010 SPECIAL BOARD MEETING**

Chairman Pace requested a motion to approve the amended minutes of the Dec. 2, 2010, Special Board Meeting. Director Martland made a motion to approve the minutes, which was seconded by Director Griswold.

The motion to approve the amended minutes was approved by roll call. Chairman Pace, Director Griswold, Director Kelly, Director Martland, Director Mullane, Director Painter, Director Wawruck, and Director Van Winkle voted yes. Director Edwards, Director Harkins, and Director Howe abstained as they were not present at the meeting.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Timothy Griswold	X		
John Harkins			X
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ron Van Winkle	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			X
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		
Warren Howe, Wallingford			X

**APPROVAL OF THE MINUTES OF THE JAN. 27, 2011 REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the Jan. 27, 2011, Regular Board Meeting. Director Martland made a motion to approve the minutes, which was seconded by Director Griswold.

The motion to approve the minutes was approved by roll call. Chairman Pace, Director Edwards, Griswold, Director Kelly, Director Martland, Director Mullane, Director Painter, Director Wawruck, and Director Van Winkle voted yes. Director Harkins, Director Howe, and Director Mullane abstained as they were not present at the meeting.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Timothy Griswold	X		
John Harkins			X
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane			X
Ron Van Winkle	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		
Warren Howe, Wallingford			X

**RESOLUTION REGARDING APPROVAL OF THE MID-CONN RECYCLING REBATE REVIEW**

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

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

**WHEREAS**, the Authority spent \$3 million to install single stream sorting equipment at its Mid-Connecticut Project Regional Recycling Center with the expectation that single-stream recycling would increase recycling in its participating cities and towns and spent an additional \$60,000 retrofitting the equipment to accept all household plastic containers; and

**WHEREAS**, Mid-Connecticut Project cities and towns delivered more than 83,00 tons of recyclables in FY 201; and

**WHEREAS**, while recycling tonnages decreased from year to year in the remainder of the state, the Mid-Connecticut Project regional recycling center processed approximately 84,00 tons of recyclables in FY 2010 an increase of about 3.5%; and

**WHEREAS**, the Board of Directors adopted the FY 2010 Mid-Connecticut Budget anticipating that a per-ton rebate provision for member municipalities based on the amount of acceptable recyclable tons annually delivered would not be possible; and

**WHEREAS**, the Mid-Connecticut Project Regional Recycling Center operations generated sufficient revenues in excess of expenses to rebate \$5.00 per ton delivered by the municipalities; and

**WHEREAS**, the Authority has accrued sufficient funds for a rebate and the Fiscal Year 2010 audit has been performed and the auditors have confirmed that the funds are accrued and available;

**NOW THEREFORE**, be it

**RESOLVED:** That the Board of Directors approves the use of approximately \$420,000.00 to provide a \$5.00-per-ton rebate to the municipalities based on their pro-rate share of acceptable recycling tonnage delivered to the Mid-Connecticut Regional Recycling Center system.

Director Martland seconded the motion.

Director Van Winkle said this resolution details a rebate for recycling which CRRA has provided for the past three years. He said the concept of the rebate is to provide incentive to the communities to remove their recycling from the waste stream and save \$69.00 a ton as there is no charge for recyclables. Director Van Winkle said this \$5.00 a ton rebate provides an additional incentive to recycle more.

Mr. Kirk said after reviewing the fiscal year budget, management determined that a tipping fee for recyclables would not be recommended, and that there were sufficient funds to pay out this rebate.

Mr. Kirk said CRRA is pleased to share the modest profit from recycling. Chairman Pace noted CRRA has never charged for recycling and a rebate is provided above the cost of operations for providing this service.

Chairman Pace said the rebates checks will be ready at the CRRA annual meeting on March 2, 2011.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Griswold, Director Harkins, Director Kelly, Director Martland, Director Mullane, Director Painter, Director Wawruck, and Director Van Winkle voted yes. Director Edwards and Director Howe abstained.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Timothy Griswold	X		
John Harkins	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ron Van Winkle	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			X
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		
Warren Howe, Wallingford			X



**RESOLUTION REGARDING APPROVAL OF THE MDC MID-CONN OPERATING BUDGET**

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

**WHEREAS**, The Metropolitan District Commission (MDC) prepared an operating budget for the Mid-Connecticut Project (the MDCMC Proposed Budget) for the period July thru December 2011 and submitted such operating budget to the Authority for review on January 31, 2011; and

**WHEREAS**, The Authority reviewed the MDCMC Proposed Budget and scheduled a meeting on February 3, 2011 with the MDC to seek clarification on certain items included in the MDCMC Proposed Budget; and

**WHEREAS**, upon its review, the Authority determined that the MDCMC Proposed Budget for the Administration reflected a significant increase in contribution to Pension Regular. The budget also included approximately \$31.6 million for a line item entitled "MDC Contract Separation Costs", for costs purported to be incurred following the expiration of the CRRA-MDC Agreement on December 30, 2011. The Authority recommends the revision of the MDCMC Proposed Budget for the Administration by a reduction in contribution to Pension Regular and the elimination of "MDC Contract Separation Costs"; and

**WHEREAS**, upon its review, the Authority determined that the MDCMC Proposed Budget for the Waste Processing Facility (WPF) reflected a significant increase in contribution to Pension Regular. The Authority recommends the revision of the MDCMC Proposed Budget for the WPF by a reduction in contribution to Pension Regular; and

**NOW, THEREFORE**, it is

**RESOLVED:** That the Board hereby adopts the fiscal year 2012 Mid-Connecticut Operating Budget for the period July 1, 2011 thru December 30, 2011 as submitted by the MDC and revised by the Authority in the form presented at this meeting.

Director Griswold seconded the motion.

Director Van Winkle said this resolution was passed by the Finance Committee. Mr. Kirk said MDC's contract reimburses most of their actual costs under a complicated arrangement written up and detailed in the contract. Mr. Kirk said the Board is not necessarily accepting the assumptions which were provided in MDC's contract but are acknowledging they did meet their requirements from CRRA in providing that budget. He said it is important to note that this is a stub budget as it is only six months out of the fiscal year and the contract expires in Dec. 2011 at which point NAES Incorporated will operate the facility. Mr. Kirk said the fiscal year impact of this project will be split between MDC and NAES, and the two numbers together will determine the operating costs of the facility for the entire fiscal year.

Director Van Winkle noted that MDC proposed a budget of \$48 million and CRRA is recommending a budget of \$8.8 million. Chairman Pace said that if CRRA adopted the MDC proposed budget, the Mid-CT tip fee would have been \$131 per ton. Mr. Kirk said the major issue in the widely

disparate numbers is the subject of a legal arbitration between MDC and CRRA over the costs associated with the expiration of the contract. He said there are costs alleged at the end of the project, and the liability for those costs and the ownership of those costs will be determined in the arbitration process which is currently underway. Chairman Pace said the dispute is additionally over whether or not the costs associated, implied and defined here are truly correct.

Director Painter asked for clarification on the vote. Chairman Pace explained the Board is voting on the recommended budget which CRRA is proposing back to MDC which takes out those costs which are not appropriate. He said otherwise there would be a \$131 processing fee to all of the towns for an issue which has yet to be legally settled. Director Painter said when the conversation was first initiated something to the effect of "we were voting on that MDC had fulfilled their obligations" was stated. Chairman Pace clarified that Mr. Kirk stated "MDC had fulfilled their obligations in presenting a budget". He said that doesn't mean CRRA has accepted that budget, it means MDC presented their budget within the required time frame which CRRA management then reviews and analyzes. Chairman Pace said the budget is often modified.

Director Kelly asked if management could explain why the word "recommends" is used in the resolution where it states, "the Authority recommends the revision of the MDCMC Proposed Budget for the Administration by a reduction in contribution to the pension regular and the elimination of MDC contract separation costs". Chairman Pace responded that management is recommending this budget to the Board. Mr. Kirk said the Authority in terms of this "whereas" refers to management recommending to the Board passage of this resolution.

Director Martland asked for assurance that the member towns understand the difference in the tip fee if CRRA was to accept MDC's budget without challenging those two items versus its acceptance as it was presented from MDC to the full Board.

Mr. Bolduc said there is nothing different in this process from years prior. He said the amount of money claimed for these expiration costs increases each year. Mr. Bolduc said at one point in time it was \$11 million, then \$17 million, then \$20 million plus, and the last year when this budget was proposed it was \$32 million and this year it is \$39 million. He said the number is growing fairly rapidly and is taken out by CRRA as it concerns the arbitration. Mr. Bolduc said it concerns primarily unfunded liabilities which are being claimed for both retirees' pension and the other past employee benefits.

Mr. Bolduc said he would like to make it clear that CRRA is not reserving for MDC's "expiration costs". He said there is no cash account and CRRA is not setting aside funds. Mr. Bolduc said he has had a number of discussions with CRRA's outside auditors and has also shown them the language and they have not required that CRRA set up either an accrual or fund any liability.

Chairman Pace said that page four contains a very simple break down of the numbers from MDC and CRRA and the delta in between the two numbers.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Griswold, Director Harkins, Director Kelly, Director Martland, Director Mullane, Director Painter, Director Wawruck, and Director Van Winkle voted yes. Director Edwards and Director Howe abstained.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Timothy Griswold	X		
John Harkins	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ron Van Winkle	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			X
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		
Warren Howe, Wallingford			X

**RESOLUTION REGARDING APPROVAL OF THE MID-CONN BUDGET**

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

**WHEREAS**, the Connecticut Resources Recovery Authority (the “Authority”) is required by the Municipal Service Agreement (the “MSA”) with the Mid-Connecticut project towns to submit the next succeeding fiscal year budget on a timely basis (i.e., 120 days before the beginning of the next fiscal year); and

**WHEREAS**, the Mid-Connecticut Project’s Fiscal Year 2012 will be the last twelve month fiscal year and the associated debt will be retired on November 15, 2012; and

**WHEREAS**, the Authority has prudently established necessary reserves to fund its liabilities including debt payment, landfill post closure activities, and risk mitigation; and

**WHEREAS**, the Authority has determined that based on the current spread between market interest rates and consumer price index rates, an additional contribution to the Hartford Landfill Post Closure Reserve is necessary to ensure that all landfill post closure liabilities are funded; and

**WHEREAS**, the Authority received \$5,000,000 in fiscal year 2011 from the State Bond Commission for reimbursement of closure activities of its Hartford Landfill; and

**WHEREAS**, similar to other Authority Project expirations, the Authority has identified the need to establish an end-of-Project reserves; and

**WHEREAS**, the final payment on Project bonds will be made on November 15, 2012, and funds now held by the bond trustee will thereupon become available for use by the Authority; and

**WHEREAS**, the Authority proposes a reserve be established to foster recycling, education, and solid waste reduction initiatives to support the Connecticut Department of Environmental Protection's (the "CTDEP") Solid Waste Management Plan; and

**WHEREAS**, the Authority's Operating Agreements for the Mid-Connecticut Waste Processing Facility (the "WPF"), Power Block Facility (the "PBF"), and the Energy Generating Facility (the "EGF"), which will expire in fiscal year 2012, were competitively bid resulting in the selection of a new operator, and the associated annual savings and transition expenses for this operator are incorporated in the Fiscal Year 2012 proposed budget;

**NOW THEREFORE**, it is

**RESOLVED**: that the proposed Fiscal Year 2012 Mid-Connecticut Project operating budget be adopted in the form presented and discussed at this meeting; and

**FURTHER RESOLVED**: that the following tip fees be adopted for the Fiscal Year 2012 operating budget; and

<b>WASTE STREAM</b>	<b>TIP FEES</b>
Municipal Solid Waste (per ton)	\$69.00
Spot Waste (per ton)	Market Rate
Municipal Bulky Waste (per ton)	\$85.00
Ferrous Residue (per ton)	Market Rate
DEP Certified Soils /Cover Material (per ton)	Market Rate
Mattress / Box Spring Surcharge (per unit)	\$30.00
Recycling; Single or Dual Stream (per ton)	\$0.00

**FURTHER RESOLVED**: that the President is hereby authorized to approve the use of funds from the Facility Modification Fund, Rolling Stock Fund, and the Jets/EGF Fund to pay for costs and fees incurred during Fiscal Year 2012 in accordance with the operating and capital budgets adopted pursuant hereto, as presented and discussed at this meeting, provided that all purchases of goods and services shall comply with the requirements of the Authority's Procurement Policies and Procedures; and

**FURTHER RESOLVED**: that a Recycling, Education, and Solid Waste Initiatives Fund (the "RESWI") in the amount of \$500,000 be established at the Short Term Investment Fund of the State of Connecticut ("STIF") to fund solid waste reduction activities in support of the CTDEP Solid Waste Management Plan; and

**FURTHER RESOLVED**: that in accordance with other Authority project expirations, a Post Project Closure Reserve in the amount of \$750,000 be established in a STIF account for project-related expenses that may occur after the Project has ended; and

**FURTHER RESOLVED:** that a Litigation Reserve in the amount of \$1,950,000 be established in a STIF account, and \$694,000 be transferred from the Hartford Landfill Closure Reserve to the Litigation Reserve; and

**FURTHER RESOLVED:** that \$2,676,000 from the Hartford Landfill Closure Reserve be transferred to the Facility Modification Reserve to defray the impact on fiscal year 2012 tip fees, and

**FURTHER RESOLVED:** that \$1,600,000 be transferred from the Hartford Landfill Closure Reserve to the Hartford Landfill Post Closure Reserve, and

**FURTHER RESOLVED:** that \$1,800,000 be transferred from the Risk Fund to the Revenue Fund to defray the impact on fiscal year 2012 tip fees; and

**FURTHER RESOLVED:** that a Transition Fund in the amount of \$3,670,000 be established in a STIF account to support the expenses associated with the transition from the two current operators to one operator; and

**FURTHER RESOLVED:** that \$3,000,000 be transferred from the Hartford Landfill Post Closure Reserve to the Facility Modification Reserve to defray the impact on the Fiscal Year 2012 tip fees and be replaced with \$3,000,000 in fiscal year 2013 from the Renewal & Replacement Fund and the Operating & Maintenance Fund held by the Trustee once these reserves become available in November 2012.

Director Griswold seconded the motion.

Mr. Kirk said this resolution provides for the budget and tip fee of the Mid-Connecticut project. He said the end of project costs is detailed and there will be a stub period of costs in FY'13, however these details should be a pre-cursor of that five month period. Mr. Kirk said CRRA is pleased to offer a \$69.00 per ton tip fee.

Mr. Kirk said it may appear that there is a slight increase in capital spending this year however; it was four/five years after the Enron recovery began in earnest before CRRA was able to start addressing many long postponed maintenance and repairs on the EGF, WPF and PBF facility. He said the WPF was addressed first and the repairs on the PBF and EGF facility are now being accomplished. Mr. Kirk said these repairs are industry recommended and industry standard repair decisions in recognition of an aged plant which requires investments to be accomplished in an orderly and planned manner.

Mr. Kirk said that management is taking advantage of anticipated increases of kilowatts per ton and availability and capacity use of the facility. He said management is banking and planning on the money which is being spent on capital items reflecting increases and productivity in effectiveness of the basic measurements. He said these measurements are kilowatts per ton increasing and the availability of the units increasing.

Mr. Kirk said management is anticipating the completion of baling tests and assuming they go as planned, will proceed with a baling initiative that will allow CRRA to shave the peaking edge of the

waste supply curve to save about \$1.00 a ton in future years. Mr. Kirk said the baling initiative has been placed into the budget in anticipation of favorable test results. Director Van Winkle said the baling process wraps excess trash in plastic to be stored for burning during usage in slow months. Mr. Kirk said that garbage is a cyclical business and more garbage is received in the summer. He explained the baling would allow for excess garbage to be wrapped and stored for usage in slow winter months.

Mr. Bolduc commenced a review of the resolutions with the Board. He said in response to Director Kelly's questions concerning NAES Incorporated, two major contracts are expiring at the facility. Mr. Bolduc said one part concerns the WPF contract which is the waste processing side, which is the MDC contract which expires in December of this year so effectively MDC will operate the facility for six months of the year and then the new operator, NAES will operate it for the next six months.

Mr. Bolduc said the table shows MDC's operation for the first six months is for \$8,844,150. He said the last tab shows the MDC budget that was adopted. He said the other contract which expires is the Covanta contract. Mr. Bolduc said Covanta operates the PBF (power block facility) and the EGF facility and will operate the plant for 11 months at an estimated cost of \$16 million with NAES operating the plant for one month.

Mr. Bolduc said under expenditure detail there is a line for project transition costs for \$3,670,000. He said in order to effectuate the transition from two operators to one there are a number of things that need to happen. He said on the WPF side CRRA owns and operates the inventory and when the transition occurs CRRA will still own those things. He said on the Covanta side that was not the case and CRRA has a limited amount of spare parts with Covanta carrying the inventory on their balance sheet. Mr. Bolduc explained CRRA will need those spare parts from Covanta and will either need to purchase them from Covanta or replace them at an estimated \$750,000 as part of the one-time transition costs.

Mr. Bolduc said there is an additional \$750,000 for critical spare parts inventory including items which would be required in an emergency or have a long lead time as the plant runs twenty four hours a day and cannot go out of operation. He said out of that roughly \$3.6 million there is about \$1.5 million of expenditures related to parts. Mr. Bolduc said the other \$2 million is for transitioning costs such as hiring, computer systems, software, manuals, etc. which are one-time costs. He said the WPF side FY'11 adopted budget shows approximately \$17.1 million in costs and this year the split costs are about \$16.2 million in costs with a total of \$.9 million in savings. Mr. Bolduc said the \$2 million in transition costs not related to inventory is a pay back of almost a year as the aforementioned savings and for six months. He said in addition the savings will expand with the new operator on the PBF/EGF.

Chairman Pace asked if management is comfortable with the inventory that CRRA is keeping as he recalls past auditors having concerns. Mr. Bolduc said that issue has been resolved and an audit is still being done. Director Martland said it was his understanding that the inventory and equipment is CRRA's as they paid for it. Mr. Bolduc said that is mostly correct with exception of the PBF side as there were parts that Covanta purchased over the years.

Director Kelly asked if management is expecting to see an environmental control requirement in the next fiscal year related to controlling the jet emissions or further control on the stack emission on the waste to energy burner. Mr. Egan said the answer is no as there are no anticipated capital expenditures associated with any pollution control equipment at the waste to energy plant. He said management does not plan to spend any money in the next fiscal year for any control technology on the jet peaking units.

Mr. Egan said there are no rules, regulations or trading orders which suggest that spending would be needed or required.

Director Kelly asked if the jets are totally subsumed within the EGF. Mr. Bolduc said in response to her question on the PBF EGF that is still only Covanta. He said the jets operator is another company called NGS which continues until the end of the fiscal year.

Mr. Bolduc reviewed the individual "whereas" with the Board. He said much of what happening occurred similarly when CRRRA was reaching the expiration of the Bridgeport and Wallingford contracts. Mr. Bolduc said reserves, assets and liabilities are reviewed and taken into consideration.

Mr. Bolduc said the first resolve reflects this effort in its entirety with the further resolve asking the Board to adopt the tip fees and rates. He said a \$69.00 tip fee is proposed, spot waste will be a function of the market to keep the plant running as full as possible, bulky waste is \$85.00, the ferrous residue is a market costs and is CT DEP regulated and those rates will be brought to the Board for approval. Mr. Bolduc said the mattress and box spring are a \$30.00 a unit cost. He said a zero dollar recycling tip fee is projected and management hopes the market price will allow for a rebate again.

Mr. Bolduc said the next further resolve provides authority for management to move money into various capital expenditure funds and to make withdrawals. Chairman Pace added that these costs are for planned capital expenditures.

Mr. Bolduc said the next resolve details funding for management to use for initiatives under the Solid Waste Management Act, such as recycling education and solid waste initiatives. He explained such initiatives would be brought to the Board first for approval before being undertaken.

Mr. Bolduc said the next resolve, similar to Wallingford and Bridgeport, details necessary closure activities such as an audit to bring the project to fruition. He said this resolve establishes a reserve for executing those activities which is accomplished according to a punch list and any funds not used to complete these activities would be returned to the towns.

Mr. Bolduc said the next resolve details the establishment of a reserve for potential litigation of \$1,950,000. He said unused funds will also be returned to the member towns. He said an additional \$694,000 is being moved into this account from the Hartford Landfill Closure Reserve due to an issue related to the City of Hartford.

Mr. Bolduc said the next resolve details the transfer of \$2,676,000 from the Hartford Landfill Closure Reserve to the Facility Modification Reserve as there was extra money in the Closure reserve. He explained the extra money from the bonding commission will be used to defray costs in FY'12 and negate the impact on the tip fee.

Mr. Bolduc said the next resolve details the transfer of \$1,600,000 from the Hartford Landfill Closure Reserve to the Hartford Landfill Post Closure Reserve to fully fund the Post Closure Reserve.

Mr. Bolduc said the next resolve details transferring \$1,800,000 of excess funds from the risk fund to the revenue fund to defray the impact on the FY'12 tip fee. He said in the future, any unused funds would flow back to the towns.

Mr. Bolduc said the next resolve details the establishment of a \$3,670,000 transition fund to be established in a STIF account to support expenses associated with transition costs.

Mr. Bolduc said under the original bond indenture \$3 million was placed in two accounts specifically for maintaining and operating that facility, a facility operating maintenance reserve and the facility renewal and replacement reserve. He said when the bonds were issued the bond holders wanted to be sure that the plant was maintained as their ability to be paid funds was dependent on the plant's performance. Mr. Bolduc said this allowed for the trustee to step in and make any necessary repairs. He said over the years the account has not needed to be touched and is required to remain with the trustee until Nov. 16, 2012.

Director Painter asked if CRRA employees a lobbyist. Chairman Pace replied no. Mr. Kirk said CRRA is permitted to use a government liaison employee; however that gentleman recently left to pursue employment with the CT DMV.

Director Painter said he saw the line item and was wondering if a government liaison is a euphemism for lobbyist. Chairman Pace replied it is not. Mr. Kirk said the bulk of the legislative education work has been picked up by Mr. Nonnenmacher. Chairman Pace said a legislator has to make good public policy and CRRA provides them with the information to do so.

Director Van Winkle said there is often discussion that CRRA spends money on lobbyists at the legislature when in fact it is not true.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Griswold, Director Harkins, Director Kelly, Director Martland, Director Mullane, Director Painter, Director Wawruck, and Director Van Winkle voted yes. Director Edwards and Director Howe abstained.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Timothy Griswold	X		
John Harkins	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ron Van Winkle	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			X
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		
Warren Howe, Wallingford			X

**PRESIDENT'S REPORT**

Mr. Kirk said CRRA no longer has an employee serving as a government liaison. He said management is monitoring several proposed bills, several of which are placeholders for the CRRA



Board governance issue which will be discussed shortly. Mr. Kirk said a number of the bills address potential taxes on solid waste activities very critical to CRRA. He said if they are written incorrectly and gain traction that may have a significant impact on tipping fees in the future.

Mr. Kirk said CRRA management is meeting with Town Selectman and other legislative groups at the town level to address questions pertaining to the Mid-Conn expiration and the new CRRA system contract. He said the response so far has been very good and there are several towns that wish to sign up. Director Edwards asked if management is trying to sign up MSA's to transfer the old contract to the new contract.

Mr. Kirk replied that this is not an extension of the old contract but a replacement of the old contract. He said there are many different terms and conditions, such as no full faith and credit if they choose, and no put or pay in an effort to improve the service as this is no longer a project. Mr. Kirk said the waste doesn't have to go to this facility through that transfer station. He said the transfer stations belong to CRRA. Mr. Kirk said the towns can go wherever they would like with their garbage.

Director Edwards asked if the towns will be signing up with CRRA with set terms. Mr. Kirk replied terms vary from a spot contract, a short 5 year term, or a long term 15 year term. He said tonnage is still depressed due to the economy and weather issues. He said recycling is flat for this month.

Mr. Kirk said the Mid-Conn outage continues and the extension is related to the turbine erosion issues identified and planned for in the line boring fix. He said the repair was finished successfully. Mr. Kirk said the parts are being reconnected and will be back on the modified schedule shortly.

Mr. Kirk said management is planning for the transition to the new operations scenario. He said a busy year for preparing the plant and new employees is expected and management's goal is for a seamless transition for its customers.

Director Painter asked for information on the NAES benefit package. Mr. Kirk said he has a write-up from NAES which was analyzed by CRRA's benefit consultant and will also provide an oral summary. He said the NAES benefits' package provided to its employees is typical of a private sector power plant facility. Mr. Kirk said the major difference with the public sector operator currently at the plant is a defined contribution plan, which is a 401k plan with a 9% contribution, 6% from the company and an optional 3% company match.

Mr. Kirk said the medical plan is very typical and is similar to Covanta's current offering. He said a full comparison of the full medical, dental and optical plan to CRRA's plan shows minor differences however, in total the compensation package was reasonably reflective of the CRRA, Covanta, and management's expectation for a typical market plan. Mr. Kirk said the major difference for a WPF employee is a change from a defined benefit plan to defined contribution and there would be no significant difference for Covanta employees at the WPF.

Mr. Kirk said Covanta employees who have previously worked for NEAS are reportedly looking forward to doing so again. He said they noted the internal bonus plans offered by NAES is very generous and reflective of merit and performance. Mr. Bolduc said the analysis Mr. Kirk is referring to was conducted by CRRA's outside broker R.C. Knox.

## **DISCUSSION REGARDING THE MID-CONNECTICUT PROJECT MUNICIPAL ADVISORY COMMITTEE PROPOSED RESOLUTION**

Chairman Pace said the First Selectman from Middlebury, Tom Gormley, is here representing the Mid-Connecticut Project Municipal Advisory Committee (hereinafter referred to as "the MAC Committee"). He said Mr. Gormley is bringing a document prepared by the MAC Committee to the table.

Director Griswold said the MAC Committee meets to encourage the participation of local communities and engage in a dialogue between the CRRA Board and the seventy Mid-Connecticut member towns. He said after several changes the MAC Committee meets on a quarterly basis for updates from Mr. Kirk and to hold discussions with management and one another.

Director Griswold said there has been discussion lately concerning the make-up and governance of the CRRA Board. He said there was an additional sub-Committee formed by the MAC Committee called the Mid-Connecticut Project Municipal Advisory Committee Governance Committee (hereinafter referred to as the MAC Governance Committee") whose charge is to consider options for changing governance of the CRRA Board and to bring those results to the CRRA Board.

Mr. Gormley said the MAC Governance Committee has met three times followed by a meeting in which the MAC Governance Committee came up with a recommendation for the CRRA Board. Director Griswold said the outcome of the MAC Governance Committee was to put together the resolution which is contained in the CRRA Board package.

Mr. Gormley said when the MAC Governance Committee began it was more antagonistic than it currently is. He said one of the members left and the Committee has become more orderly. Mr. Gormley said he is happy with the change as he was somewhat concerned by the comments at one meeting where the MAC Governance Committee seemed to be intent on replacing the current CRRA Board and taking over without the necessary technical knowledge of capital equipment.

Mr. Gormley said he believes many of the member towns do not feel that they have adequate representation on the CRRA Board. He said he became a member of the MAC Committee as representation for the thirteen Naugatuck Valley towns. Mr. Gormley said he and Don Stein, the First Selectman of Barkhamsted are the co-chairs of the MAC Committee. He said the consensus of the group was to propose a simple resolution to the CRRA Board concerning their make-up.

Mr. Gormley said the MAC Governance Committee is seeking the support of the CRRA Board because, as many of the municipal officials at the table know, often when legislation is submitted through CCM or COST you wind up the next year in the same place because it is difficult to get approval from the legislature. Mr. Gormley said the group wanted to come up with a proposal where their representation for their specific towns or group would be more meaningful. He said the MAC Governance Committee felt the last step was to bring the resolution to the CRRA Board as they felt the support of the Board would be better before approaching the legislature.

Chairman Pace referred to the resolution in the package. He made several suggestions and comments on the specific talking points contained in the resolution. He said the CRRA Board was reconstituted in 2003 and obviously according to the proposed MAC Committee resolution some towns may not be satisfied with the Board's make-up. Chairman Pace asked Mr. Gormley specifically what the

MAC Governance Committee is not satisfied with in terms of the CRRA Board's make-up. He said he would like a report detailing what the towns believe the problem is. Chairman Pace said if the CRRA Board is to recommend changes to the Legislature, which he is not opposed to, he needs to know what specifically they are looking to resolve.

Chairman Pace said he is hoping for a report detailing a summary of the discussions held by the MAC Governance Committee and what the consensus was, specifically what the MAC Governance Committee sees as the problem with the current Board and what needs to be fixed. He said he has been working for ten years as a volunteer. Chairman Pace said what he initially signed on to do, bring the company back from disaster, has been accomplished and he welcomes a review of the Board composition.

Chairman Pace suggested the MAC Governance Committee take a look at what is good about the current Board. He said their recommendation to add more people to the Board has some good and bad points. Chairman Pace said the old CRRA Board was appointed in a manner similar to the second bullet contained in the recommended resolution from the MAC Governance Committee. He said the legislature in its wisdom objected to that set up and individual legislative leaders appointed members giving the legislature ownership which he believes is important as CRRA is a public entity.

Chairman Pace inquired regarding the suggestions contained in the resolution. He asked why Hartford would automatically get a seat on the Board when there are other towns that host CRRA facilities such as Waterbury, Preston, and Shelton. Director Painter said the discussion at the Committee level suggested Hartford should have representation on the CRRA Board because they are a host community. Director Wawruck said that Hartford receives a host community payment from CRRA in lieu of taxes. Chairman Pace agreed. He said Hartford also receives a substantial amount of money for recycling and education. Chairman Pace said that host communities should be treated equitably.

Chairman Pace said one of the recommendations in this resolution states if a Board member is no longer a municipal official he or she steps down. He urged the Committee to consider if there are ten members on the CRRA Board which are municipal officials and if they do not get re-elected there may be a whole new Board. He said what made the CRRA Board so strong and flexible was the remarkable consistency of members who stayed the course, and learned the business. Chairman Pace said there were times when the agenda and Board package required almost eight hours of meeting time to get through.

Chairman Pace said the MAC Governance Committee has to be concerned about the geographical spread. He said the CRRA Board should not be loaded with a certain geographical areas as CRRA serves the entire State. He said good representation across the State helps.

Chairman Pace said the MAC Governance Committee's suggestions for Chief Elected Officials are in line with the current Board; however there is no mention of experts from specific fields, a crucial component of the current Board. He said there have been experts from the energy, environmental and finance fields. Chairman Pace said those experts helped with understanding the mechanics of the CRRA business. He said not every elected official will have that expertise which is important for the Board in order to serve the towns and the State. Chairman Pace urged the MAC Governance Committee to consider that level of expertise in their recommendation.

Chairman Pace said there are currently ad-hocs on the CRRA Board which represent different geographical areas. He said making those ad-hocs Directors may be another way of accomplishing the Committee's goal.

Chairman Pace said a change to the current CRRA Board at this time may be difficult as CRRA is in the middle of a major shift in business models. He said he would be happy to work with the MAC Governance Committee on these proposals in order to prepare this report.

Director Van Winkle said being on the CRRA Board is a lot of work. He said he spends hours looking at this material, material which is important to have an understanding and knowledge of these documents. Director Van Winkle said the information is often outside the realm of his expertise and he relies on experts from their respective fields from each industry in order to ask the questions which clarify that information when needed. He said there is real value in having expertise as well as local representation. Director Van Winkle urged those representatives that want to be on the CRRA Board to be aware of how much work it really is, in particular the Chairman position.

Director Mullane said he has been on the CRRA Board for about a year and half, and has been the First Selectman of North Stonington for 25 years. He said he has closed a landfill in his town and was for five years the certified DEP transfer station landfill operator and also serves as his Towns' representative to the Southeast Resource Recovery Authority. Director Mullane said as a First Selectman he makes business decisions through a political process. He said decisions from the CRRA Board are business decisions through a corporation and have nothing to do with political preferences or the political process.

Director Mullane said CRRA is run as a corporation and between environmental, financial, management and administration is nothing but work. He said that he commits one and half days a month at a minimum in the actual meetings and sub-committee action, reviewing the material, doing research and attending meetings. Director Mullane said this is outside of the political process and political process has no place in this corporation. He said the corporation is to be run in a cost effective manner to achieve its charter and goal and its statutory requirements. Director Mullane said it is very helpful to him to understand how the Southeastern region and his town will be affected. He thanked management and the CRRA Board for their work on a well-oiled corporation.

Director Griswold said a Board made up by people who pay the bills and derive the benefits may create a conflict of interest because one may be motivated to make decision that would benefit your town versus the entire corporation. He said a Board of all municipal people would not only cut out experts from the various fields the Board members it would all be homogenous and the outlook may be trying to keep tip fees artificially low when it may not be the right thing to do for CRRA.

Director Kelly said she was recently appointed to the CRRA Board in May of the prior year and was prior the Director of Energy and Environmental Services for a major chemical company. She said she has had incinerator, landfill super fund sites, alternative energy, and waste to energy application experience. Director Kelly commented on the suggestion that the MAC Governance Committee made for all municipal officials to be placed on the Board. She said this is complicated material and the regulatory and business aspects require extensive knowledge.

Director Kelly said she believes there is a tremendous value to the State of Connecticut to offer all the communities this kind of expertise. She said CRRA should be a resource and educational center

of knowledge to help all of the member towns and communities. Director Kelly volunteered her services to be part of a meeting with the MAC Governance Committee to provide more insight into the complexity and work that it takes to review the Board material.

Director Wawruck said when he came into office as a new First Selectman there were unresolved lawsuits from New Hartford and Barkhamsted. He said when he attended CROG meetings the dialogue seemed to show that the towns were not receiving proper information. Director Wawruck said since he has attended Board meetings, as a Board member, he has found the communication has been improved unbelievably. He said sometimes he spends more than a day and half on the Board material.

Director Wawruck said he has since seen the expertise on the CRRA Board and in all fairness he really believes the current Board should serve jointly with the Municipal Advisory Committee to get a better understanding of this material. Director Wawruck said there are a lot of misinformed Mayors and First Selectmen out there often their terms being short and continuity being important; he believes there should be a joining. He said the MAC meetings were very adversarial in the beginning as he served as Vice-Chair for several meetings. Director Wawruck said after becoming a member of the CRRA Board he divorced himself from the MAC Governance Committee issue to keep an open mind.

Chairman Pace said as CRRA goes into the new contracts with the three Tier options, a question of whether a one year Mayor will get a seat on this Board emerges or will there be some continuity of members that may be with the Board for five years or fifteen years and the best interest of CRRA should be considered. Chairman Pace noted that this resolution was accepted.

**MOTION RECOGNIZING MARK A. LAURETTI FOR HIS SERVICE TO THE CONNECTICUT RESOURCES RECOVERY AUTHORITY**

Chairman Pace made a motion on the above referenced item. Director Van Winkle seconded the motion.

**WHEREAS**, in 2002 the Connecticut Resources Recovery Authority was crippled by its involvement with Enron Corporation, endangering its ability to provide vital services to the people of Connecticut; and

**WHEREAS**, the General Assembly reconstituted the Connecticut Resources Recovery Authority to include more municipal representation on its Board of Directors; and

**WHEREAS**, in June 2002 Mark A. Lauretti, Mayor of the City of Shelton, was appointed to the new CRRA Board of Directors; and

**WHEREAS**, Mayor Lauretti has faithfully and conscientiously carried out his responsibility to CRRA and, by extension, to the people of the State of Connecticut; and

**WHEREAS**, today, February 24, 2011, CRRA is operationally sound, financially stable and ready to evolve into a true statewide organization; and

**WHEREAS**, Mayor Lauretti's term on the CRRA Board of Directors has expired; now

**BE IT RESOLVED**, that the Connecticut Resources Recovery Authority thanks Mark A. Lauretti for his years of dedicated service to the State of Connecticut and expresses its gratitude for his role in CRRA's success.

Chairman Pace asked that Mr. Nonnenmacher gets the signatures of the Board on this resolution and that it be sent to Director Lauretti and the press.

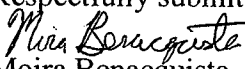
The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Edwards, Director Griswold, Director Harkins, Director Howe, Director Kelly, Director Martland, Director Mullane, Director Painter, Director Wawruck, and Director Van Winkle voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Timothy Griswold	X		
John Harkins	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ron Van Winkle	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		
Warren Howe, Wallingford	X		

**ADJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 2: 55 p.m.

Respectfully submitted,  
  
 Moira Benacquista  
 Secretary to the Board/Paralegal

## TAB 2

**\$347 MILLION BLANKET ALL RISK (subject to policy terms and exclusions)  
INSURANCE, INCLUDING BOILER & MACHINERY, REAL AND PERSONAL  
PROPERTY, BUSINESS INTERRUPTION AND EXTRA EXPENSE**

**RESOLVED:** That CRRA purchase CRRA's \$347 Million Property Insurance from the following four (4) insurers with their quota shares as indicated:

➤ Zurich	(Rated A)	42.1%	(Lead)
➤ Swiss Re	(Rated A)	26.3%	
➤ Starr Tech	(Rated A+)	25.3%	
➤ Commonwealth	(Rated A)	6.3%	

for the period 4/1/11 – 4/1/12 for a premium of \$617,052 and other terms and conditions as discussed at this meeting;

**FURTHER RESOLVED:** That CRRA purchase loss control engineering services from XL GAPS for the period 4/1/11 – 4/1/12 for an amount not to exceed \$14,950 as discussed at this meeting.

The premium is \$632,002 (including terrorism and engineering). CRRA's annualized budget for this insurance is \$736,433. This represents a favorable variance of 14% (\$104,431) to budget.

The proposed premium is \$4,239 (1%) less than last year's annual premium for this insurance program.



**Connecticut Resources Recovery Authority**  
**All Risk Property Insurance Renewal**  
**3/17/11**

**I. Current Policy**

- Expires 4/1/11 – \$365 million Blanket All Risk (subject to policy terms and exclusions) including Boiler & Machinery, insuring Real and Personal Property, Business Interruption and Extra Expense
- Property damage & boiler & machinery deductible \$50,000, except Mid-CT, Wallingford Facilities and Jets, which have a \$250,000 deductible and Mobile Equipment which has \$100,000 deductible
- Business Interruption/Extra Expense, deductible is the amount of loss during first 45 days after the occurrence
- Five Insurers – Zurich 32.5%, Starr Tech 32.5%, Swiss Re 20%, Arch 10% and Commonwealth 5%
- Engineering inspection services, were purchased from XL GAPS, for \$16,295 for the Mid-Connecticut facilities
- 4/1/10 – 4/1/11 total premium - \$636,295 (\$620,000 including terrorism and engineering at \$16,295)

**II. Renewal Policy**

- Aon marketed the program limit of liability as \$347 million.
- CRRA's total insured value (TIV) decreased from with the removal of the Wallingford Facility; but specific Mid-CT locations increased in value due to new equipment upgrades and additions.
- Mid-CT facilities are the premium and limit drivers.
- Aon Risk Services (Aon), CRRA's broker/consultant, evaluated CRRA's Maximum Foreseeable Loss (MFL) at the Mid-CT facility to assist in determining a reasonable overall property insurance limit given changes in property values reported and the capacity available in the market.
- Based upon engineering reports prepared by XL GAPS Engineering covering the highest valued Mid-CT locations (boilers, turbines and twin packs), the MFL was calculated to be just over \$300 million.
- Current market capacity at competitive pricing would only support a limit of \$347 million.
- Aon marketed the limit of \$347 million as it maximizes current market capacity and covers the Maximum Foreseeable Loss scenario.
- The \$347 million applies on a blanket basis, per occurrence for property damage to all scheduled locations.
- Aon marketed the program to all companies listed on the spreadsheet attached (Exhibit A).
- The market is not as soft as last year; management and engineering changes in some insurance companies influenced responses.
- Significant issues related to quota sharing, deductibles and engineering were discussed and resolved through negotiations.
- Aon was successful in achieving a premium of \$617,052 (including terrorism).

- Deductibles are the same as last year - property damage, \$50,000, except Mid-CT WPF, PBF, EGF and Jets, \$250,000; mobile equipment, \$100,000.
- Solid quotes were received from Zurich, Starr Tech, Swiss Re and Commonwealth.
- After negotiation, the final quotes reflected the following percentages:

➤ Zurich	(Rated A)	42.1%	(Lead)
➤ Swiss Re	(Rated A)	26.3%	
➤ Starr Tech	(Rated A+)	25.3%	
➤ Commonwealth	(Rated A)	6.3%	

- This leaves four of the five incumbent insurers on the program. Arch came off of the program due to their change in appetite for energy industry exposures.
- Three out of the four prior insurers increased their percentage shares. Starr Tech decreased participation by 7%.
- Zurich's 42.1% share makes it the lead insurer.

### Engineering

Most states, counties or cities, including the State of Connecticut, require periodic inspections of commercial boilers or pressure vessels (jurisdictional inspections/engineering). The law or regulations may also require a certificate that attests the equipment complies with these requirements.

In addition to these engineering services, for the past several years, CRRA increased the scope of engineering services purchased to include:

- Loss control visits where the company loss control engineer completed extensive evaluation of the risk and provided summaries of findings and written recommendations to mitigate potential property damage. These services were provided for the following facilities:
  - (1) Mid-CT Electric Generating Facility (EGF)
  - (2) Mid-CT Power Block Facility (PBF)
  - (3) Mid-CT Waste Processing Facility (WPF)
  - (4) Mid-CT Twin Packs
- Because of the value of and complexity of the Mid-CT facilities, inspections which produced recommendations for improvements, and discussions with in-house engineers, it was determined that loss control engineering of the type described above continues to be beneficial to CRRA.
- Aon has stated that underwriters need engineering reports to evaluate the potential risk of loss and adequate protection of that risk. Without that, underwriters will not provide quotes especially on power generation exposures.
- The fact that CRRA put into place a formalized loss control inspection plan and followed up those inspections with a spreadsheet of responses to those open recommendations cannot be discounted as a factor in achieving good renewal

- pricing. This shows an understanding of the potential risk of loss and a willingness to improve that risk.
- Going forward it is important to prove to the marketplace that the safety programs currently in place at the sites are well documented and that the operators are being held accountable where there is a need for improvement.
- Since 2008, CRRA has utilized the services of XL GAPS for third party engineering. Over the past few years, proposals were sought from other third party engineering companies for the Mid-CT WPF, PBF, EGF and Twin Packs facilities which ranged from \$10,500 (Risk Logic) to \$16,400 (Paragon) for similar services. Even with lower priced option, the analysis from our in-house engineering professionals after reviewing the proposals and sample reports was that XL GAPS provides the most comprehensive oversight for the least amount of money.
- There have been no changes in the companies offering third party engineering nor in their sample reports or service that would be provided. In addition, the pricing for such services has remained consistent. This year, Risk Logic (\$12,500) and Paragon (\$17,000).
- Given XL GAPS' familiarity and relationship with CRRA, Aon recommends continuing with the same services provider.
- This year XL GAPS offered to continue to provide these services at the same locations for \$14,950. (The initial quote was for \$16,295 but Aon was successful in getting it lowered).
- In addition to the XL GAPS service, one of the insurers, Starr Tech, has offered to have its engineers inspect the same facilities and prepare a report and recommendations at no charge to CRRA. If the insurer-provided inspection report proves useful, we may be able to reduce the cost of outside loss control engineering next year by using insurer-provided inspectors. (There is historical precedence for this as CRRA relied upon the former Hartford Steam Boiler (HSB) for both property insurance and engineering for many years).

### **III. Management Summary & Recommendation**

- Policy expiration on 4/1/11 requires approval at the March 24, 2011 Board meeting for continuance of coverage
- Property insurance, business interruption and extra expense on CRRA property is required due to ownership and/or contractual requirements

- Management recommends securing the \$347 million all risk property insurance coverage for the period 4/1/11 – 4/1/12 as follows:

<u>Insurer</u>		<u>% Participation of \$347M</u>	
➤ Zurich	(Rated A)	42.1%	(Lead)
➤ Swiss Re	(Rated A)	26.3%	
➤ Starr Tech	(Rated A+)	25.3%	
➤ Commonwealth	(Rated A)	6.3%	

- Management recommends selection of XL GAPS for loss control engineering, inspection and reporting for \$14,950 and engaging Starr Tech engineers to provide loss control engineering, inspection and reporting at no charge to CRRA for these services.

	April 1, 2010 – 2011	April 1, 2011- 2012	Comments
Limit of Liability	\$365 million	\$347 million	Covers Maximum Foreseeable Loss at Mid-Connecticut
Deductibles Property Damage:	\$50,000 except \$250,000 at Mid-CT and Wallingford facilities and jets, \$100,000 Mobile Equipment	No change	
Time Element:	45 days	No change	
Annual Premium	\$620,000	\$617,052	-1% Decrease
Engineering	\$ 16,295  (jurisdictional inspections & loss prevention visits to 4 facilities w/reports & recommendations)	\$ 14,950  No change	8% Decrease – Mid-CT consists of 4 facilities and is maximum potential loss
Terrorism	Within premium	No change	
<b>TOTAL</b>	<b>\$636,295</b>	<b>\$632,002</b>	<b>1% Decrease</b>

**IV. Finance Committee Recommendation to the CRRA Board**

**The Finance Committee has reviewed and discussed renewing CRRA's Property Insurance and recommends the purchase of the \$347 million policy for a premium of \$617,052 from the following four (4) insurers with their quota shares as indicated: Zurich 42.1%; Swiss Re 26.3%; Starr Tech 25.3%; and Commonwealth 6.3%; and engineering services from XL GAPS for \$14,950.**

**The overall premium for \$347 million of property insurance, including business interruption and extra expense, engineering and terrorism coverage is \$632,002 (\$4,293 less than last year).**

**Quote Disclosure Report for CRR**  
**Property Program**

Program	Carrier	Carrier Response	Carrier Declination Reason	Premium 1	Quoted ARS Commission	Nationally Agreed Commission Rate	Intermediary, Intermediary if applicable Commission	Exhibit A
<b>Policy Term: April 1, 2011 - April 1, 2012</b>								
Property Program	Arch	Declined	Declined-change in appetite for energy exposures		0	N/A	N/A	N/A
TRIPRA	Arch				0	N/A	N/A	N/A
\$146,000,000 part of								
\$347,000,000	Zurich	Quoted at 42.1%		\$ 259,624.00 included	0	N/A	N/A	N/A
TRIPRA	Zurich				0	N/A	N/A	N/A
\$91,250,000 part of								
\$347,000,000	IRI (Swiss Re)	Quoted at 26.3%		\$ 162,265.00 included	0	N/A	N/A	N/A
TRIPRA	IRI (Swiss Re)				0	N/A	N/A	N/A
\$21,900,000 part of								
\$347,000,000	Commonwealth	Quoted at 6.3%		\$ 38,944.00 included	0	N/A	N/A	N/A
TRIPRA	Commonwealth				0	N/A	N/A	N/A
\$87,850,000 part of								
\$347,000,000	Starr Tech/ ACE American	Quoted at 25.3%		\$ 156,219.00 included	0	N/A	N/A	N/A
Terrorism - Certified	Starr Tech/ ACE American				0	N/A	N/A	N/A
Property Program	Liberty Insurance Underwriters	Declined	Declined due to engineering		0	N/A	N/A	N/A
Property Program	Ascot Lexington Insurance Co	Declined	Declined due to engineering		0	N/A	N/A	N/A
Property Program		No Response			0	N/A	N/A	N/A

**Disclosures**

<sup>1</sup> ARS receives premiums Clients pay for remittance to carriers, as well as refunds insurance companies pay for remittance to Clients, and deposits these payments into fiduciary accounts in accordance with applicable insurance laws until they are due to be remitted. ARS will retain the interest or investment income earned while such funds are on deposit pursuant to those laws and carrier agreements.

**PREMIUM TO BUDGET COMPARISON**

Insurance Type	2010-2011	FY 2011	FY 2012	Proposed	Surplus/	Variance
	4/1/10-4/1/11 Premium	4/1/11-6/30/11 Budget	7/1/11-4/1/12 Budget	4/1/11-4/1/12 Premium	(Deficit) to Annualized Budget	btw 2010-11 and 2011-12 Premiums
<b>Public Officials &amp; Employees Liability</b>	\$144,796	\$62,738	\$119,457	\$144,796	\$37,399	\$0
<b>All Risk Property</b>	\$636,295	\$163,768	\$572,666	\$632,002	\$104,431	\$4,293
<b>Fiduciary Liability</b>	\$4,581	\$1,168	\$3,780	\$4,492	\$456	\$89
<b>Commercial Crime</b>	\$3,310	\$844	\$2,731	\$3,196	\$379	\$114
<b>Totals</b>	<u>\$788,982</u>	<u>\$228,518</u>	<u>\$698,633</u>	<u>\$784,486</u>	<u>\$142,666</u>	<u>\$4,496</u>

**Exhibit B**



# TAB 3

**RESOLUTION REGARDING THE PURCHASE OF PUBLIC OFFICIALS AND  
EMPLOYMENT PRACTICES LIABILITY INSURANCE FOR THE PERIOD  
4/1/11 – 4/1/12**

**RESOLVED:** That CRRA's Public Officials and Employment Practices Liability insurance be purchased from ACE with a \$10,000,000 limit and up to \$10,000,000 in defense costs and expenses outside the limit, and a \$150,000 self insured retention for the period 4/1/11 – 4/1/12 for a premium of \$144,796, as discussed at this meeting.

The premium is \$144,796. CRRA's annualized budget for this policy is \$182,195. This represents a favorable variance of 21% (\$37,399) to budget.

The proposed premium is equal to last year's annual premium for this insurance policy.

**Connecticut Resources Recovery Authority**  
**Public Officials and Employment Practices Liability Insurance Renewal**  
**3/17/11**

**I. Current Policy**

- Expires 4/1/2011 – Public Officials and Employment Practices Liability Insurance
- \$10,000,000 limit and up to \$10,000,000 in additional defense costs and expenses outside the limit
- \$150,000 self insured retention
- Premium \$144,796
- Insurer – ACE American

**II. Renewal Policy**

- Quotes sought from ACE (Ace American, A+), Ironshore; Allied World Assurance Company (AWAC), RSUI, Zurich, Chubb and The Hartford - (see Exhibit A);
- CRRA received firm quotes from only one insurer: ACE, the incumbent, who offered two options;
- Coverage continues to provide terrorism for no charge;
- Options offered by ACE are listed below:

	<u>Insurer</u>	<u>Limit</u>	<u>Self-Insured Retention</u>	<u>Premium</u>
Option #1	ACE	\$ 10,000,000*	\$150,000	\$144,796
Option #2	ACE	\$ 10,000,000*	\$250,000	\$135,382

\*Defense outside limit - capped at \$10 MM

- ACE terms and conditions are the same as last year:
  - ACE provides defense costs in addition to limit, up to \$10,000,000
  - ACE (and all other markets) excludes injunctive relief in any form other than monetary damages; however, ACE will defend such a claim up to \$250,000
  - ACE includes coverage for professional liability for employed professionals including engineers, architects and lawyers

### **III. Management Summary & Recommendation**

- Section 1-125 of the Connecticut General Statutes (CGS) states that any director or employee of CRRA, including ad hoc members, may not be held personally liable for damage or injury, not wanton, reckless, willful or malicious, caused in the performance of his or her duties and within the scope of his or her employment or appointment as such director, officer or employee, or ad hoc member
- CRRA is required to protect and indemnify all of its directors, officers and employees in accordance with Section 1-125 of the CGS
- Public Officials Liability Insurance covers liability resulting from “wrongful acts” – any act, error, misstatement, misleading statement, omission, neglect or breach of duty committed or attempted by the insured, or Employment Practices Violations by any Insured solely in the performance of duties for CRRA as defined by the policy.
- This insurance provides secure, consistent, broad coverage with the least troublesome exclusions available in the marketplace.
- Based upon benchmarking, CRRA’s claims history and pricing, purchase of a \$10,000,000 limit is reasonable at this time, particularly since there is an additional \$10,000,000 in defense costs provided outside of the policy limit.
- The premium savings between Options #1 and #2 does not justify selection of Option #2 because the self-insured retention is \$100,000 more expensive per claim.
- Management in consultation with our broker recommends securing Option #1 \$10,000,000 coverage limit with \$150,000 self insured retention and up to \$10,000,000 in additional defense costs outside of the limit for a premium of \$144,796.
- This premium is exactly the same as the expiring policy.
- Multi-year policies are not available for this insurance coverage.
- CRRA’s annualized budget for this program covering FY’11 and FY’12 is \$182,195 (see Premium to Budget Comparison, Exhibit B)

### **IV. Recommendation to CRRA Board**

The Finance Committee has reviewed and discussed the options for renewing CRRA’s Public Officials and Employment Practices Liability insurance, and

**RESOLVED:** That CRRA’s Public Officials and Employment Practices Liability insurance be purchased from ACE with a \$10,000,000 limit and up to \$10,000,000 in defense costs and expenses outside the limit, and a \$150,000 self insured retention for the period 4/1/11 – 4/1/12 for a premium of \$144,796.

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

**Exhibit A**

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
<b>Policy Term: April 1, 2011 - April 1, 2012</b>									
<b>Public Officials</b>	\$10,000,000 Aggregate & \$10,000,000 Defense Costs	ACE American Insurance Co	Deductible Option One: \$150,000 POL and \$150,000 EPL		\$144,796	0	N/A	N/A	N/A
<b>Public Officials</b>	\$10,000,000 Aggregate & \$10,000,000 Defense Costs	ACE American Insurance Co	Deductible Option Two: \$250,000 POL and \$250,000 EPL		\$135,382	0	N/A	N/A	N/A
<b>Public Officials</b>	\$10,000,000 Aggregate Defense Costs Inside the Limit	Allied World Assurance Co (AWAC)	Declined	Size and Scope of Operations; Prefers revenues in \$50,000,000 range		0	N/A	N/A	N/A
<b>Public Officials</b>	\$5,000,000 Policy Aggregate Maximum	Ironshore Holdings US	Declined	Cannot improve on last year's pricing; Est. \$175,000+		0	N/A	N/A	N/A
<b>Public Officials</b>	\$5,000,000 Policy Aggregate Maximum	RSUI	Declined	Current Open Claim Status; Est. Premium \$150,000+		0	N/A	N/A	N/A
<b>Public Officials</b>		Zurich	Declined	Not providing public officials coverage at this time		0	N/A	N/A	N/A

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

Exhibit A

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
Public Officials		Chubb	Declined	Not a market for Public Entity Risks		0	N/A	N/A	N/A
Public Officials		Hartford	Declined	Not a market for Public Entity Risks		0	N/A	N/A	N/A
Public Officials		Chartis	Not Approached client request			0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Travelers	Quoted 3 year program with annual installments of \$3,196		\$9,588	0	N/A	N/A	N/A
Crime	One Year \$3,000,000 Limit	Zurich	Quoted 1 Year Program		\$7,216	0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Zurich	Quoted 3 Year program with annual installments of \$7558		\$22,674	0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Zurich	Quoted, prepaid		\$20,947	0	N/A	N/A	N/A
Crime		GA	Declined	Class of business		0	N/A	N/A	N/A
Crime		Chartis	Not Approached client request			0	N/A	N/A	N/A

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

**Exhibit A**

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium <sup>1</sup>	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
<b>Fiduciary</b>	Three year \$3,000,000 Limit	Travelers	Quoted, annual installments of \$4,492		\$13,476	0	N/A	N/A	N/A
<b>Fiduciary</b>	One Year \$3,000,000 Limit	ACE	Quoted		\$3,183	0	N/A	N/A	N/A
<b>Fiduciary</b>		Ironshore	Declined	Not writing public entity business at this time		0	N/A	N/A	N/A
<b>Fiduciary</b>		Chartis	Not Approached client request			0	N/A	N/A	N/A
<b>Fiduciary</b>		CNA	Declined	Not writing public entity business at this time		0	N/A	N/A	N/A

**Disclosures**

<sup>1</sup> ARS receives premiums Clients pay for remittance to carriers, as well as refunds insurance companies pay for remittance to Clients, and deposits these payments into fiduciary accounts in accordance with applicable insurance laws until they are due to be remitted. ARS will retain the interest or investment income earned while such funds are on deposit pursuant to those laws and carrier agreements.

**PREMIUM TO BUDGET COMPARISON**

Insurance Type	2010-2011 4/1/10-4/1/11		FY 2011 4/1/11-6/30/11		FY 2012 7/1/11-4/1/12		Annualized Budget		Proposed 4/1/11-4/1/12		Surplus/ (Deficit) to (Annualized Budget		Variance btw 2010-11 and 2011-12 Premiums	
	Premium	Budget	Premium	Budget	Premium	Budget	Budget	Budget	Premium	Annualized Budget	Annualized Budget	Annualized Budget	Premiums	Premiums
<b>Public Officials &amp; Employees Liability</b>	\$144,796	\$62,738	\$119,457	\$182,195	\$144,796	\$37,399	\$0							
<b>All Risk Property</b>	\$636,295	\$163,768	\$572,666	\$736,433	\$632,002	\$104,431	\$4,293							
<b>Fiduciary Liability</b>	\$4,581	\$1,168	\$3,780	\$4,948	\$4,492	\$456	\$89							
<b>Commercial Crime</b>	\$3,310	\$844	\$2,731	\$3,575	\$3,196	\$379	\$114							
<b>Totals</b>	\$788,982	\$228,518	\$698,633	\$927,152	\$784,486	\$142,666	\$4,496							

**Exhibit B**



**TAB 4**

**COMMERCIAL CRIME INSURANCE  
FOR THE PERIOD 4/1/11 – 4/1/14**

**RESOLVED:** That CRRA purchase the three-year Commercial Crime policy from Travelers Casualty & Surety Company with a \$3,000,000 limit, \$100,000 deductible for the period 4/1/11 – 4/1/14 for an annual premium of \$3,196, as discussed at this meeting.

The premium is \$3,196. CRRA's annualized budget for this policy is \$3,575. This represents a favorable variance of 11% (\$379) to budget.

The proposed premium is \$114 (3%) less than last year's annual premium for this insurance.

**Connecticut Resources Recovery Authority**  
**Commercial Crime Insurance Renewal**  
**3/17/11**

**I. Current Policy**

- Commercial Crime – Three Year Policy Expires 4/1/11
- \$3 million limit, \$100,000 deductible – Premium was \$3,310
- Insurer – Travelers Casualty and Surety Company of America

**II. Renewal Policy**

- This program was marketed to Travelers, Zurich and Great American (see Exhibit A)
- CRRA received 3-year program quotes with a limit of \$3,000,000 and a deductible of \$100,000;
  - Travelers (Rated A+) - annual premium \$3,196. This is an annual savings of \$114 (3%) compared to the expiring policy. Three-year policy premium \$9,588
  - Zurich (Rated A) - annual premium \$7,558. This is an annual increase of \$4,248 (56%) compared to expiring policy. Three-year policy \$22,674.
  - Zurich (Rated A) – required prepaid premium \$20,947. This is an increase of \$11,017 (53%) compared to expiring 3-year total premium.
- Zurich also quoted a 1-year policy – annual premium \$7,216.
- Great American declined to quote.
- Crime Insurance is designed to cover losses due to public employee dishonesty, theft, disappearance and destruction of money, securities and property. The coverage limit of \$3,000,000 is based upon the number of CRRA employees, locations and revenues.
- Benchmarking indicates that the average limit is \$3 million for similar risks.
- Travelers provides terms/conditions covering Investigative Expenses incurred to determine the extent of any loss, and Funds Transfer Fraud covering computer fraud and electronic, telegraphic, cable, teletype or telephone instructions fraudulently transmitted to a financial institution directing such institution to debit a transfer account and to transfer, pay or delivery money or securities from such transfer account.

### **III. Management Summary & Recommendation**

- CRRA has consistently sought multi-year guaranteed premium insurance policies.
- Travelers' 3-year installment quote for \$3,196 is the least cost option without sacrificing terms/conditions.
- Management recommends securing the three-year policy from Travelers with \$3 million limit, and a \$100,000 deductible with a premium of \$3,196 paid annually. This represents a slight decrease (\$114) over the expiring annual premium.
- CRRA's annualized budget for this program covering FY'11 and FY'12 is \$3,575 (see Premium to Budget Comparison, Exhibit B)

### **IV. Recommendation to CRRA Board**

The Finance Committee has reviewed and discussed renewing CRRA's Commercial Crime insurance, and

**RESOLVED:** That CRRA purchase the three-year Commercial Crime policy from Travelers Casualty & Surety Company with a \$3,000,000 limit, \$100,000 deductible, for the period 4/1/11 – 4/1/14 for an annual premium of \$3,196.

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

Exhibit A

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
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**Policy Term: April 1, 2011 - April 1, 2012**

<b>Public Officials</b>	\$10,000,000 Aggregate & \$10,000,000 Defense Costs	ACE American Insurance Co	Deductible Option One: \$150,000 POL and \$150,000 EPL		\$144,796	0	N/A	N/A	N/A
<b>Public Officials</b>	\$10,000,000 Aggregate & \$10,000,000 Defense Costs	ACE American Insurance Co	Deductible Option Two: \$250,000 POL and \$250,000 EPL		\$135,382	0	N/A	N/A	N/A
<b>Public Officials</b>	\$10,000,000 Aggregate Defense Costs Inside the Limit	Allied World Assurance Co (AWAC)	Declined	Size and Scope of Operations; Prefers revenues in \$50,000,000 range		0	N/A	N/A	N/A
<b>Public Officials</b>	\$5,000,000 Policy Aggregate Maximum	Ironshore Holdings US	Declined	Cannot improve on last year's pricing; Est. \$175,000+		0	N/A	N/A	N/A
<b>Public Officials</b>	\$5,000,000 Policy Aggregate Maximum	RSUI	Declined	Current Open Claim Status; Est. Premium \$150,000+		0	N/A	N/A	N/A
<b>Public Officials</b>		Zurich	Declined	Not providing public officials coverage at this time		0	N/A	N/A	N/A

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

**Exhibit A**

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium 1	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
Public Officials		Chubb	Declined	Not a market for Public Entity Risks		0	N/A	N/A	N/A
Public Officials		Hartford	Declined	Not a market for Public Entity Risks		0	N/A	N/A	N/A
Public Officials		Chartis	Not Approached client request			0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Travelers	Quoted 3 year program with annual installments of \$3,196		\$9,588	0	N/A	N/A	N/A
Crime	One Year \$3,000,000 Limit	Zurich	Quoted 1 Year Program		\$7,216	0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Zurich	Quoted 3 Year program with annual installments of \$7558		\$22,674	0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Zurich	Quoted, prepaid		\$20,947	0	N/A	N/A	N/A
Crime		GA	Declined	Class of business		0	N/A	N/A	N/A
Crime		Chartis	Not Approached client request			0	N/A	N/A	N/A

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

Exhibit A

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium <sup>1</sup>	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, Intermediary if applicable	Commission
<b>Fiduciary</b>	Three year \$3,000,000 Limit	Travelers	Quoted, annual installments of \$4,492		\$13,476	0	N/A	N/A	N/A
<b>Fiduciary</b>	One Year \$3,000,000 Limit	ACE	Quoted		\$3,183	0	N/A	N/A	N/A
<b>Fiduciary</b>		Ironshore	Declined	Not writing public entity business at this time		0	N/A	N/A	N/A
<b>Fiduciary</b>		Chartis	Not Approached client request			0	N/A	N/A	N/A
<b>Fiduciary</b>		CNA	Declined	Not writing public entity business at this time		0	N/A	N/A	N/A

**Disclosures**

<sup>1</sup> ARS receives premiums Clients pay for remittance to carriers, as well as refunds insurance companies pay for remittance to Clients, and deposits these payments into fiduciary accounts in accordance with applicable insurance laws until they are due to be remitted. ARS will retain the interest or investment income earned while such funds are on deposit pursuant to those laws and carrier agreements.

**PREMIUM TO BUDGET COMPARISON**

Insurance Type	2010-2011 4/1/10-4/1/11 Premium	FY 2011 4/1/11-6/30/11 Budget	FY 2012 7/1/11-4/1/12 Budget	Annualized Budget	Proposed 4/1/11-4/1/12 Premium	Surplus/ (Deficit) to Annualized Budget	Variance btw 2010-11 and 2011-12 Premiums
<b>Public Officials &amp; Employees Liability</b>	\$144,796	\$62,738	\$119,457	\$182,195	\$144,796	\$37,399	\$0
<b>All Risk Property</b>	\$636,295	\$163,768	\$572,666	\$736,433	\$632,002	\$104,431	\$4,293
<b>Fiduciary Liability</b>	\$4,581	\$1,168	\$3,780	\$4,948	\$4,492	\$456	\$89
<b>Commercial Crime</b>	<u>\$3,310</u>	<u>\$844</u>	<u>\$2,731</u>	<u>\$3,575</u>	<u>\$3,196</u>	<u>\$379</u>	<u>\$114</u>
<b>Totals</b>	<u>\$788,982</u>	<u>\$228,518</u>	<u>\$698,633</u>	<u>\$927,152</u>	<u>\$784,486</u>	<u>\$142,666</u>	<u>\$4,496</u>

**Exhibit B**



# TAB 5

**FIDUCIARY LIABILITY INSURANCE  
FOR THE PERIOD 4/1/11 – 4/1/14**

**RESOLVED:** That CRRA purchase the three-year Fiduciary Liability policy from Travelers Casualty and Surety Company with a \$3,000,000 limit, and a separate \$1,000,000 outside the limit for defense expenses, and a \$5,000 deductible for the period 4/1/11 – 4/1/14 for an annual premium of \$4,492.

The annual premium is \$4,492. CRRA's annualized budget for this policy is \$4,948. This represents a favorable variance of 9% (\$456) to budget.

The proposed premium is \$89 (2%) less than last year's annual premium for this insurance.

**Connecticut Resources Recovery Authority**  
**Fiduciary Liability Insurance Renewal**

3/17/11

**I. Current Policy**

- Fiduciary Liability Policy Expires – 4/1/11
- \$3 million limit for damages/defense and \$1 million separate limit for defense and expense, \$5,000 deductible/
- Three-Year Policy - annual premium was \$4,581
- Fiduciary Liability Insurance pays, on behalf of the insured, the legal liability arising from claims for alleged failure to prudently act within the meaning of the Employment Retirement Income Security Act of 1974 (ERISA). “Insured” is variously defined as a retirement plan or employee benefit plan, except Employee Stock Ownership Plans (ESOPs), any trustee, officer, employee, any other administrator, designated as a fiduciary. Group life and medical expense plans, as well as pension and retirement plans, are within the scope of the law. It does not cover the Sponsor (Employer) - CRRA.
- Insurer – Travelers Casualty and Surety Company of America.

**II. Renewal Policy**

- This program was marketed to Travelers, ACE, Ironshore and CNA - (see Exhibit A)
- CRRA only received one quote for the Three-Year Policy (Travelers-Rated A+) and one quote for an annual policy (ACE-Rated A+)
- Travelers’ quote for the \$3 million policy for a 3-year period is \$4,492 per year
- ACE’s quote for the \$3 million policy for a 1-year period was \$3,181.
- Ironshore declined to quote.
- There are no other fiduciary markets providing coverage for public entities.

**III. Management Summary & Recommendation**

- Discussions with our broker indicate there are no unusual exposures to CRRA and that the terms/conditions are the same as last year
- Aon recommends purchasing the three-year fiduciary insurance policy from the current carrier, Travelers
- CRRA has consistently sought multi-year guaranteed premium insurance policies
- Aon has advised that the \$3 million level appears reasonable for CRRA’s exposures.

- Management, in consultation with our broker, recommends securing the three-year \$3,000,000 policy with a \$5,000 deductible, and separate defense costs of \$1,000,000, for an annual premium of \$4,492 from Travelers. This premium represents an \$89 increase over the expiring three-year annual policy premium.
- CRRA's annualized budget for this program covering FY'11 and FY'12 is \$4,948. (see Premium to Budget Comparison, Exhibit B)

#### **IV. Recommendation to CRRA Board**

The Finance Committee has reviewed and discussed renewing CRRA's Fiduciary Liability insurance, and

**RESOLVED:** That CRRA purchase the three-year Fiduciary Liability policy from Travelers Casualty and Surety Company with a \$3,000,000 limit, and a separate \$1,000,000 outside the limit for defense expenses, and a \$5,000 deductible for the period 4/1/11 – 4/1/14 for an annual premium of \$4,492.

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

**Exhibit A**

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
<b>Policy Term: April 1, 2011 - April 1, 2012</b>									
Public Officials	\$10,000,000 Aggregate & \$10,000,000 Defense Costs	ACE American Insurance Co	Deductible Option One: \$150,000 POL and \$150,000 EPL		\$144,796	0	N/A	N/A	N/A
Public Officials	\$10,000,000 Aggregate & \$10,000,000 Defense Costs	ACE American Insurance Co	Deductible Option Two: \$250,000 POL and \$250,000 EPL		\$135,382	0	N/A	N/A	N/A
Public Officials	\$10,000,000 Aggregate Defense Costs Inside the Limit	Allied World Assurance Co (AWAC)	Declined	Size and Scope of Operations; Prefers revenues in \$50,000,000 range		0	N/A	N/A	N/A
Public Officials	\$5,000,000 Policy Aggregate Maximum	Ironshore Holdings US	Declined	Cannot improve on last year's pricing; Est. \$175,000+		0	N/A	N/A	N/A
Public Officials	\$5,000,000 Policy Aggregate Maximum	RSUI	Declined	Current Open Claim Status; Est. Premium \$150,000+		0	N/A	N/A	N/A
Public Officials		Zurich	Declined	Not providing public officials coverage at this time		0	N/A	N/A	N/A

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

Exhibit A

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
Public Officials		Chubb	Declined	Not a market for Public Entity Risks		0	N/A	N/A	N/A
Public Officials		Hartford	Declined	Not a market for Public Entity Risks		0	N/A	N/A	N/A
Public Officials		Chartis	Not Approached client request			0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Travelers	Quoted 3 year program with annual installments of \$3,196		\$9,588	0	N/A	N/A	N/A
Crime	One Year \$3,000,000 Limit	Zurich	Quoted 1 Year Program		\$7,216	0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Zurich	Quoted 3 Year program with annual installments of \$7558		\$22,674	0	N/A	N/A	N/A
Crime	Three Year \$3,000,000 Limit	Zurich	Quoted, prepaid		\$20,947	0	N/A	N/A	N/A
Crime		GA	Declined	Class of business		0	N/A	N/A	N/A
Crime		Chartis	Not Approached client request			0	N/A	N/A	N/A

**Quote Disclosure Report for CRRRA  
Public Official's Liability, Crime and Fiduciary**

Exhibit A

Coverage	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium <sup>1</sup>	Quoted ARS Commission	Nationally Agreed Commission	Intermediary, if applicable	Intermediary Commission
Fiduciary	Three year \$3,000,000 Limit	Travelers	Quoted, annual installments of \$4,492		\$13,476	0	N/A	N/A	N/A
Fiduciary	One Year \$3,000,000 Limit	ACE	Quoted		\$3,183	0	N/A	N/A	N/A
Fiduciary		Ironshore	Declined	Not writing public entity business at this time		0	N/A	N/A	N/A
Fiduciary		Chartis	Not Approached client request			0	N/A	N/A	N/A
Fiduciary		CNA	Declined	Not writing public entity business at this time		0	N/A	N/A	N/A

Disclosures

<sup>1</sup> ARS receives premiums Clients pay for remittance to carriers, as well as refunds insurance companies pay for remittance to Clients, and deposits these payments into fiduciary accounts in accordance with applicable insurance laws until they are due to be remitted. ARS will retain the interest or investment income earned while such funds are on deposit pursuant to those laws and carrier agreements.

**PREMIUM TO BUDGET COMPARISON**

Insurance Type	2010-2011	FY 2011	FY 2012	Annualized	Proposed	Surplus/	Variance
	4/1/10-4/1/11 Premium	4/1/11-6/30/11 Budget	7/1/11-4/1/12 Budget	Budget	4/1/11-4/1/12 Premium	(Deficit) to Annualized Budget	btw 2010-11 and 2011-12 Premiums
<b>Public Officials &amp; Employees Liability</b>	\$144,796	\$62,738	\$119,457	\$182,195	\$144,796	\$37,399	\$0
<b>All Risk Property</b>	\$636,295	\$163,768	\$572,666	\$736,433	\$632,002	\$104,431	\$4,293
<b>Fiduciary Liability</b>	\$4,581	\$1,168	\$3,780	\$4,948	\$4,492	\$456	\$89
<b>Commercial Crime</b>	\$3,310	\$844	\$2,731	\$3,575	\$3,196	\$379	\$114
<b>Totals</b>	\$788,982	\$228,518	\$698,633	\$927,152	\$784,486	\$142,666	\$4,496

**Exhibit B**



# TAB 6

**RESOLUTION REGARDING PAYMENT TO FORMER  
WALLINGFORD PROJECT MEMBER TOWNS OF CERTAIN  
REMAINING PROJECT FUNDS**

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 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 Authority's outside financial auditors ("BST") completed its first quarter fiscal year 2011 review on November 18, 2010; and

WHEREAS, on November 18, 2010, the Board authorized a second distribution of \$15,995,496 to the Towns that was distributed based on an updated percentage of the relative amounts of Acceptable Solid Waste delivered by each Town to reflect delivered and diverted tons for the five-year time period beginning July 1, 2005 and ending June 30, 2010;

WHEREAS, BST has completed its financial review dated January 31, 2011; and

WHEREAS, there exists a hauler receivable in the amount of \$1,513.60, which will be written-off; and

WHEREAS, the Project Closure Reserve established by the Board in November 2009 to provide for post project expenses requires additional funds to complete activities, which can be transferred from the Operating STIF account; and

WHEREAS, the amount of \$3,424,458 is identified surplus and can be distributed to the Towns.

NOW THEREFORE, IT IS HEREBY

RESOLVED: That the amount of \$3,443.00 be transferred from the Wallingford Operating STIF account to the Wallingford Project Closure STIF account; and

FURTHER RESOLVED: That the amount of \$3,424,458 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%	\$ 459,219.81
Hamden	171,685.53	23.06%	789,680.02
Meriden	164,997.82	22.16%	758,859.89
North Haven	106,919.58	14.36%	491,752.17
Wallingford	201,104.24	27.01%	924,946.11
TOTAL	744,584.84	100.00%	\$ 3,424,458.00

# Wallingford Project Fund Balances

Chronology through January 31, 2011

	1/31/2009	First Distribution: 4/27/2009	9/30/2010	Second Distribution: 11/18/2010	1/31/2011	Required to be Held:	Net Available for Distribution:
<u>Wallingford Project Accounts:</u>							
(1) Project Closure	-	-	821,913	-	465,032	465,032	-
Operating Fund	18,470,574	15,970,574	3,520,434	-	3,427,901	3,443	3,424,458
Future Use Fund	11,714,005	10,704,005	1,532,666	1,532,666	CLOSED	n/a	
Tip Fee Stabilization Fund	16,101,904	-	14,462,830	14,462,830	CLOSED	n/a	
Lockbox	886,331	-	16,494	-	CLOSED	n/a	
(2) Customer Deposit	57,381	-	5,682	-	CLOSED	n/a	
Clearing Account	11,321	-	CLOSED	n/a	CLOSED	n/a	
<b>GRAND TOTAL</b>	<b>\$47,241,516</b>	<b>\$26,674,579</b>	<b>\$20,360,019</b>	<b>\$15,995,496</b>	<b>\$ 3,892,933</b>	<b>\$ 468,475</b>	<b>\$ 3,424,458</b>

## Transferred to Property/Landfill Division:

(3) Wallingford Risk Fund	\$ 1,047,107	n/a	\$ 549,428	n/a	\$ 665,898	n/a	
(4) Wallingford/Covanta Facility Remed. Escrow	-	n/a	500,118	n/a	500,058	n/a	
Wallingford Landfill Post Closure Reserve	7,496,216	n/a	7,534,267	n/a	7,458,935	n/a	
DEP Trust - Wallingford Landfill	153,149	n/a	153,344	n/a	153,367	n/a	

(1) Established November 9, 2009 with transfer of \$820K from Future Use Fund. On November 23, 2010, \$320,000 was withdrawn for payment to Covanta of the Fiscal Year 2010 True-up.

(2) Remaining cash deposits were returned to the respective haulers in November 2010.

(3) Amount estimated for future litigation, insurance claims, other. Per Board Resolution dated October 28, 2010, reflects transfer of \$116,000 on December 13, 2010 to bring amount up to recommended level of \$665,000.

(4) Established with funds from Wallingford Risk Fund. Per agreement with Covanta, \$500,000 plus five years worth of administration fees (\$1,000/yr.) deposited in June 2010 with U.S. Bank for remediation.

**WALLINGFORD FINANCIAL SUMMARY**

*Updated: January 31, 2011*

## WALLINGFORD FINANCIAL SUMMARY

*Updated: January 31, 2011*

On January 29, 2009, CRRRA's Board of Directors authorized the creation of a Project Closure Reserve to ensure that sufficient funds would be on hand to pay for termination costs associated with the termination of the project on June 30, 2010.

On November 9, 2009, a Wallingford Project Closure Reserve was established at the State of Connecticut's Short Term Investment Fund ("STIF") in the amount of \$820,000 with funds transferred from the Wallingford Future Needs Reserve. These funds will pay for items including final auditing of funds and accounts, insurance legacy costs, regulatory filings and associated legal and administrative costs.

The following page provides an update on the current status of the Wallingford Project. Shown below are completed items:

### Completed Items:

- Covanta True-Up for Fiscal Year 2010 completed and paid. The final amount was in excess of the estimate by \$35,000.
- Auditor review of January 31, 2011 financial statements
- Resolved all outstanding receivables

**WALLINGFORD PROJECT CLOSURE RESERVE - UPDATED: 1/31/2011**

Item:	Description:	Exposure/ Amount in Reserve:	Resolution:	Status:	Pymnts from Project Closure Rsv. through 1/31/11:	Amount needed from Oper Acct.	Amount Still Required to Hold:
Office Furniture and Equipment	Truck scale (\$50K) Fly ash system (\$227K)	0	Items transferred to Covanta 7/1/2010	Complete	0		0
Project Coordinator	Final invoice for D. Zaback (Recycling Education)	0	Confirmed by J. Duvall	Complete	0		0
Bond Counsel	Pullman & Comley legal work (UCC terminations, indenture releases, etc.)	\$6,000	Paid in full from Operating Fund	Complete	0		0
Covanta True-up	FY10	285,000		Complete	(320,000)		0
Auditor	Outside auditor (BST) to review financials: First Quarter FY2011 and 1/31/11	9,000	Reviews completed	In process	0		9,000
Residual Lease Payment Allocation	Residual portion of building lease for two years (\$110K per year)	220,000		In process	0		220,000
Legal	All Legal costs for completing all items on this list	95,000	Paid \$16K from Oper. Acct.	In process	0		75,000
Insurance	Pollution (facility) legacy costs	120,000 (5 yrs) 25,000 (3 yrs)		In process	(6,114)		138,886
Administrative	General Administrative costs for completing all items on this list	60,000		In process	(34,411)		25,589
Interest Income	Earnings	5,557					
<b>TOTAL</b>		<b>\$ 825,557</b>			<b>(\$ 360,525)</b>	<b>3,443</b>	<b>\$ 468,475</b>

<b>Bad Debt Write-off:</b>	Receivable - Fabio	Owed Project: \$23,513.60	Paid: \$22,000.00	\$1,513.60	n/a	n/a
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CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY' S  
WALLINGFORD PROJECT  
FINANCIAL STATEMENTS AS  
OF AND FOR THE  
SEVEN MONTHS ENDED JANUARY  
31, 2011

TOGETHER WITH  
ACCOUNTANTS' REVIEW REPORT





**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**

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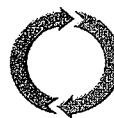
**FINANCIAL STATEMENTS**

**AS OF AND FOR THE SEVEN MONTHS ENDED  
JANUARY 31, 2011**

<b><u>TABLE OF CONTENTS</u></b>	<b><u>PAGE</u></b>
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**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S**  
**WALLINGFORD PROJECT**

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BOLLAM, SHEEDY, TORANI & CO. LLP  
Certified Public Accountants  
New York, New York

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Board of Directors  
Connecticut Resources Recovery Authority's Wallingford Project  
Hartford, Connecticut

We have reviewed the accompanying balance sheet of Connecticut Resources Recovery Authority's Wallingford Project, as of January 31, 2011, and the related statements of revenues, expenses and changes in net assets, and cash flows for the seven months then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplemental information presented on page 10 is for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

*Bollam Sheedy Torani & Co LLP*

New York, New York  
March 2, 2011

**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**



**BALANCE SHEET  
JANUARY 31, 2011  
(Dollars in Thousands)**

**ASSETS**

**CURRENT ASSETS**

Unrestricted Assets:

Cash and cash equivalents	\$ 4,551
Accounts receivable	<u>2</u>

**TOTAL ASSETS**

**\$ 4,553**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued expenses	<u>\$ 75</u>
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**NET ASSETS**

Unrestricted	<u>4,478</u>
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Total Net Assets

4,478

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 4,553**

See Independent Accountant's Review Report and accompanying Notes to Financial Statements.



**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET ASSETS  
FOR THE SEVEN MONTHS ENDED JANUARY 31, 2011  
(Dollars in Thousands)**

<b>Operating Revenues</b>	<b>\$ -</b>
<b>Operating Expenses</b>	
Solid waste operations	131
Distribution to member towns	15,996
Other costs	111
Total operating expenses	<u>16,238</u>
Operating Loss	(16,238)
<b>Non-Operating Revenues (Expenses)</b>	
Investment income	21
Loss on disposal of equipment	(166)
Net Non-Operating Expenses	<u>(145)</u>
Loss before Transfers	(16,383)
Transfers out	<u>(4,220)</u>
Change in Net Assets	(20,603)
<b>Total Net Assets, beginning of period</b>	<u>25,081</u>
<b>Total Net Assets, end of period</b>	<u>\$ 4,478</u>

See Independent Accountant's Review Report and accompanying Notes to Financial Statements.

**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**



**STATEMENT OF CASH FLOWS  
FOR THE SEVEN MONTHS ENDED JANUARY 31, 2011  
(Dollars in Thousands)**

<b>Cash Flows From Operating Activities:</b>	
Payments received from providing services	\$ 641
Payments to suppliers for goods and services	(1,151)
Payments to employees for services	(40)
Distribution to member towns	(15,996)
Net Cash Used by Operating Activities	<u>(16,546)</u>
<b>Cash Flows From Investing Activities:</b>	
Interest on investments	21
Net Cash Provided by Investing Activities	<u>21</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>	
Cash transfers out	(8,046)
Net Cash Used by Non-Capital Financing Activities	<u>(8,046)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(24,571)</b>
Cash and cash equivalents, beginning of period	<u>29,122</u>
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 4,551</u></b>
<b>Reconciliation of Operating Loss to Net Cash Provided (Used) By Operating Activities:</b>	
Operating loss	\$ (16,238)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable, net	829
Prepaid expenses	49
Decrease in accrued expenses and other current liabilities	(1,186)
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (16,546)</u></b>

See Independent Accountant's Review Report and accompanying Notes to Financial Statements.



# CONNECTICUT RESOURCES RECOVERY AUTHORITY'S WALLINGFORD PROJECT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVEN MONTHS ENDED JANUARY 31, 2011

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Entity and Services

The Connecticut Resources Recovery Authority's former Wallingford Project (the "Project") is a comprehensive solid waste disposal system which has a unique legal, contractual, financial, and operational structure that was governed by the Connecticut Resources Recovery Authority (the "Authority") until June 30, 2010. The Authority is a body politic and corporate, created in 1973 by the State Solid Waste Management Services Act, constituting Chapter 446e of the Connecticut General Statutes.

The operating contract between the Authority and the Project's operator expired on June 30, 2010. The contract had a provision whereby the Authority can exercise an option to purchase the facility when the contract ends. The Authority did not exercise its option to purchase and the operator now owns the Wallingford Resource Recovery Facility (the "Facility"). The Authority has retained the right to deliver 25,000 tons per year of solid waste to the Facility. The five original Wallingford Project towns signed agreements with the operator and continue to deliver their solid waste to the Facility.

Certain assets included in the accompanying balance sheet will be used for payment of the Project's current and projected liabilities.

Pursuant to the Release and Settlement Agreement between the Authority and the operator, in June 2010, the Authority established an Escrow Account with the bond Trustee and deposited \$500,000 in the Escrow Account. In accordance with the Release and Settlement Agreement, the Escrow Account will be maintained until the Connecticut Department of Environmental Protection determines that the requirements of the Connecticut Transfer Act, as they relate to the conveyance of the Facility, have been satisfied, which period is estimated to be approximately five years. The Escrow Account is included in the balance sheet of the Authority's Property Division.

The financial activities of the Project are included in the basic financial statements of the Authority. The financial statements of the Project are intended to present the financial position, and the changes in financial position, of only that portion of the Authority's operations that pertain to transactions of

the Project. They do not purport to and do not present fairly the financial position of the Authority as of January 31, 2011, and the changes in the Authority's financial position for the seven months then ended in conformity with generally accepted accounting principles.

The Project has not presented a management's discussion and analysis ("MD&A") in accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and GASB Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus because the focus of an MD&A is on a primary government. The Authority, as the primary government, will provide an MD&A in its annual report that will include analysis of the financial activities relating to the Project.

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

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

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

The Project's financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Project distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Project are charges to customers for user services. Operating expenses include the cost of solid waste operations, maintenance and utilities, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

See Independent Accountant's Review Report.

**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**



**C. Estimates**

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

**D. Cash and Cash Equivalents**

All unrestricted and restricted highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

**E. Accounts Receivable**

Accounts receivable balance of approximately \$2,000 represents service payment receivable from a customer that has not been collected as of January 31, 2011.

**F. Net Assets**

Unrestricted net assets may be divided into designated and undesignated portions. Designated net assets represent the Authority's self-imposed limitations on the use of otherwise unrestricted net assets of the Project. Unrestricted net assets have been designated by the Board of Directors of the Authority for various purposes. Such designations totaled approximately \$1.0 million as of January 31, 2011. Unrestricted designated net assets are summarized as follows:

Unrestricted Designated Net Assets	(\$000)
Post project	385
Future loss contingencies	663
<b>Total</b>	<b>\$ 1,048</b>

Restrictions of net assets are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. As of January 31, 2011, the Project has no restricted net assets.

**G. Allocation of Expenses**

The accompanying financial statements include allocations of salary expenses incurred by the Authority that pertain to the operation of the Project. Allocations are made based on a weighted average of significant operating criteria determined by the Authority's management.

Authority expenses that are allocated to the Project consist of salaries of management, accounting and environmental personnel employed by the Authority. Allocations of such expenses for the seven months ended January 31, 2011, totaled approximately \$40,000.

**2. CASH DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consist of unrestricted Short-Term Investment Fund of the State of Connecticut ("STIF"), which totaled approximately \$4.6 million as of January 31, 2011.

**A. Cash Deposits**

**Custodial Credit Risk**

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

As of January 31, 2011, the Project's cash deposits were zero.

Investments in the STIF as of January 31, 2011, are included in cash and cash equivalents in the accompanying balance sheet. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the investment disclosures that follow.





# CONNECTICUT RESOURCES RECOVERY AUTHORITY'S WALLINGFORD PROJECT

## Concentration of Credit Risk

The Authority's Investment Policies are governed by Connecticut General Statutes and project bond indentures as contained in the Authority's Investment Policy. In general, these policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds, and an investment return competitive with comparable funds and financial market indices.

Authorized investments for cash accounts, not otherwise invested, must be made in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies and include time deposits, demand deposits, and certificates of deposit.

## B. Investments

### Interest Rate Risk

As of January 31, 2011, the Project's investments consisted of the following debt securities:

Investment Type	Investment Maturities (In Years)				
	Fair Value (\$000)	Less than 1	1 to 5	6 to 10	More than 10
STIF	\$ 4,551	\$ 4,551	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 4,551</b>	<b>\$ 4,551</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares. As of January 31, 2011, STIF had a weighted average maturity of 24 days.

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

in longer-term securities as authorized in the Authority's investment policy. The primary objectives of the Authority's investment policy are the preservation of principal and the maintenance of liquidity.

### Credit Risk

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

As of January 31, 2011, the Project's investments were rated as follows:

Security	Fair Value (\$000)	Moody's Standard & Poor's	Investor Service	Fitch Ratings
	STIF	\$ 4,551	AAAm	Not Rated

### Custodial Credit Risk

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

**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**



**Concentration of Credit Risk**

The Authority's Investment Policy places no limit on the amount of investment in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for the Project needs. As of January 31, 2011, 100% of the Project's investments are in the STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity, thereby satisfying the primary objectives of the Authority's Investment Policy.

**3. NEW ACCOUNTING PRONOUNCEMENTS  
ISSUED AND NOT YET ADOPTED**

During December 2010, Statement No. 62 of the Governmental Accounting Standards Board (GASB), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued but not yet adopted by the Authority. The objective of

the Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

This Statement is effective for financial statements for periods beginning after December 15, 2011; however, early adoption is encouraged. The Authority has not yet adopted this Statement.



**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**

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**Supplemental  
Information**

**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**



**SCHEDULE OF NET ASSETS  
JANUARY 31, 2011  
(Dollars in Thousands)**

<b>Restricted net assets:</b>	<u>\$ -</u>
<b>Unrestricted net assets:</b>	
Designated for:	
Future loss contingencies	663
Post project	385
Undesignated	3,430
Total unrestricted net assets	<u>4,478</u>
<b>Total Net Assets</b>	<u><u>\$ 4,478</u></u>

See Independent Accountant's Review Report.



**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S  
WALLINGFORD PROJECT**

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**TAB 7**

**RESOLUTION REGARDING THE COMPLETION OF  
BASELINE ECOLOGICAL RISK ASSESSMENT AT THE  
WALLINGFORD LANDFILL**

**RESOLVED:** That the President is hereby authorized to enter into a contract with O'Reilly, Talbot & Okun Associates, Inc. to complete a baseline ecological risk assessment at the Wallingford Landfill, substantially as presented and discussed at this meeting.

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

**Wallingford Landfill Baseline Ecological Risk Assessment**

Presented to the CRRA Board on: March 24, 2011

Vendor/ Contractor(s): O'Reilly, Talbot & Okun Associates, Inc.

Effective date: Upon Execution

Contract Type/Subject matter: Request for Services (RFS), pursuant to a 3-year engineering services agreement.

Facility (ies) Affected: Wallingford Landfill

Original Contract: 3-Year Engineering Services Agreement

Term: September 30, 2011

Contract Dollar Value: \$53,773.00

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: Habitat characterization, surface water sampling, sediment sampling, statistical analysis of data, groundwater modeling, food web modeling, risk characterization, and preparation of a Remedial Action Plan (if required).

Other Pertinent Provisions: N/A



# Connecticut Resources Recovery Authority

## Wallingford Landfill Baseline Ecological Risk Assessment

*March 24, 2011*

### Executive Summary

This is to request approval of the CRRA Board of Directors for the President to execute a Request for Services (RFS) with O'Reilly, Talbot & Okun Associates, Inc. (OTO) to complete a Baseline Ecological Risk Assessment (BERA) at the Wallingford Landfill. The BERA must be completed before certain other milestones under State and Federal regulations pertaining to RCRA Corrective Action can be achieved. The total cost to complete the BERA and prepare a Remedial Action Plan, if such a plan is required, is \$53,773.

### Discussion

On April 16, 2009, CRRA submitted to the Connecticut Department of Environmental Protection (CT-DEP) an application for a Stewardship Permit to regulate and authorize post-closure care and Corrective Action at the Wallingford Landfill. CRRA's application for the Stewardship Permit included submission of a Screening Level Ecological Risk Assessment (SLERA) dated April 6, 2009.

On September 16, 2009, the CT-DEP issued to CRRA Stewardship Permit No. DEP/HWM/CS-148-004. Section II.A.5 of the Stewardship Permit requires that CRRA conduct additional ecological risk assessment activities identified by the CT-DEP following its review of the SLERA. Via letter dated November 17, 2010, CT-DEP requested that CRRA develop a schedule to complete additional ecological risk assessment activities and prepare a Remedial Action Plan (RAP), if necessary, in order to achieve the Corrective Action goals of "Remedy Decision" and "Construction Complete" by September 30, 2011. CRRA submitted a written response to CT-DEP on December 17, 2010, and was notified by CT-DEP on January 26, 2011 that CT-DEP elected to move forward with implementation of the schedule proposed by CRRA. CRRA met with CT-DEP personnel on February 8, 2011 in order to establish the Baseline Ecological Risk Assessment (BERA) objectives and discuss the investigative methods to be implemented.

In late January 2011, CRRA contacted three environmental engineering consulting firms with expertise in ecological risk assessment, and with whom CRRA has executed three-year Engineering Services Agreements. These three firms were Fuss & O'Neill, Inc.

(F&O), GZA GeoEnvironmental, Inc. (GZA) and O'Reilly, Talbot & Okun Associates, Inc. (OTO). In anticipation of issuing a Request for Proposal to these three firms, CRRA provided each firm with PDF copies of various Wallingford Landfill ecological risk assessment documents to review.

As part of the Request for Proposals process, CRRA met with the three environmental consulting firms at the Wallingford Landfill for a site walk on February 9, 2011. At the site walk, CRRA provided each firm with a bullet list that summarized CRRA's meeting with CT-DEP the previous day. The summary included the areas requiring additional assessment (i.e., wetlands on the Landfill property and the former Barberino property, and the Quinnipiac River), the constituents of potential ecological concern, the toxicity testing guidelines that CT-DEP requested, and the ecological screening levels (numeric criteria) to be utilized when assessing laboratory analytical results. Each firm was also provided a copy of the project schedule that CRRA and CT-DEP had agreed to implement. Given the non-prescriptive nature of ecological risk assessment, CRRA requested that each firm develop its own BERA Scope of Work as part of its proposal.

On February 18, 2011, CRRA provided all three firms with written responses to those questions that had been received from proposers by February 16, 2011 (i.e., the deadline for questions, as established at the site walk). All three firms submitted proposals by the March 1, 2011 deadline. The following table summarizes the "lines of evidence" (assessment approaches) associated with each firm's proposed Scope of Work:

<b>PROPOSED ACTIVITY</b>	<b>F&amp;O</b>	<b>GZA</b>	<b>OTO</b>
# of Sediment Samples	20	27	40
# of Surface Water Samples	13	23	13
# of Sediment Toxicity Tests	12	12	6
# of Surface Water Toxicity Tests	9	11	0
Habitat Characterization	Yes	No	Yes
Benthic Invertebrate Sampling	No	No	Yes
Analysis of Metals in Sediment via AVS/SEM	Yes	No	No
Analysis for Volatile Organics	No	Yes	Yes
Food Web Modeling	No	No	Yes

The cost proposed by each firm to complete its Scope of Work was as follows:

<b>Firm</b>	<b>Proposed Cost</b>
Fuss & O'Neill, Inc. (F&O)	\$49,100
GZA GeoEnvironmental, Inc. (GZA)	\$74,800
O'Reilly, Talbot & Okun Associates, Inc. (OTO)	\$46,874

Given that OTO provided the lowest cost proposal to complete the BERA while also offering to evaluate the most “lines of evidence,” CRRA Environmental Department personnel forwarded OTO’s proposed scope of work to CT-DEP on March 3, 2011 for review and comment. On March 15, 2011, CRRA and OTO met with CT-DEP to discuss CT-DEP’s questions and comments on the proposed scope of work. During this meeting, CT-DEP recommended the following revisions to OTO’s proposed scope of work:

- Perform groundwater modeling/dilution analysis in lieu of benthic invertebrate sampling and surface water sampling in the Quinnipiac River;
- Re-allocate a number of the proposed Quinnipiac River sediment samples to the Quinnipiac River floodplain (closer to the landfill) and the wetlands on the former Barberino property;
- Conduct surface water aquatic toxicity testing (one sample) of an unnamed tributary to the Quinnipiac River from the former Barberino property;
- Add three potential ecological receptors to the food web model; and,
- Extend the vertical profile of sediment samples to a depth of 24” below grade in sampling locations where elevated metals concentrations are encountered, if any.

Based on the revised scope of work, OTO provided CRRA with a revised cost estimate of \$48,773 to complete the BERA. This revised cost estimate represents an increase of \$1,899 over OTO’s original cost estimate. OTO’s revised cost estimate is still the lowest of the three proposals received by CRRA, while also offering to evaluate the most “lines of evidence.” CRRA management recommends that an RFS to complete the Wallingford Landfill BERA be executed with O’Reilly, Talbot & Okun Associates, Inc. (OTO).

In addition to the BERA Scope of Work, OTO’s proposal also included an optional task to prepare a RAP, if necessary. OTO’s proposed cost for preparation of the RAP was \$5,000. CRRA management also recommends that the RFS include the optional task of preparing a RAP for an additional \$5,000, if preparation of a RAP is determined to be necessary. Including the optional task of preparing a RAP, the total value of the RFS to be executed would be \$53,773.

### **Financial Summary**

Funds for this expenditure will come from the Wallingford Landfill Post-Closure Reserve. This ecological risk assessment activity was contemplated when the Wallingford Landfill post-closure cost estimate was developed, and there are adequate funds in the post-closure reserve account to cover this expense.