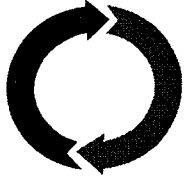


**CRRA
BOARD MEETING
March 29, 2012**



**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 23, 2012
RE: Notice of Special Board Meeting

There will be a Special Board Meeting of the Connecticut Resources Recovery Authority Board of Directors on Thursday, March 29, 2012, at 9:30 a.m. The meeting will be held in the Board Room at CRRA Headquarters, 100 Constitution Plaza, Hartford, CT 06103.

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 29, 2012
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 Regular Feb. 23, 2012, Board Meeting Minutes (Attachment 1).

IV. Board Committee Reports

A. Finance Committee Reports

1. Board Action will be sought Regarding Approval of Insurance Renewal Public Officials (Attachment 2).
2. Board Action will be sought Regarding Approval of the Insurance Renewal Property (Attachment 3).
3. Board Action will be sought Regarding Approval of the Landfill Budget (Attachment 4).

B. Policies & Procurement Committee

1. Board Action will be sought Regarding the Resolution for the Jet Turbine Facility Energy Management Services Agreement (Attachment 5).
2. Board Action will be sought Regarding the Resolution for a Host Community Benefit Agreement and Lease Agreement with the Town of Essex (Attachment 6).
3. Board Action will be sought Regarding the Resolution for Extension of the Constitution Plaza Lease with the Connecticut Constitution Associates LLC (Attachment 7).
4. Board Action will be sought Regarding the Resolution for Emergency Procurement for the JTF ISO-NE RTU Communication Replacement System (Attachment 8).
5. Board Action will be sought Regarding the Resolution for Colebrook Consolidated School for its Connecticut Recycle-Bowl Championship (Attachment 9).

TAB 1

CONNECTICUT RESOURCES RECOVERY AUTHORITY

FOUR HUNDRED AND TWENTY-NINE

FEB. 23, 2012

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, Feb. 23, 2012, in the Board Room at 100 Constitution Plaza, Hartford, CT, 06103. Those present were:

Directors: Acting Chairman Timothy Griswold
Louis J. Auletta, Jr. (present by telephone)
Ryan Bingham
David Damer (present by telephone)
Dot Kelly
Andrew Nunn
Scott Slifka (present by telephone beginning 11:30 a.m.)
Donald Stein
Steve Edwards, Bridgeport Project Ad-Hoc
Bob Painter, Mid-Conn Project Ad-Hoc
Steven Wawruck, Mid-Conn Project Ad-Hoc

Present from CRRA in Hartford:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Jeff Duvall, Director of Budgets and Forecasting
Peter Egan, Director of Environmental Affairs & Operations
Laurie Hunt, Director of Legal Service
Paul Nonnenmacher, Director of Public Affairs
Jim Perras, Government Relations Liaison
Moira Benacquista, Board Secretary/Paralegal
Marianne Carcio, Executive Assistant

Others present: Dave Aldridge, SCRRA; Dick Barlow, First Selectman of Canton; Sean Duffy and Jeff Possiuk, ReCommunity Recycling; John Pizzimenti, USA Hauling; Cheryl Thibeault, Covanta; and Melissa Yeich, OPM.

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

VOTE TO MAKE DIRECTOR GRISWOLD TEMPORARY CHAIR

Director Kelly made a motion to elect Director Griswold as temporary Chairman of the CRRA Board meeting. Director Stein seconded the motion.

The motion previously made and seconded was approved by roll call. Director Auletta, Director Bingham, Director Edwards, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Stein and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		

PUBLIC COMMENT PORTION

Chairman Griswold said 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.

Dick Barlow, First Selectman of Canton, addressed the Board. He said he understands the importance of raised bill SB 5118 with respect to the reclassification of the energy generated from the Mid-Conn Project to Class 1 renewable. He said he and the municipalities which are users of the Mid-Conn Project will be active and supportive of that dialogue at the Legislature.

Mr. Barlow said the second item he wanted to address is the proposed \$61.00 a ton tip fee which the member towns are being informed will be the disposal cost this year. He said Canton signed on as a Tier 1 town with the expectation of a \$59.50 tip fee. Mr. Barlow said the low price for electricity sales resulted in a need to make the tip fee higher than what was previously indicated by CRRA management.

Mr. Barlow requested that CRRA management take strong consideration to try to reduce that \$1.50 a ton proposed increase by looking at the administrative cost of CRRA. He said the previous Chairman had referred to CRRA as a company, which bothered him, as he never felt CRRA was a company. Mr. Barlow said when companies have financial difficulties that burden is passed on to senior management. He strongly requested management try to buy some capacity to reduce that tip fee in terms of compensation and considerations by management. Mr. Barlow suggested that management look to move CRRA to a more affordable location in terms of rent, a suggestion he has also made in the past.

Mr. Barlow said there is a figure in the Mid-Connecticut line item budget for administrative expenses of \$4.285 million, of which he is not sure how much of that figure is attributable to the Mid-Conn Project, or how much is attributable to supporting the central functions of CRRA. He asked that management make it easier in the future for users of the Mid-Conn Project to understand the percentage of the central-office costs which are being born by the Mid-Conn Project.

APPROVAL OF THE MINUTES OF THE SPECIAL JAN. 19, 2012, BOARD MEETING

Chairman Griswold requested a motion to approve the minutes of the Jan. 19, 2012, Special Board Meeting. Director Bingham made a motion to approve the minutes, which was seconded by Director Kelly.

The motion previously made and seconded to approve the minutes was approved by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Stein and Director Wawruck voted yes. Director Edwards abstained.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport			X
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		

APPROVAL OF THE MINUTES OF THE REGULAR JAN. 26, 2012, BOARD MEETING

Chairman Griswold requested a motion to approve the minutes of the Jan. 26, 2012, Regular Board Meeting. Director Bingham made a motion to approve the minutes, which was seconded by Director Kelly.

The motion previously made and seconded to approve the minutes as amended and discussed was approved by roll call. Director Auletta, Director Bingham, Director Damer, Director Edwards, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Stein and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Connecticut	X		
Steve Wawruck, Mid-Connecticut	X		

FINANCE COMMITTEE

RESOLUTION REGARDING APPROVAL OF THE PROPERTY DIVISION BUDGET

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

RESOLVED: That the fiscal year 2013 Property Division Operating budget totaling \$5,711,000.00 be adopted as presented at this meeting; and

FURTHER RESOLVED: That starting November 16, 2012, \$1,672,000 be transferred in equal monthly allotments to the Connecticut Solid Waste System’s operating budget; and

FURTHER RESOLVED: That a Property Division Operating Fund be established at the Short-Term Investment Fund of the State of Connecticut (“STIF”) to fund solid-waste activities and that the full amount associated with the Property Division in the current operating account be transferred into this new account.

Director Stein asked that both sets of financial data behind Tabs 3 and 4 of the Board Package be reviewed before the vote as he feels the material is related.

Mr. Bolduc said the Property Division is a new entity for CRRA which is a result of closure of many of the original CRRA projects. He said as projects closed there were tail-end responsibilities and activities which continue. Mr. Bolduc said the Board previously agreed to house these remaining items in the Property Divisions. He said in addition to the Property Division the Landfill Division was also created, which will be the home for all of the post-closure costs associated with the Waterbury, Shelton, Wallingford and eventually the Hartford and Ellington landfills.

Mr. Bolduc said the Hartford and Ellington landfills are still in the Mid-Conn budget until the Project terminates, at which point they will be moved into the Property Division. He said it is a

transition process which was not considered 25 years ago when the projects were created under a project where debt is issued and supported solely by the revenue streams and cash flows from each project.

Mr. Bolduc said there are a number of items in the Property Division, such as the South Central facility (management retained 25,000 tons of CRRA capacity at the Wallingford Plant). He said the other significant activity is the Jets' energy and operating charges which were not represented in the new MSA's, and are in the Property Division post 11/15/12. Mr. Bolduc said the Jets were a byproduct of the old Enron transaction and were never part of the original Mid-Conn Project bond indenture and original MSA's.

Mr. Bolduc said the Property Division also contains lease income and payment from Wheelabrator for land still owned by CRRA as a result of when the Bridgeport Project shut down. He said there are also expenses in the Property Division associated with the costs of maintaining insurance, \$10,000 for possible legal matters, billboard costs, rental income and the costs associated with doing contracts. Mr. Bolduc said these items have costs associated with them, for example the cost of bringing tons into the South Central facility (which is fixed by contract), and that fee, which assumes that CRRA is going to use the 25,000 tons.

Mr. Bolduc said there are also a couple of properties reflected in the division which CRRA has identified such as the Honeyspot Road Extension property (which is from the old Bridgeport Project and where the Garbage Museum was). He explained the back part of that property is where the transfer facility for the southern towns is housed. Mr. Bolduc said the landfill was carved out as it is big enough to stand on its own and the legal requirements are different. He said the Board's discretion with those costs is very limited because they are governed by the Connecticut Department of Environmental & Energy Protection (hereinafter referred to as "CT DEEP").

Mr. Bolduc discussed the line item which addresses the transfer to the Connecticut Solid Waste System (hereinafter referred to as "CSWS"). He explained the Mid-Conn Project is bifurcated as the FY 2013 budget goes from July 1 through November 15. Mr. Bolduc said in the new MSA's that entity is referred to as the CSWS in order to distinguish it from the old Mid-Conn Project. He said on November 15, 2013, management will run a balance sheet, an audit will be done, and that project will go into the same phase as the Bridgeport landfill and Wallingford Projects.

Mr. Bolduc said post 11/15/12 activity will start with the new balance sheet, which is a why an audit will need to be done, as the towns which are part of the new project will have a net cost of service with a different cost profile than the old project. He said the Authority budget contains a resolve which address that in the Mid-Connecticut system. Mr. Bolduc said due to the declining electric rates, one of the ways to offset a tip fee increase is for the Board to take action and use these funds as an offset. Mr. Bolduc said in the future the Board would continue to have discretion on where to spend these funds such as on recycling, or other efforts in connection with the State Solid Waste Management Plan. He said this year management is recommending using the funds to mitigate what would be an increase to the tip fee.

Director Stein asked what those funds would have normally been spent on if they were not used. Mr. Bolduc said the funds may have been used in several ways such as capital efforts, or for a composting project.

Chairman Griswold asked whether if there is any seasonality that the equal monthly installment plan may disrupt. Mr. Bolduc replied no, as it is a capacity payment. He said the only item with seasonality is the expected \$19,000 for selling capacity at Wallingford.

Director Damer asked whether management expects to leave the Jets in this Property Division in the future. Mr. Bolduc indicated yes.

Director Stein asked whether NAES will also be operating the Jets. Mr. Egan explained the operation and maintenance contract to operate the Jets beginning June 1, 2012, is on today's agenda. Director Stein said there is \$284,000 of labor charged to the Property Division and another \$108,000 for the Jets. He asked management to explain how those funds are allocated and what their function is. Mr. Bolduc said the Authority budget, which is basically all of the overhead and all the costs, is reviewed by management in November. He explained management goes through a detailed allocation process and looks at each activity and reallocates as necessary to the projects.

Mr. Bolduc further explained management goes to each department head for a forecast of where CRRA employees are expected to spend time in order to try and direct charge the cost appropriately. He said at the end of that process there are administrative costs for which management does an allocation methodology based on such variables as revenues, assets, employees and tonnages. Mr. Bolduc said in the past this was done totally on labor dollars only. He said after the Bridgeport Project ended in 2008 management realized allocating 2009 based on the activity of 2008 would create a lot of charges to Bridgeport due to the Project's closure and exceptional closing costs.

Mr. Bolduc said about 80 percent of the overall allocation ends up at the Mid-Conn Project, which is not surprising because it is the largest project. He said management recognizes the Southeast Project (which has a different governance structure) in that allocation. Mr. Bolduc said management got away from basing allocations totally on hours. He said about 80 percent goes to Mid-Connecticut, the Southwest Division is about 5 percent, the landfill division gets about 5.8 percent, Southeast gets 4.4 percent, recycling gets 2.5 percent and the Property Division gets 4.2 percent. Director Edwards asked out of total administrative cost how much of it is the individual direct time charges and how much is the uncharged administrative. Mr. Kirk replied 30 percent.

Director Kelly suggested that a discussion on where the Jets should be placed in the future should be addressed again in the following year. She said that is a pretty significant business item. Director Kelly said she would hope that CRRA will have a baling operation or other types of recycling activities in the future.

Director Stein said if management can generate a profit off of this generation than it is a money-generator to the rest of the Authority. He said at that point it becomes a consideration of how to use that money. He said the customer base wants the lowest possible tip fees. Mr. Kirk said the State of Connecticut charges CRRA with implementing the Solid Waste Management Plan for the entire state. He said this year those projects are basically being sent to the Mid-Conn operation to help the tip fee.

Director Damer said he feels CRRA should have a discussion as to whether or not the Jets should be part of CRRA's future business model. He said management should be looking at monetizing the Jets. Director Damer said just because the Jets make money for CRRA does not necessarily mean they

should be part of CRRA’s business model. Mr. Kirk said management has already engaged an evaluation process to examine monetization of, or essentially selling those units. He said they are worth money to CRRA as a cash flow but they are worth money to CRRA monetized as well.

Mr. Kirk said when the Board looked at the Jets a few years they resolved it was better to glean the benefits of the Jets through an annual cash flow than through monetization through sales. Mr. Kirk said the next time the Board looks at this matter management will have more information concerning the value of the Jets. Director Damer said the Board will want to know the capacity and market trends. Mr. Kirk noted the Jets are a critical unit for the ISO-New England security and are a reliability provider for NE ISO.

Chairman Griswold asked if this cash flow could mitigate those liabilities. Mr. Bolduc said yes. He said management puts aside reserves for risks. Mr. Bolduc said CRRA does not have indemnifications from the towns. Mr. Bolduc said the proposed resolution discusses moving the money in addition to forming a new STIF account with the new Property Division to keep track of the money.

The motion previously made and seconded was approved unanimously by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Nunn and Director Stein voted yes.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn			
Steve Wawruck, Mid-Conn			

RESOLUTION REGARDING APPROVAL OF THE MID-CONN PROJECT BUDGET

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

WHEREAS, the Connecticut Resources Recovery Authority (the “Authority”) is required by the Municipal Service Agreement (the “MSA”) with the Mid-Conn Project and Connecticut Solid Waste System, as referenced in the new MSA’s, 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-Conn Project's Fiscal Year 2013 will be for the distinct period of July 1, 2012, through November 15, 2012, and the associated debt will be retired on November 15, 2012; and

WHEREAS, the Connecticut Solid Waste System Fiscal Year 2013 will be for the distinct period of November 16, 2012, through June 30, 2013; and

WHEREAS, current and projected electric rates and market conditions raise concerns regarding the economic performance of the South Meadows Resource Recovery Facility ("RRF") after Fiscal Year 2013; and

WHEREAS, the Authority has instituted expense reduction initiatives to primarily mitigate the impact of the lower electric revenues; and

WHEREAS, CRRA has contractual commitments to serve municipal and private customers in Fiscal Year 2014 and beyond; and

WHEREAS, CRRA could potentially meet those extended contractual commitments at a more competitive tip fee through operation of its existing four transfer stations and conversion of its South Meadows property from an RRF to a transfer station, and disposal of municipal solid waste ("MSW") at other locations in or out of state; and

WHEREAS, conversion to a transfer station at South Meadows would require significant lead time in order to accommodate permit amendments, bid necessary contracts, order major capital components, and undertake construction of necessary facility modifications;

NOW THEREFORE, it is

RESOLVED: That the proposed Fiscal Year 2013 Mid-Conn Project and Connecticut Solid Waste System budgets 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 2013 operating budgets; and

07/01/2012- 11/16/2012-
 11/15/2012 06/30/2013

WASTE STREAM	MC	CSWS
Disposal Tip Fee (per ton)	\$69.00	\$63.00
Tier 1 Long Term/ Tier 3 Tip Fee (per ton)	N/A	\$61.00
Tier 2 Tip Fee (per ton)	N/A	\$65.00
Spot Waste Tip Fee (per ton)	Market Rate	Market Rate
Municipal Bulky Waste (per ton)	\$85.00	\$85.00
Ferrous Residue Tip Fee (per ton)	Market Rate	Market Rate
DEP Certified Soils/Cover Material Tip Fee (per ton)	Market Rate	Market Rate
Mattress/Box Springs Surcharge Tip Fee (per ton)	\$30.00	\$30.00
Recycling; Single or Dual Stream Tip Fee (per ton)	\$0.00	\$0.00

MC- Mid-Conn Project
 CSWS-Connecticut Solid Waste System

FURTHER RESOLVED: That the President is hereby authorized to approve the use of funds from the necessary funds and reserves to pay for costs and fees incurred during Fiscal Year 2013 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, while budgeting for RRF capital improvements as usual in Fiscal Year 2013, CRRA will limit actual investment in the Facility to those items necessary for short-term efficient operation until a long-term economic plan is clarified; and

FURTHER RESOLVED: That CRRA, while continuing to pursue all economic solutions necessary for continued operation of the RRF, simultaneously develop a plan and a budget for conversion of the South Meadows site to a transfer station, for presentation to this Board by its June meeting; and

FURTHER RESOLVED: That a Connecticut Solid Waste System Operating Fund (the "CSWS") be established at the Short-Term Investment Fund of the State of Connecticut ("STIF") to fund solid waste activities after November 16, 2012; and

FURTHER RESOLVED: That after the November 15, 2012, final bond payment, an Authority Fund be established and funded at STIF for prior-period expense accruals for ongoing CRRA liabilities not included in other STIF accounts; and

FURTHER RESOLVED: That management continue to pursue other revenue sources and expense reduction initiatives.

Mr. Kirk noted some minor corrections were made to the attachment within the Board package. He said Director Damer had anticipated a discussion would take place at this meeting to lower the tip fee further from the management-recommended \$61. Mr. Kirk said in response management had compiled some additional information to hand out.

Mr. Kirk said the handout included a brief history of electric rates and how management put together a pro-forma of the successor to the Mid-Conn Project. He said the original due dates for the MSA's stretched back into January of 2011, to an eventual final due date a year later. Mr. Kirk noted the trend of pricing on power hit highs of double-digits back in 2007 and 2008, dropped to about 9 cents per kilowatt-hour in 2009, down to 8 cents in 2010, and dropped off the cliff in November and December of 2011.

Director Kelly asked if this power number is based on what management feels a buyer would pay for energy which has not been received. Mr. Kirk said that was correct. He explained this is a sale of energy which does not include a small amount of capacity or any other products such as REC's. Mr. Kirk said this is for just energy and is non-firm, or unit-contingent, which means when the plant shuts down the folks dependent on CRRA's electricity, would have to buy it somewhere else. He explained it is likely the cheapest wholesale power available. He said if CRRA owned 15 power plants it could sell 70 percent of its power at firm prices and receive a substantially higher rate as a guarantee could be offered.

Mr. Kirk said management informed the towns the estimated Tier 1 tip fee disposal price would likely be \$59.50 per ton, and that projection was based on assumptions, the most critical being CRRA's power price. He said \$59.50 was the expected price and was freely provided to the towns. He said management had believed the tip fee would gradually decrease over time because power prices were expected to increase, which has not occurred. Mr. Kirk said as a result of decreasing power prices CRRA is expecting a \$61 tip fee for the Tier 1 long-term MSA's.

Mr. Kirk said the handout contains information on the energy market. He said natural gas prices in about mid-2011 fell off dramatically and power prices followed because 60 percent of the power generated in New England is generated by natural gas. Mr. Kirk said fuel is 90 percent of the costs of generation and therefore has a dramatic impact on power prices. He said New England it is a difficult market to be selling in.

Mr. Kirk said in order to achieve a \$61 tip fee management made some substantial cuts to the Authority budget. He said management has essentially eliminated capital expenditures, reduced legal costs and reduced Trash Museum expenses for a total of about \$6.6 million worth of cuts from the budget. Mr. Kirk said in addition to mission-impacting resource reductions there are proposed employee and expenditure reductions contained in the proposal totaling about \$500,000. He said he does not expect these reductions to be long-term as management hopes the market will eventually recover. Mr. Kirk said the Board elected for a one-year power contract and CRRA will be able to revisit power prices next year at which point there hopefully will have been increases.

Director Painter asked Mr. Kirk why he expected the power prices to straighten out. Mr. Kirk explained although he does not expect a recovery of the gas market, what will recover is the chaos in the market which should eventually return to more or less predictable trends. Mr. Kirk said essentially the speculators will start having a clearer picture of where gas prices are in the future.

Director Damer said in general over the long term much of the energy pricing fluctuation will go along with the general economic climate in both USA and world at large. He said as the economy is

getting stronger pricing may change dramatically. Director Damer said he agrees with management that electric pricing will likely increase in the next year.

Director Stein asked whether management could knock another \$1.50 off the tip fee to get to the originally proposed tip fee. He said contained in the package is a resolution which would allow towns to opt-out based on base price. Mr. Kirk said that resolution was created for towns which wished to opt out. Director Stein said for towns which went through the two-to-three-year process of selecting a provider and signed a 15-year contract, if those towns were to opt out in March with no place to bring their trash in November that would be chaotic.

Director Damer said the creation of that resolution may have arisen out of a miscommunication. He said management put this together as a backstop in case there are member towns which remain dissatisfied even at the \$61 level. Mr. Kirk said the dollar figure which would need to be cut to bring the tip fee down to \$61 is 389,000 tons times \$1.50. Director Damer said that would have to be in the period between Nov. 16, 2012, and June 30, 2012. Director Stein said that is roughly \$583,000. He asked what that additional budget cut would mean to the operation of the Authority.

Mr. Bolduc said there is a mistaken perception that there is lot of extra overhead available. He said the fact is the Authority budget has averaged an increase of .65 percent over the last five years. Mr. Bolduc said CRRA has already reduced its headcount substantially. He said this budget already reflects additional undefined reductions of \$425,000 or 11 percent overall. Mr. Bolduc said to further reduce the budget by this amount would require about a 34 percent reduction in payroll.

Director Stein said CRRA can take steps which are routinely taken as a way to cut costs such as furlough days, reduced insurance, etc. Mr. Bolduc noted there are no defined benefits at CRRA, which also does not provide post-retirement health costs. He said salaries are based on compensation surveys and further cuts would likely require bringing employees to part-time status or eliminating positions altogether, which would create operational issues.

Director Kelly said one of CRRA's goals is to increase recycling numbers and reduce waste. She said that does require some investment, but is part of CRRA's mission. Director Kelly said every ton out of the waste stream saves dramatic funds for the member towns which spreads out and creates much more savings overall than further cuts to the CRRA budget would do. Director Kelly said she would like to hear from the towns.

Director Stein said many member towns signed with CRRA over Covanta due to a minimal difference in price. He said if dollars are added to the tons there may be towns which would have taken different positions several months ago. Chairman Griswold said it is important to remember that the proposed increase in the tip fee is not because of what CRRA did as a company, or a wrong move, but as a result of the market. Chairman Griswold said it is short-sighted to cause difficulties with the budget and staff when this is hopefully a year-long issue that can be reexamined. Director Stein asked what the depth of those difficulties would be in order to reduce that tip fee further. He said he believes the towns have a right to explore every opportunity and to make intelligent decisions based on that data.

Director Damer said budget cuts proposed by management can potentially affect the mission of CRRA, especially if they had to occur for more than a year. He noted that these cuts are only proposed

for seven months and not the full 15 years of a long-term contract. Director Damer said the issue is not management's fault as everyone in the energy industry was surprised by these numbers.

Mr. Kirk said management is struggling to answer what the impact of an additional \$600,000 cut to the budget would do to operations. He said management struggled with the \$6 million cut. Mr. Kirk said there will be some impacts. He said the \$400,000 is for seven months at a \$1.50 a ton, which to an average town is a few thousand dollars. Mr. Kirk said the impact to CRRA will be infinitely higher than to those towns which are paying another \$1.50. He said there is no question that price was the driver for the towns when choosing a contact. Mr. Kirk said it is management's intent to get below the opt-out number. He said ultimately taking another \$583,000 out of the budget would have a mission impacting resource reduction.

Director Painter said he understands management's difficulty and is confused by the many moving parts here. He asked for an explanation of the proposed cuts on the handout in terms of the effect on the municipalities. Mr. Kirk said these are the assumptions which management used to get to the recommended price of \$61.00 per ton.

Mr. Kirk said number 22 on the handout "assumes recycling deliveries at minimum required tonnage to meet contractual delivery thresholds with FCR". He said management is assuming it will receive 72,000 tons, the minimum which needs to be provided under the contract with FCR. Mr. Kirk said it could be more but noted CRRA does not typically make money with recycling as it is given back in rebates. Mr. Kirk said the key is to not lose money in recycling by having to pay a penalty to its operators.

Mr. Kirk said number 2 reflects the burning of process residue after Nov. 16, 2012. He said one of the major costs of the operation is the disposal of the process residue which is treated as MSW and is carted off at the cost of about \$8 million a year. Mr. Kirk said in November CRRA negotiated an arrangement with its contractor to burn that process residue and introduce burning the residue for power into the facility. He said this will save an expected \$8 million annually in disposal costs, but will reduce the amount of waste which CRRA can accept.

Director Stein asked why CRRA is waiting until November to do this. Mr. Egan replied that CRRA has contractual tonnage commitments. He said CRRA does not have the capacity to burn that process waste yet. Mr. Egan said until November 15, 2012, CRRA cannot displace the committed capacity.

Mr. Kirk said number 23 assumes a \$10-per-ton recycling delivery credit for the first period. He said number 24 assumes no recycling delivery credit for the second period. He said after November CRRA is assuming a recycling rebate will not be provided. Mr. Kirk said number 25 includes the cost to operate and maintain the Trash Museum. Director Stein asked what the financial impact of shutting that museum down would be. Mr. Kirk said management is assuming a reduction in using expenses of \$66,000 in that first sheet. Director Stein asked what the non-financial impact of closing the Trash Museum would be. Mr. Kirk said it is significant to the organization and education is a core mission of CRRA which is likely the most effective method of introducing concepts like single-stream recycling to the member towns through the school systems. He said the Garbage Museum was closed after the participating communities elected not to fund it with tipping fees.

Director Painter asked management to assign a dollar-per-ton value to not issuing a recycling rebate. Mr. Bolduc replied that value equals \$493,000, which is about a dollar a ton on the MSW tipping fee on the second period or 44,000 tons. He said concerning number 24, during the second period, 44,000 tons off of \$10 totals \$440,000.

Director Edwards said when education and the rebate are cut out recycling is reduced which increases the tip fee and has increased tonnage going out. Director Painter said Hartford is trying to increase recycling in certain areas. Mr. Kirk said the host-community benefits have remained untouched with the exception of Hartford. He said management incorporated the Mid-Conn Advisory Committee's recommendation to take a 20 percent reduction each year for the next five years on the previous host fee.

Mr. Kirk said assumption 14 is capacity payments of 500,000. He said this is an estimate from CRRA's consultant. Director Stein asked what the capacity payment is. Mr. Bolduc referred the Board to pg. 6 when the contract runs out on June 1, 2012. He said under the power assumptions historically those funds had been given away, and CRRA will review that when the contract expires. Mr. Bolduc said the capacity has already been bid into ISO through FY 2014.

Director Kelly said she would like to see the tip fee below the opt-out price. She said she would be in favor of a lower tip fee for the next six months. Director Stein said there is a study which should be ready at the end of the calendar year which is being conducted by the State of Connecticut which will provide a recommendation which may have potential impact to CRRA. Mr. Kirk said in addition management will have further information about CRRA's proposal that trash-to-energy should be a Class 1 renewable power source.

Director Stein suggested setting the tip fee at \$60.25 and placing more responsibility on CRRA's management to find additional cuts while informing the member towns the Board has exercised these cuts to the highest possible degree. Mr. Kirk asked where the Board would recommend management makes the additional cuts from. Director Stein suggested cutting back hours at the Trash Museum.

Director Wawruck asked whether the closure of the Garbage Museum has created an increase in MSW tonnage. Director Edwards replied no. He said the Garbage Museum has only been closed for six months and it is difficult to quantify the effect. Director Edwards said some towns are not seeing the increase in single-stream recycling which they had hoped to see.

Director Damer cautioned that any reduction in the Trash Museum hours would be for a seven-month period. He said whatever management does should not incur a loss in resources. Director Edwards said it is difficult to replace the educators if they are lost.

Director Stein said there may be other ways to cut back through the reduction of the use of consultants and public-relations firms, which do not effect day-to-day operations. He said in addition furlough days may be possible for the employees. Director Painter said legal expenses may also be reduced. Mr. Kirk said Ms. Hunt is conservative in her expectations of costs. However, expected costs are often pushed back or off-scheduled making it difficult to earmark those costs.

Ms. Hunt said it is her fear if legal spending is cut too far back CRRA does not have the option of having money to pursue the rights for CRRA which in turn bring money back in.

Director Stein asked what effect cutting the capital maintenance budget to zero will have on CRRA. Mr. Kirk replied that management will be postponing many planned activities.

Director Edward said concerning ash disposal on waste transport for that six-month period the price has jumped from \$3.4 million up to \$6.5 million. He asked whether that can be renegotiated with the possibility of using natural gas fuel for transport. Mr. Egan replied that management has renegotiated. He said management had originally signed a three-year contract with Wheelabrator, believing CRRA would be able to site a new ash landfill in Franklin, Ct. He said that contract had six one-year options and when it became apparent that the Franklin landfill project would not be successful management renegotiated the ash commitment for a longer period of time and received an \$8-per-ton reduction in transportation and disposal. Mr. Egan said that went into effect Jan. 1, 2012, and management has done its best to capture that savings.

AMENDMENT TO THE RESOLUTION REGARDING APPROVAL OF THE MID-CONN PROJECT BUDGET

Director Kelly made a motion to amend the resolution regarding the approval of the Tier 1 long-term Tier 3 Tip Fee (per ton) to \$60.50 and the Tier 1 short-term tip fee to \$65.50. Director Damer seconded the motion. He said in the budget itself on page 9 of the package that \$425,000 would be increased by \$194,000. Chairman Griswold said that would add an additional budget reduction of \$194,500.

Director Painter suggested this discussion be revisited at each meeting.

The motion previously made and seconded was approved unanimously by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Slifka, Director Stein and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Scott Slifka	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		

VOTE ON THE RESOLUTION REGARDING APPROVAL OF THE MID-CONN PROJECT BUDGET AS AMENDED

Chairman Griswold requested a motion on the above-referenced item as amended. The motion was originally made by Director Stein and seconded by Director Kelly.

WHEREAS, the Connecticut Resources Recovery Authority (the "Authority") is required by the Municipal Service Agreement (the "MSA") with the Mid-Conn Project and Connecticut Solid Waste System, as referenced in the new MSA's, 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-Conn Project's Fiscal Year 2013 will be for the distinct period of July 1, 2012, through November 15, 2012, and the associated debt will be retired on November 15, 2012; and

WHEREAS, the Connecticut Solid Waste System Fiscal Year 2013 will be for the distinct period of November 16, 2012, through June 30, 2013; and

WHEREAS, current and projected electric rates and market conditions raise concerns regarding the economic performance of the South Meadows Resource Recovery Facility ("RRF") after Fiscal Year 2013; and

WHEREAS, the Authority has instituted expense reduction initiatives to primarily mitigate the impact of the lower electric revenues; and

WHEREAS, CRRA has contractual commitments to serve municipal and private customers in Fiscal Year 2014 and beyond; and

WHEREAS, CRRA could potentially meet those extended contractual commitments at a more competitive tip fee through operation of its existing four transfer stations and conversion of its South Meadows property from an RRF to a transfer station, and disposal of municipal solid waste ("MSW") at other locations in or out of state ; and

WHEREAS, conversion to a transfer station at South Meadows would require significant lead time in order to accommodate permit amendments, bid necessary contracts, order major capital components, and undertake construction of necessary facility modifications;

NOW THEREFORE, it is

RESOLVED: That the proposed Fiscal Year 2013 Mid-Conn Project and Connecticut Solid Waste System budgets 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 2013 operating budgets; and

07/01/2012- 11/16/2012
 11/15/2012 06/30/2013

WASTE STREAM	MC	CSWS
Disposal Tip Fee (per ton)	\$69.00	N/A
Tier 1 Long-term/ Tier 3 Tip Fee (per ton)	N/A	\$60.50
Tier 1 Short-term Tip Fee (per ton)	N/A	\$62.50
Tier 2 Tip Fee (per ton)	N/A	\$64.50
Spot Waste Tip Fee (per ton)	Market Rate	Market Rate
Municipal Bulky Waste (per ton)	\$85.00	\$85.00
Ferrous Residue Tip Fee (per ton)	Market Rate	Market Rate
DEP Certified Soils/Cover Material Tip Fee (per ton)	Market Rate	Market Rate
Mattress/Box Springs Surcharge Tip Fee (per unit)	\$30.00	\$30.00
Recycling; Single or Dual Stream Tip Fee (per ton)	\$0.00	\$0.00

MC- Mid-Conn Project
 CSWS-Connecticut Solid Waste System

FURTHER RESOLVED: That the President is hereby authorized to approve the use of funds from the necessary funds and reserves to pay for costs and fees incurred during Fiscal Year 2013 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, while budgeting for RRF capital improvements as usual in Fiscal Year 2013, CRRA will limit actual investment in the Facility to those items necessary for short-term efficient operation until a long term economic plan is clarified; and

FURTHER RESOLVED: That CRRA, while continuing to pursue all economic solutions necessary for continued operation of the RRF, simultaneously develop a plan and a budget for conversion of the South Meadows site to a transfer station, for presentation to this Board by its June meeting; and

FURTHER RESOLVED: That a Connecticut Solid Waste System Operating Fund (the "CSWS") be established at the Short-Term Investment Fund of the State of Connecticut ("STIF") to fund solid waste activities after November 16, 2012; and

FURTHER RESOLVED: That after the November 15, 2012, final bond payment, an Authority Fund be established and funded at STIF for prior period expense accruals for ongoing CRRA liabilities not included in other STIF accounts; and

FURTHER RESOLVED: That management continue to pursue other revenue sources and expense reduction initiatives.

The motion previously made and seconded was approved as amended unanimously by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Slifka, Director Stein and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Scott Slifka	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		

POLICIES & PROCUREMENT COMMITTEE

RESOLUTION REGARDING AN O&M CONTRACT FOR OPERATION AND MAINTENANCE OF THE SOUTH MEADOWS JET TURBINE FACILITY

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

RESOLVED: That the President is hereby authorized to execute an agreement with NAES Corporation for the operation and maintenance of the Mid-Connecticut Jet-Turbine Facility, substantially as presented and discussed at this meeting.

Mr. Egan said CRRA owns and engages an operator to operate a Jet-turbine facility at the South Meadows site. He explained CRRA inherited this facility when it transacted with CL&P in 2002 to take over the EGF and purchase the real estate. Mr. Egan said the revenues which are generated from this facility historically have been used to pay the current operator of the electric facility. He said the 12-year contract with Northeast Generation Services expires May 31, 2012.

Mr. Egan said CRRA began a solicitation process to identify a new operator in the fall and management’s recommendation is currently on the table. He said there were bids from three vendors: NAES Corporation, NRG Energy Services LLC, and PurEnergy Operating Services LLC. Mr. Egan said all three bidders are qualified and capable and manage similar facilities. He said NAES Corporation is being recommended as it is the least-cost operation.

Mr. Egan said in addition to the termination rights that CRRA has, in the event that the trading order (the environmental permit which authorizes the Jets to be operated with the purchase of nitrogen

oxide credits) ceases, or if NEAS has fault in performance, CRRA also has the right to terminate the contract due to the sale of the units or closure of the facility.

Director Kelly noted that the Policies & Procurement Committee addressed that the current operator is not interested in continuing to operate the plant. Director Damer said he is in favor of the resolution and it makes sense that the company which is already at the plant manages this as well.

The motion previously made and seconded was approved unanimously by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Slifka, Director Stein and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Scott Slifka	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		

RESOLUTION REGARDING AN AMENDMENT TO THE RESOLUTION REGARDING THE PURCHASE OF TWO SECONDARY SHREDDER MOTORS

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

WHEREAS, at its December 2011 meeting CRRA’s Board of Directors authorized the President to execute an agreement with Associated Electro-Mechanics, Inc. to purchase two 1250-horsepower secondary shredder motors, one of which is intended to serve as a spare motor; and

WHEREAS, the referenced agreement has not yet been executed; and

WHEREAS: CRRA management now recommends that purchase of a new 1250-horsepower secondary shredder motor to serve as a spare be postponed at this time;

NOW THEREFORE, it is

RESOLVED: That the above-referenced authorization is hereby rescinded; and

FURTHER RESOLVED: That the President is hereby authorized to execute an agreement with Associated Electro-Mechanics, Inc., to purchase one new 1250-horsepower secondary shredder motor to be located at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Mr. Kirk said he met with Director Auletta to review some of the budget information and at that time he broached this amendment. He said this amendment is due to management's concern over the budget moving forward. Mr. Kirk said Director Auletta recommended purchasing just one of these machines. He said this resolution provides for the Board to amend its previous direction such that management would only purchase one machine at a slightly higher per-unit cost for a roughly \$60,000 savings, some of which would also be re-claimed if CRRA did eventually purchase a second unit and salvaged the older unit. Director Damer said he only voted for two units in the past because of the discount and salvage value. He said under the circumstances buying one unit is appropriate.

The motion previously made and seconded was approved unanimously by roll call. Director Auletta, Director Bingham, Director Damer, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Slifka, Director Stein and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Louis J. Auletta	X		
Ryan Bingham	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Scott Slifka	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		

PRESIDENT'S REPORT

Mr. Kirk said all CRRA facilities operated without environmental public health or other problems in the last period. He said year-to-date CRRA's Authority budget is close to budget. Mr. Kirk said the variances are favorable except for a very minor unfavorable variance in the banker trustee fee which was caused by a routine change in the banking fee.

Mr. Kirk said the six-months-actual-plus-six-month-forecast variance for the Mid-Conn Project indicates a \$120,000 deficit for the year. He said the last month of the project contains a disappointing power price which has created a devastating half-million-dollar impact.

Mr. Kirk said other variances include waste transport and the PILOT, which is based on the throughput. He said CRRA is pushing more waste through the plant due to the economy and good spot work by the waste team.

Mr. Kirk said the Southeast Project has unfavorable ash and a favorable variance which will be reconciled at the end of the project. He said the operator has a minimum ash number it must hit and because it is a little over the cash flow is affecting CRRA's ability to show zero impact. He said at the end of the year the contractor makes good with the number.

Mr. Kirk said the Recycling Division is anticipating a \$260,000 surplus due primarily to the residual from the expired FCR contract. He said the numbers in the region continue to be good but not as good as management would like. Mr. Kirk said Bridgeport recycling is improving dramatically due to the efforts of Mayor Finch, who took office in 2007.

Mr. Kirk said concerning operations all plants are running well. He said the Mid-Conn plant has been suffering from fuel shortages and was actually shut down for a bit due to fuel shortages and a unit was put into stand by due to a rough economy and some extra contractual diversions.

Mr. Kirk said there have been some modest increases in tonnage at Mid-Conn. He said tonnage is down slightly in the Southeast with recycling flat in both locations.

Mr. Kirk said management is proceeding with development of a composting project primarily for the South Meadows facility, but is also looking at all opportunities for the state.

Mr. Kirk said Tab H of the supplemental package contains a story on pay-to-throw. He said the town of Columbia had a 47-percent increase in recycling after a pilot program for pay-to-throw. Mr. Kirk said the referendum to pass pay-to-throw was defeated by 2-1 due to public outcry. He said this is a lesson that what CRRA does for recycling should be easy, inexpensive and reflective of the desires of the citizens.

EXECUTIVE SESSION

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

Tom Kirk
Jim Bolduc
Peter Egan
Laurie Hunt

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

The Executive Session began at 11:46 a.m. and concluded at 11:46 a.m. Chairman Damer noted that no votes were taken in Executive Session.

The motion previously made and seconded was approved unanimously by roll call. Director Bingham, Director Griswold, Director Kelly, Director Nunn, Director Painter, Director Slifka, Director Stein and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Ryan Bingham	X		
Timothy Griswold	X		
Dot Kelly	X		
Andrew Nunn	X		
Scott Slifka	X		
Donald Stein	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		

ADJOURNMENT

Director Damer and Director Auletta left the call and, as the quorum was lost, the meeting was adjourned at 11:46 a.m.

Respectfully Submitted,



Moira Benacquista
Board Secretary/Paralegal

TAB 2

**RESOLUTION REGARDING THE PURCHASE OF PUBLIC OFFICIALS AND
EMPLOYMENT PRACTICES LIABILITY INSURANCE FOR THE PERIOD
4/1/12 – 4/1/13**

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 4/1/12 – 4/1/13 for a premium of \$144,796, as discussed at this meeting.

Connecticut Resources Recovery Authority
Public Officials and Employment Practices Liability Insurance Renewal
3/29/12

Current Policy

- Expires 4/1/2012 – Public Officials and Employment Practices Liability Insurance (POL/EPL)
- \$10,000,000 limit and up to \$10,000,000 in additional defense costs outside the limit
- \$150,000 self insured retention each claim
- Premium \$144,796
- Insurer – ACE American (Rated A+ by AM Best)

Renewal Policy

- Quotes sought from ACE American,, Ironshore and RSUI Indemnity (see Exhibit A);
- Firm quotes received from only the incumbent ACE (see below for options);
- Indication received from RSUI Indemnity (Rated A) for a maximum primary limit of \$5,000,000 and a minimum \$250,000 self-insured retention for a premium range of \$75,000-\$85,000. Coverage would not be nearly as broad as ACE. For example, defense costs would be included within, and not in addition to the limit. RSUI is not admitted in CT and therefore not protected by the state’s guarantee fund should the carrier be unable to pay claims;
- Declination received from Ironshore (Rated A-) based on CRRA operations and loss history.

	<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 *	\$ 300,000	\$136,689
Option #3	ACE	\$10,000,000 *	\$ 500,000	\$129,934
Option #4	ACE	\$10,000,000 *	\$ 1,000,000	\$100,578
Option #5	ACE	\$ 5,000,000 **	\$ 150,000	\$107,655
Option #6	ACE	\$ 5,000,000 **	\$ 250,000	\$103,603
Option #7	ACE	\$ 5,000,000 **	\$ 500,000	\$ 92,795

*Defense outside limit - capped at \$10 MM
** Defense outside limit – capped at \$5M

ACE terms and conditions are the same as last year with one improvement: ACE provides partial severability for specified officers, which in summary means:

Currently, if any Insured Person knew about facts and misrepresented or omitted them, the entire entity would be impugned and no coverage would apply. ACE has agreed to change the policy to only if the Chairman of the Board or Chief Financial Officer knew facts that were not truthfully disclosed or were omitted in the application, then, there would be no coverage for the entity. For these purposes the knowledge of any Insured Person shall not be imputed to any other Insured Person. (See Exhibit B)

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 Option #1 and all other options does not justify selection of any of the other options because the increase in self-insured retention is significant.
- Risk 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 the same as on the expiring policy, despite incurred claims expenses over \$500,000 in 2011.
- Multi-year policies are not currently available for this insurance coverage.
- CRRA’s annualized budget for this program covering FY’12 and FY’13 is \$182,195 (see Premium to Budget Comparison, Exhibit C).

Quote Disclosure Report for CRRRA
Public Officials Liability Program

Program	Carrier	Carrier Response	Carrier Declination Reason	Premium 1	Quoted ARS Commission	Nationally Agreed Commission Rate	Intermediary, if applicable	Estimated Intermediary Commission
Policy Term: April 1, 2012 - April 1, 2013								
POL \$10M Limit, \$150k SIR	ACE	Quoted		\$144,796	N/A	N/A	N/A	N/A
POL \$10M Limit, \$300k SIR	ACE	Quoted		\$136,589	N/A	N/A	N/A	N/A
POL \$10M Limit, \$500k SIR	ACE	Quoted		\$129,934	N/A	N/A	N/A	N/A
POL \$10M Limit, \$1M SIR	ACE	Quoted		\$100,578	N/A	N/A	N/A	N/A
POL \$5M Limit, \$150k SIR	ACE	Quoted		\$107,655	N/A	N/A	N/A	N/A
POL \$5M Limit, \$250k SIR	ACE	Quoted		\$103,603	N/A	N/A	N/A	N/A
POL \$5M Limit, \$500k SIR	ACE	Quoted		\$92,795	N/A	N/A	N/A	N/A
POL \$5M Minimum Limit, \$250k Minimum SIR	Ironshore	Declined	Losses & Class of business	\$75,000 to \$85,000	N/A	N/A	N/A	N/A
	RSUI	Indication only			N/A	N/A	N/A	N/A

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Public Entity			Endorsement Number
Policy Symbol	Policy Number	Policy Period	Effective Date of Endorsement
			to
Issued By (Name of Insurance Company)			

Representations Amended – Partial Severability of Application – Specified Officers

It is agreed that Section XIII, Representations, subsection C is deleted in its entirety and replaced with the following:

- C. It is understood and agreed that if such representations or such information are not true, accurate and complete, this **Policy** shall be null and void in its entirety and the **Insurer** shall have no liability hereunder as to: (1) any **Insured Person** who knew the facts misrepresented or omitted, whether or not such **Insured Person** knew of the **Application** or this **Policy**; and (2) the **Public Entity** if the **Public Entity's** Chairman of the Board or Chief Financial Officer (or the functional equivalent of such positions) knew the facts that were not truthfully disclosed or that were omitted in the **Application**. For purposes of this subsection C, the knowledge of any **Insured Person** shall not be imputed to any other **Insured Person**.

All other terms and conditions of this **Policy** remain unchanged.

Authorized Representative

PREMIUM TO BUDGET COMPARISON

Insurance Type	FY 2012		FY 2013		Proposed 4/1/12-4/1/13 Premium	Surplus/ (Deficit) to Annualized Budget Premiums	Variance btw 2011-12 and 2012-13 Premiums
	2011-2012 4/1/11-4/1/12 Premium	4/1/12-6/30/12 Budget	7/1/12-4/1/13 Budget	Annualized Budget			
Public Officials & Employees Liability	\$144,796	\$62,738	\$119,457	\$182,195	\$144,796	\$37,399	\$0

TAB 3

**\$350 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 \$350 Million Property Insurance from the following four (4) insurers with their shares as indicated:

➤ Zurich	(Rated A)	42.10%
➤ Swiss Re	(Rated A)	26.30%
➤ Starr Tech	(Rated A+)	16.60%
➤ XL	(Rated A)	15.00%

for the period 4/1/12 – 4/1/13 for a premium of \$755,639 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 4/1/12 – 4/1/13 for an amount not to exceed \$14,440 as discussed at this meeting.

The premium is \$770,079 (including terrorism and engineering). CRRA's annualized budget for this insurance is \$726,804. This represents an unfavorable variance of 6% (\$43,275) to budget.

The proposed premium is \$138,077 (22%) more than last year's annual premium for this insurance program.

Connecticut Resources Recovery Authority
All Risk Property Insurance Renewal
3/29/12

Property Policy Discussion

Current Policy

- Expires 4/1/12 – \$347 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 and Boiler & Machinery deductible \$50,000, except Mid-CT 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
- Four Insurers – Zurich 42.1%, Swiss Re 26.3%, Starr Tech 25.3% and Commonwealth 6.3%
- Engineering inspection services, were purchased from XL GAPS, for \$14,950 for the Mid-Connecticut facilities
- 4/1/11 – 4/1/12 total premium - \$632,002 (\$617,052 including terrorism and engineering at \$14,950)

Policy Limit Determination

A monetary value is recorded for all of CRRA's properties at the time of acquisition or construction. Values are reviewed and updated by CRRA personnel each year. This activity ensures that no locations have been overlooked, discontinued or replaced and that the current values assigned reflect replacement cost and are accurate.

Industry trending factors provided by the most recently published FM Global data sheets are applied as appropriate. These indices measure cost trends based on published labor rates for primary building trades and material costs found in six typical industrial and commercial buildings. The FM machinery and equipment indexes are based on a representative schedule of machinery and equipment in plants of varying types and are compiled from information furnished by more than 250 machinery builders. (This year's factors were - Industrial Buildings (2.1%) and Machinery & Equipment (1.7%).

Worksheets are prepared by CRRA personnel based upon CRRA's fiscal year budgets and contract requirements for the Mid-CT facilities. The worksheets are designed to calculate the amount of the Business Interruption (BI) exposure and to project what Extra Expense (EE) would be incurred to continue to meet contractual requirements (e.g., waste disposal) should a business interruption event occur.

The total of all these property values, including BI and EE, is the annual insurable property expense of all CRRA locations.

The Mid-CT facilities drive the limit of insurance and the premium. Based upon CRRA's contracted engineering firm, XL GAPS, the Maximum Foreseeable Loss (MFL) for the Mid-CT facilities is approximately \$340 million. MFL is the largest monetary loss that may be expected from a single fire or other peril to any given property. The impairment of the fire protection that can be visualized on worst case scenario (i.e., free-burn with no intervention whatsoever) should be assumed when calculating MFL.

Renewal Discussion

Limits:

Aon Risk Services (Aon), CRRA's broker/consultant, evaluated the MFL calculated by the engineers for the Mid-CT facilities to assist in determining a reasonable overall property insurance limit given changes in property values reported and the capacity available in the current market.

1. The total of all CRRA property values, including BI and EE, is the annual insurable property expense for all CRRA locations. This year it is \$564 million;
2. This year, Aon marketed the property policy with a limit of \$350 million as it maximizes current market capacity and covers the MFL loss scenario;
3. A lower limit of \$150 million was also explored in an attempt to lower premium costs and secure market capacity;
4. Higher deductibles were explored in an attempt to lower premium costs;
5. The \$350 million limit applies on a blanket basis, per occurrence for property damage to all scheduled locations;
6. The \$150 million limit applies on a blanket basis, per occurrence for property damage to all scheduled locations;
7. It is important to note that while it may appear logical that a lower limit would automatically result in a dramatically lower premium; that is not the case because:
 - a. Aon provided the insurers with the XL GAPS MFL estimates that are over \$300 million, each market calculates what they believe to be the MFL. Three of the four markets stated that each of their MFL's was more in the range of \$150 million. In other words, they believe the largest loss CRRA could suffer would be around \$150 million. Based on this, they concluded that lowering their policy limit to \$150 million would not create any premium savings;
 - b. XL's MFL is much higher, and because of this, they provided a premium credit of \$15,000 for their participation if CRRA were to lower the limit to \$150 million;
 - c. Generally, more of the premium dollars are targeted by insurance companies at the lower levels of a limit as that is the level most vulnerable to paying losses.

Marketing:

1. A tour of the Mid-CT facilities was provided to all interested potential insurers on 2/1/12;
2. Engineers from Starr Tech, XL and Zurich participated in the tour;
3. Over the last several years CRRA has enjoyed an extremely favorable premium rate for this type of risk exposure;
4. Aon marketed the program to all companies listed on the spreadsheet attached (Exhibit A).
5. The property market is harder than last year and available markets for CRRA's program are limited in the best of circumstances; weather and other catastrophic losses in the industry influenced underwriters' responses;
6. The Operator's lack of response to some of the recommendations for improvements at the Mid-CT facility made by our engineering consultants, XL GAPS, influenced some of the markets' responses (see further discussion under *Engineering*, page 5);
7. CRRA's limited experience with the new Operator of the Mid-CT facility influenced some underwriters' responses;
8. One of our insurers from last year, Commonwealth, opted out of the energy generation market;
9. Significant issues related to quota sharing, deductibles and engineering were discussed and negotiated.

Sublimits:

1. Solid quotes were received from Zurich, Swiss Re, Starr Tech and XL;
2. The nature of CRRA's property risk prevents any one market from covering the entire program.
3. Aon specifies the policy limits and sublimits, such as flood, earthquake, business interruption, extra expense, etc., to the markets on which to base their quotes. In some cases, the markets cannot match every limit or sublimit required, but they work to get as close as they can, taking into consideration their internal guidelines. This is not necessarily uncommon but creates differences within the program, not only in price, but, in some cases, in terms and conditions. Some examples of these differences will be discussed below.
4. XL mandated Property Damage (PD) deductible for the peril of Flood in FEMA Flood Zones B/X500 of \$500,000. This only applies to XL's participation (15%). The WPF, PBF and EGF all reside in Flood Zone X500. (The rest of the insurers quoted this program deductible at \$50,000 or \$250,000 for the Mid-CT locations.) EXAMPLE: In the event of a Flood Loss at the WPF, CRRA would pay \$250,000, plus 15% of \$250,000 (representing the increase in deductible for XL's participation). $\$250,000 \text{ plus } \$37,500 = \$287,500$ and the Time Element deductible of 45 Days or 60 Days (depending on which deductible the CRRA chooses) would be additional. At a location currently subject to the \$50,000 PD sublimit, this deductible would still apply if it is in Zone B or X500. In this case,

- CRRA would pay \$50,000, plus 15% of \$450,000 (representing the increase in deductible for XL's participation). $\$50,000 + \$67,500 = \$117,500$.
5. Because XL's quote severely limited coverage for flood exposures due to the location of the Mid-CT and other facilities in Flood Zones, Aon secured excess flood coverage from another insurer, RSUI (Rated A) to make up the difference;
 6. With this added coverage from RSUI the Flood Limit will be at the expiring sublimit levels.
 7. Zurich, Starr Tech and XL (with the purchase of the RSUI Flood "patch") quoted a Flood sublimit of \$125,000,000, with high-hazard Flood further sublimited. Swiss Re quoted a Flood sublimit of \$100,000,000 for their participation (26.3%). In the event of a \$125,000,000 Flood loss at Mid-CT, subject to the terms and conditions of the policy, CRRA would be subject to \$100,000,000 across the program, plus 73.7% of the remaining \$25,000,000, which is \$18,425,000.
 8. These inconsistencies can be difficult from a maintenance standpoint. However, the alternative would be further restricting coverage to the lowest sublimit that is provided for its respective peril.

Summary of Quotations:

After extensive negotiation the final quotes on the program reflected the following percentages:

Zurich	(Rated A)	42.10%
Swiss Re	(Rated A)	26.30%
Starr Tech	(Rated A+)	16.60%
XL	(Rated A)	15.00%

This leaves three of the four incumbent insurers on the program. Commonwealth came off of the program due to their change in appetite for energy industry exposures. Starr Tech decreased its participation by 9.70%.

Deductibles:

1. Starr Tech mandated a Property Damage (PD) deductible at the Jets of \$350,000. This only applies to Starr Tech's participation (16.6%).
2. The rest of the program quoted the program deductible at \$250,000. In the event of a loss, subject to the terms and conditions of the policy, CRRA would have to pay a PD deductible of \$250,000, plus 16.6% of \$100,000 (representing the increase in deductible for Starr Tech's participation). $\$250,000 + \$16,600 = \$266,600$ and the Time Element deductible of 45 Days or 60 Days (depending on which deductible CRRA chooses) would be additional.

Engineering

Most states, counties or cities, including the State of Connecticut, require periodic inspections of commercial boilers or pressure vessels (jurisdictional inspections and 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:

1. 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:
 - Mid-CT Electric Generating Facility (EGF)
 - Mid-CT Power Block Facility (PBF)
 - Mid-CT Waste Processing Facility (WPF)
 - Mid-CT Twin Packs
2. 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.
3. 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.
4. CRRA put into place a formalized loss control inspection plan and followed up those inspections with a spreadsheet of responses to those open recommendations. This shows an understanding of the potential risk of loss and a willingness to improve that risk.
5. 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.
6. Since 2008, CRRA has utilized the services of XL GAPS for third party engineering. Every year, proposals were sought from other third party engineering companies for the Mid-CT WPF, PBF, EGF and Twin Packs facilities which ranged from \$12,500 to \$17,000 for similar services.
7. This year three companies quoted on third party engineering service – Paragon (\$14,050), XL GAPS (\$14,440) and Global Risk Consultants (\$14,467).
8. 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.
9. Given XL GAPS' familiarity with the facilities, the quality of the engineering reports and relationship with CRRA, Aon recommends continuing with the same service provider even though their quote is \$390 above the lowest bid.
10. XL GAPS' service quote for the same locations is \$510 lower than last year.

Premium Summary

	Expiring Program	Option #1 Expiring Deductibles	Option #2 Increased Deductibles	Option #3 Increased Deductibles
Limit of Liability	\$347,000,000	\$350,000,000	\$350,000,000	\$350,000,000
Policy Deductible (PD)	\$50,000 , except \$100,000 Mobile Equipment \$250,000 at Mid-CT facilities and Jets	\$50,000 , except \$100,000 Mobile Equipment \$250,000 at Mid- CT facilities and Jets	\$500,000 all locations and mobile equipment	\$500,000 all locations and mobile equipment
Policy Deductible (TE)	45 Days	45 Days	45 Days	60 Days
Annual Premium	\$617,052	\$729,639	\$662,997	\$629,781
Engineering (Jurisdictional Inspections, Loss Prevention Visits w/ Reports and Recommendations)	\$14,950	\$14,440	\$14,440	\$14,440
Premium Credit to decrease Limit of Liability to \$150M	N/A	(\$15,000)	(\$15,000)	(\$15,000)
Additional Premium to add Flood "Patch" for XL participation	N/A	\$26,000	\$26,000	\$26,000
Terrorism	Included	Included	Included	Included
Total \$350M Policy Limit (Excl Flood "Patch")	\$632,002	\$744,079	\$677,437	\$644,221
Total \$150M Policy Limit (Excl Flood "Patch")	N/A	\$729,079	\$662,437	\$629,221
Total \$350M Policy Limit Option (Incl Flood "Patch")	\$632,002	\$770,079	\$703,437	\$670,221

Management Summary & Recommendations

- Policy expiration on 4/1/12 requires approval at the March 29, 2012 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 Option #1 - \$350 million all risk property insurance coverage for the period 4/1/12 – 4/1/13 as follows:

<u>Insurer</u>	<u>AM Best Rating</u>	<u>% Participation of \$350M</u>
Zurich	Rated A	42.1%
Swiss Re	Rated A	26.3%
Starr Tech	Rated A+	16.6%
XL (Plus RSUI Flood Wrap)	Rated A	15.0%

- Management recommends selection of XL GAPS for loss control engineering, inspection and reporting for \$14,440.
- Options #1 and #2 afford some premium savings (at most \$99,858) but the out-of-pocket costs that would be incurred by the increases in deductibles do not justify the selection of either of these options from a risk management view. One occurrence could easily eliminate any premium savings.

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 \$350 million policy for a premium of \$770,079 from the following four (4) insurers with their quota shares, plus the RSUI Flood Wrap, as indicated: Zurich 42.1%; Swiss Re 26.3%; Starr Tech 16.6%; and XL 15%; and engineering services from XL GAPS for \$14,440.

Anticipating the small pool of potential insurers for CRRA's program and market conditions in general, we budgeted 20% more for FY12 property insurance than the previous year.

The overall premium for \$350 million of property insurance, including business interruption and extra expense, engineering and terrorism coverage is \$138,077 (22%) more than last year.

Option #1 in the Premium Summary is \$43,275 above the annualized budget for this insurance program (Exhibit B).

Connecticut Resources Recovery Authority Property Insurance

Trade ID	Program	Line Of Business	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: April 01, 2012 to April 01, 2013									
1684876	Property	Commercial Property Coverage	ACE American Insurance Company	Quoted	N/A	\$129,701	N/A	N/A	N/A
1757871	\$500k Ded 60 BI	Commercial Property Coverage	ACE American Insurance Company	Quoted	N/A	\$103,217	N/A	N/A	N/A
1757872	\$500k Ded 45 BI	Commercial Property Coverage	ACE American Insurance Company	Quoted	N/A	\$111,455	N/A	N/A	N/A
1748091	Property	Commercial Property Coverage	Allianz Insurance Company Ltd.	Declined	Class of Business	N/A	N/A	N/A	N/A
1748128	Property	Commercial Property Coverage	Allied World Assurance Company Ltd.	Declined	Class of Business	N/A	N/A	N/A	N/A
1748121	Property	Commercial Property Coverage	Alterra Excess & Surplus Ins Company	Declined	Class of Business	N/A	N/A	N/A	N/A
1762398	Property	Commercial Property Coverage	Amlin Corporate Insurance	Declined	Uncompetitive	N/A	N/A	Aon Limited	N/A
1748089	Property	Commercial Property Coverage	Arch Insurance Company	Declined	Class of Business	N/A	N/A	N/A	N/A
1759625	Property	Commercial Property Coverage	Assoc Electric & Gas Ins Serv Ltd - AEGIS	Declined	Class of Business	N/A	N/A	N/A	N/A

Connecticut Resources Recovery Authority Property Insurance

Trade ID	Program	Line Of Business	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: April 01, 2012 to April 01, 2013									
1748086	Property	Commercial Property Coverage	AXIS Insurance Company	Declined	Uncompetitive	N/A	N/A	N/A	N/A
1748124	Property	Commercial Property Coverage	Chubb Ins Co Of New Jersey	Declined	Uncompetitive	N/A	N/A	N/A	N/A
1684874	Property	Commercial Property Coverage	Commonwealth Ins Co	Declined	Class of Business	N/A	N/A	N/A	N/A
1762328	Property	Commercial Property Coverage	Hannover Ruckversicherungs AG	Declined	Uncompetitive	N/A	N/A	Aon Limited	N/A
1762342	Property	Commercial Property Coverage	HDI-Gerling Industrie Versicherung AG	Declined	Uncompetitive	N/A	N/A	Aon Limited	N/A
1762326	Property	Commercial Property Coverage	Infrassure, Ltd	Declined	Class of Business	N/A	N/A	Aon Limited	N/A
1748069	\$50M Primary \$500k Ded.	Commercial Property Coverage	Ironshore Insurance Ltd.	Indication Only	N/A	\$86,250	N/A	Aon (Bermuda) Ltd.	07.5000%
1684880	\$50M Primary \$250k Ded.	Commercial Property Coverage	Ironshore Insurance Ltd.	Indication Only	N/A	\$90,000	N/A	Aon (Bermuda) Ltd.	07.5000%
1762340	Property	Commercial Property Coverage	Lancashire Insurance Co. (UK) Ltd.	Declined	Class of Business	N/A	N/A	Aon Limited	N/A

Connecticut Resources Recovery Authority Property Insurance

Trade ID	Program	Line Of Business	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: April 01, 2012 to April 01, 2013									
1759466	Flood Patch	Commercial Property Coverage	Landmark American Ins Co	Quoted	N/A	\$26,000	N/A	R-T Specialty, LLC	07.5000%
1684879	Property	Commercial Property Coverage	Liberty Insurance Underwriters, Inc.	Declined	Uncompetitive	N/A	N/A	N/A	N/A
1748120	Property	Commercial Property Coverage	Maiden Specialty Insurance Company	Declined	Class of Business	N/A	N/A	N/A	N/A
1759448	\$300M xs \$50M	Commercial Property Coverage	Montpelier Reinsurance Ltd.	Quoted	N/A	\$45,870	N/A	Aon (Bermuda) Ltd.	07.5000%
1762338	Property	Commercial Property Coverage	Munich Ruekiversicherungs	Declined	Terms & Conditions	N/A	N/A	Aon Limited	N/A
1748078	Property	Commercial Property Coverage	QBE Insurance Corporation	Declined	Class of Business	N/A	N/A	N/A	N/A
1762332	Property	Commercial Property Coverage	SCOR UK Company Limited	Declined	Underwriting concerns	N/A	N/A	Aon Limited	N/A
1684875	Property	Commercial Property Coverage	Swiss Reinsurance Company	Quoted	N/A	\$164,412	N/A	N/A	N/A
1748066	\$500k Ded. 60 BI	Commercial Property Coverage	Swiss Reinsurance Company	Quoted	N/A	\$146,856	N/A	N/A	N/A

Connecticut Resources Recovery Authority Property Insurance

Trade ID	Program	Line Of Business	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: April 01, 2012 to April 01, 2013									
1748065	\$500k Ded. 45 BI	Commercial Property Coverage	Swiss Reinsurance Company	Quoted	N/A	\$150,593	N/A	N/A	N/A
1762361	Property	Commercial Property Coverage	Syndicate # 4472 Lloyd's of London	Declined	Class of Business	N/A	N/A	Aon Limited	N/A
1748112	Property	Commercial Property Coverage	Tokio Marine & Nichido Fire Ins Co USB	Declined	Class of Business	N/A	N/A	N/A	N/A
1748117	Property	Commercial Property Coverage	Torus National Insurance Company	Declined	Underwriting concerns	N/A	N/A	N/A	N/A
1748088	Property	Commercial Property Coverage	Travelers Insurance Company Limited	Declined	No Response	N/A	N/A	N/A	N/A
1684881	Property	Commercial Property Coverage	Validus Reaseguros, Inc.	Declined	Uncompetitive	N/A	N/A	N/A	N/A
1684877	Property	Commercial Property Coverage	XL Insurance Co Ltd	Quoted	N/A	\$150,000	N/A	N/A	N/A
1762652	\$150M Limit Property	Commercial Property Coverage	XL Insurance Co Ltd	Quoted	N/A	\$135,000	N/A	N/A	N/A
1757870	\$500k Ded 60 BI	Commercial Property Coverage	XL Insurance Co Ltd	Quoted	N/A	\$142,500	N/A	N/A	N/A

Connecticut Resources Recovery Authority Property Insurance

Trade ID	Program	Line Of Business	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: April 01, 2012 to April 01, 2013									
1757869	\$500k Ded 45 BI	Commercial Property Coverage	XL Insurance Co Ltd	Quoted	N/A	\$147,000	N/A	N/A	N/A
1759445	\$150M Limit \$500 Ded 60 BI	Commercial Property Coverage	XL Insurance Co Ltd	Quoted	N/A	\$127,500	N/A	N/A	N/A
1759444	\$150M Limit \$500 Ded 45 BI	Commercial Property Coverage	XL Insurance Co Ltd	Quoted	N/A	\$132,000	N/A	N/A	N/A
1684851	Property	Commercial Property Coverage	Zurich American Ins Co	Quoted	N/A	\$285,527	N/A	N/A	N/A
1757828	\$500k Ded. 60 BI	Commercial Property Coverage	Zurich American Ins Co	Quoted	N/A	\$237,208	N/A	N/A	N/A
1748067	\$500k Ded 45 BI	Commercial Property Coverage	Zurich American Ins Co	Quoted	N/A	\$253,949	N/A	N/A	N/A

PREMIUM TO BUDGET COMPARISON

Insurance Type	2011-2012		FY 2012		FY 2013		Proposed 4/1/12-4/1/13 Premium	Surplus/ (Deficit) to Annualized Budget Premiums	Variance btw 2011-12 and 2012-13 Premiums
	4/1/11-4/1/12 Premium	4/1/12-6/30/12 Budget	7/1/12-4/1/13 Budget	7/1/12-4/1/13 Budget	Annualized Budget	Annualized Budget Premiums			
All Risk Property	\$632,002	\$158,000	\$568,804	\$568,804	\$726,804	\$770,079	(\$43,275)	(\$138,077)	

TAB 4

**RESOLUTION REGARDING THE ADOPTION OF
THE FISCAL YEAR 2013 LANDFILL DIVISION
OPERATING BUDGET**

RESOLVED: That the fiscal year 2013 Landfill Division Operating budget totaling \$2,084,000 be adopted as presented at this meeting.

FURTHER RESOLVED: That the President is hereby authorized to approve the use of funds from the following Landfill Division Reserves, as appropriate, to pay for costs and fees incurred during fiscal year 2013 in accordance with the operating budget 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 Policy:

Shelton Landfill Post Closure Reserve
Waterbury Landfill Post Closure Reserve
Wallingford Landfill Post Closure Reserve
Hartford Landfill Post Closure Reserve
Ellington Landfill Post Closure Reserve

The Fiscal Year 2013
Landfill Division
Proposed Operating Budget

March 29, 2012

EXECUTIVE SUMMARY

Attached is the proposed Fiscal Year 2013 Landfill Division Operating Budget.

- The proposed FY13 budget is based on post closure plans approved by the Department of Energy and Environmental Protection (DEEP) to maintain and monitor the landfills thru the 30-year post closure period. The expenditures will be funded using Post Closure Reserve accounts, and any funds not expended will be retained in the respective restricted reserve accounts for future post closure expenditures.
- The proposed FY13 budget reflects the inclusion of the Hartford and Ellington Landfill budgets due to the expiration of the Mid-Connecticut Project on November 15, 2012. The proposed Hartford and Ellington Landfill budgets reflect expenses for the distinct period of November 16, 2012 thru June 30, 2013.
- The Authority has established reserves in designated landfill post-closure accounts to fund its liabilities associated with post-closures activities. Annually the Authority reviews the remaining activities for each landfill and determines the proper net present value needed to fund these activities. Once the Authority determines proper funding levels, it submits its funding plan to the DEEP for review.
- The Authority has recorded the post-closure liability for each landfill on its financial statements and includes these funds as part of the post-closure funding resources. Current funding levels for each landfill have been calculated to be sufficient based on estimated interest and inflation rates.

LANDFILL DIVISION

REVENUE & EXPENDITURE SUMMARY

DESCRIPTION	ACTUAL FY11	ADOPTED FY12	PROPOSED FY13
REVENUES			
Use of Shelton Landfill Postclosure Reseve	\$ 503,720	\$ 1,001,000	\$ 883,000
Use of Wallingford Landfill Postclosure Reserve	\$ 220,257	\$ 782,000	\$ 447,000
Use of Waterbury Landfill Postclosure Reserve	\$ 46,769	\$ 80,500	\$ 60,500
Use of Hartford Landfill Postclosure Reserve	\$ -	\$ -	\$ 508,500
Use of Ellington Landfill Postclosure Reserve	\$ -	\$ -	\$ 185,000
Total Revenues	\$ 770,746	\$ 1,863,500	\$ 2,084,000
EXPENDITURES			
Shelton Landfill Postclosure	\$ 503,720	\$ 1,001,000	\$ 883,000
Wallingford Landfill Postclosure	\$ 220,257	\$ 782,000	\$ 447,000
Waterbury Landfill Postclosure	\$ 46,769	\$ 80,500	\$ 60,500
Hartford Landfill Postclosure	\$ -	\$ -	\$ 508,500
Ellington Landfill Postclosure	\$ -	\$ -	\$ 185,000
Total Expenditures	\$ 770,746	\$ 1,863,500	\$ 2,084,000

EXPENDITURE DETAILS

DESCRIPTION	ACTUAL FY11	ADOPTED FY12	PROPOSED FY13
SHELTON LANDFILL POSTCLOSURE			
Telecommunications	\$ 3,026	\$ 3,000	\$ 3,000
Mileage Reimbursement	\$ 748	\$ -	\$ -
Building Operations	\$ 1,746	\$ 2,000	\$ 2,000
Project Equipment Maintenance	\$ 16,325	\$ 36,000	\$ 35,000
Grounds Maintenance	\$ 48,410	\$ 82,000	\$ 81,000
Fees/Licenses/Permits	\$ 38,907	\$ 36,000	\$ 35,000
Insurance Expenditures	\$ 71,128	\$ 134,000	\$ 142,000
Contract Operating Charges	\$ 96,894	\$ 135,000	\$ 137,000
Other Operating Charges	\$ -	\$ 4,000	\$ 3,000
Legal	\$ -	\$ 500	\$ 1,000
Engineering Consultants	\$ 9,563	\$ 2,500	\$ 2,000
Environmental Testing	\$ 100,584	\$ 247,000	\$ 127,000
Electricity	\$ 18,092	\$ 26,000	\$ 27,000
Other Utilities	\$ 2,071	\$ 2,000	\$ 2,000
Financial Assurance Mechanism Fees	\$ 3,260	\$ 1,000	\$ 2,000
Construction	\$ 34,446	\$ 82,000	\$ 82,000
Indirect Salaries/Labor & Benefits	\$ 10,174	\$ 23,000	\$ 30,000
Direct Salaries/Labor & Benefits - Administration	(a)	\$ 15,000	\$ 11,000
Direct Salaries/Labor & Benefits - Operational	\$ 48,347	\$ 70,000	\$ 42,000
Operational Contingency	\$ -	\$ 100,000	\$ 97,000
Subtotal Shelton Landfill Postclosure	\$ 503,720	\$ 1,001,000	\$ 883,000

(a) Included in Direct Salaries/Labor & Benefits - Operational

LANDFILL DIVISION

DESCRIPTION	ACTUAL FY11	ADOPTED FY12	PROPOSED FY13
<u>WALLINGFORD LANDFILL POSTCLOSURE</u>			
Project Equipment Maintenance	\$ -	\$ 20,000	\$ 20,000
Grounds Maintenance	\$ 24,550	\$ 34,000	\$ 33,000
Fees/Licenses/Permits	\$ 16,790	\$ 18,000	\$ 18,000
Insurance Expenditures	\$ 39,729	\$ 89,000	\$ 95,000
Legal	\$ -	\$ 1,000	\$ 1,000
Engineering Consultants	\$ 6,840	\$ 10,000	\$ 10,000
Environmental Testing	\$ 98,825	\$ 372,000	\$ 70,000
Financial Assurance Mechanism Fees	\$ 750	\$ 1,000	\$ 1,000
Construction	\$ -	\$ 122,000	\$ 122,000
Indirect Salaries/Labor & Benefits	\$ 3,524	\$ 7,000	\$ 9,000
Direct Salaries/Labor & Benefits - Administration	(a)	\$ 5,000	\$ 6,000
Direct Salaries/Labor & Benefits - Operational	\$ 7,039	\$ 10,000	\$ 16,000
Operational Contingency	\$ 22,211	\$ 93,000	\$ 46,000
Subtotal Wallingford Landfill Postclosure	\$ 220,257	\$ 782,000	\$ 447,000
<u>WATERBURY LANDFILL POSTCLOSURE</u>			
Mileage Reimbursement	\$ 146	\$ -	\$ -
Grounds Maintenance	\$ 1,000	\$ 4,000	\$ 4,000
Fees/Licenses/Permits	\$ 2,950	\$ 3,000	\$ 3,000
Insurance Expenditures	\$ 18,657	\$ 23,000	\$ 25,000
Legal	\$ -	\$ 500	\$ 500
Environmental Testing	\$ 9,359	\$ 6,000	\$ 7,000
Financial Assurance Mechanism Fees	\$ 1,010	\$ -	\$ 1,000
Construction	\$ -	\$ 20,000	\$ -
Indirect Salaries/Labor & Benefits	\$ 3,872	\$ 4,000	\$ 5,000
Direct Salaries/Labor & Benefits - Administration	(a)	\$ 6,000	\$ 6,000
Direct Salaries/Labor & Benefits - Operational	\$ 9,774	\$ 14,000	\$ 9,000
Subtotal Waterbury Landfill Postclosure	\$ 46,769	\$ 80,500	\$ 60,500

LANDFILL DIVISION

DESCRIPTION	ACTUAL FY11 (b)	ADOPTED FY12 (b)	PROPOSED FY13 (c)
<u>HARTFORD LANDFILL POSTCLOSURE</u>			
Telecommunications	n/a	n/a	\$ 2,000
Advertising/Legal Notices	n/a	n/a	\$ 500
Building Operations	n/a	n/a	\$ 4,000
Project Equipment Maintenance	n/a	n/a	\$ 8,000
Grounds Maintenance	n/a	n/a	\$ 10,000
Fees/Licenses/Permits	n/a	n/a	\$ 17,000
Insurance Expenditures	n/a	n/a	\$ 17,000
Contract Operating Charges	n/a	n/a	\$ 41,000
Other Operating Charges	n/a	n/a	\$ 152,000
Engineering Consultants	n/a	n/a	\$ 20,000
Environmental Testing	n/a	n/a	\$ 69,000
Electricity	n/a	n/a	\$ 16,000
Other Utilities	n/a	n/a	\$ 1,000
Indirect Salaries/Labor & Benefits	n/a	n/a	\$ 36,000
Direct Salaries/Labor & Benefits - Administration	n/a	n/a	\$ 16,000
Direct Salaries/Labor & Benefits - Operational	n/a	n/a	\$ 81,000
Operational Contingency	n/a	n/a	\$ 1,000
Subtotal Hartford Landfill Postclosure	n/a	n/a	\$ 508,500
<u>ELLINGTON LANDFILL POSTCLOSURE</u>			
Building Operations	n/a	n/a	
Project Equipment Maintenance	n/a	n/a	\$ 8,000
Grounds Maintenance	n/a	n/a	\$ 24,000
Fees	n/a	n/a	\$ 3,000
Insurance Expenditures	n/a	n/a	\$ 24,000
Other Operating Charges	n/a	n/a	\$ 48,000
Engineering Consultants	n/a	n/a	\$ 16,000
Environmental Testing	n/a	n/a	\$ 23,000
Electricity	n/a	n/a	\$ 6,000
Indirect Salaries/Labor & Benefits	n/a	n/a	\$ 9,000
Direct Salaries/Labor & Benefits - Administration	n/a	n/a	\$ 15,000
Direct Salaries/Labor & Benefits - Operational	n/a	n/a	\$ 9,000
Subtotal Ellington Landfill Postclosure	n/a	n/a	\$ 185,000

(b) Previously reflected in the MC Project.

(c) For the period 11/16/12 - 06/30/13.

TAB 5

RESOLUTION REGARDING JET TURBINE FACILITY ENERGY MANAGEMENT SERVICES AGREEMENT

RESOLVED, The President is hereby authorized to execute an agreement with NextEra Energy Power Marketing, LLC for the provision of energy management services for the South Meadows Jet Turbine Facility, substantially as presented and discussed at this meeting.

Agreement Summary
Jet Turbine Facility Energy Management Services Agreement

Presented to Board	March 29, 2012
Facility	Mid-Connecticut Jet Turbine Facility
Recommended Contractor	NextEra Energy Marketing Services, LLC
Commencement Date	June 1, 2012
Base Term	Three (3) years and one (1) month commencing June 1, 2012 and terminating June 30, 2015
Term Extensions	Two successive one (1) year periods at CRRA's sole discretion. The first Extension if exercised shall begin on July 1, 2015 and shall end on June 30, 2016; the second Extension if exercised shall begin on July 1, 2016 and end on June 30, 2017.
CRRA Termination Rights	In addition to standard provisions related to termination for uncured Operator events of default, CRRA may terminate the Agreement in the event the JTF Trading Agreement & Order No. 8302 is not renewed or extended and on and after December 31, 2012, CRRA shall have the right to terminate the Agreement for any reason by written notice to Manager (a "CRRA Termination Notice"); such termination to be effective six (6) months following the date of such CRRA Termination Notice (the earliest date on which CRRA may terminate the Agreement is June 30, 2013).
Contract Type/Subject Matter	Perform certain scheduling, bidding, marketing, and related services on behalf of CRRA with respect to the energy and capacity products associated with the Jet Turbine Facility.
Contract Dollar Value	Annual Management Fee of \$150,000 escalated annually (escalation capped at 2.5% per Contract Year).
Scope of Services	Perform the services required to transition from the current Lead Market Participant to the new Energy Manager and perform the Lead Market Participant services for the Facility.
Budget Status	For the period of July, 1 – November 15, 2012 money for the Manager services will be appropriated in the Mid-Connecticut Resource Recovery Facility budget. After the period ending November 15, 2012, money will be appropriated in the Property Division budget for the JTF Manager Services.

CONNECTICUT RESOURCES RECOVERY AUTHORITY JET TURBINE FACILITY ENERGY MANAGEMENT SERVICES AGREEMENT

EXECUTIVE SUMMARY

The current agreement for the Lead Market Participant of the Jet Turbine Facility ends May 31, 2012. On January 27, 2012, CRRA issued a Request for Proposals for Jet Turbine Facility Energy Management Services (the "RFP"), with a response deadline date of February 15, 2012.

Based upon CRRA's review of the proposals received as summarized in this document, the discussion and information received during interviews with proposers, and the clarifying information received thereafter, CRRA management recommends the Jet Turbine Facility Energy Management Services Agreement be awarded to NextEra Energy Marketing Services, LLC.

DISCUSSION

In 2001, CRRA purchased from Northeast Utilities ("NU") the land assets of the Mid-Connecticut Resources Recovery Facility site. Located at the site was CRRA's waste processing facility and power block facility that were developed by CRRA in the 1980's to process municipal solid waste and produce steam for sale to Connecticut Light and Power Company ("CL&P"). Importantly, also located at the site and part of CRRA's acquisition were the following:

- The energy generating facility ("EGF") that converts steam produced from the combustion of refuse-derived-fuel at the power block facility ("PBF") into electricity; and,
- A jet turbine peaking power plant with approximately 160 MW of capacity, which up to that time was part of CL&P's electricity generating system.

This Agreement concerns the 160 MW Jet Turbine Facility ("JTF"). The JTF went into commercial operation in the early 1970's. The JTF is a peaking power plant meaning that it only runs when there is especially high demand for electricity. The JTF consists of four Pratt & Whitney Twin-Pac generating sets ("Twin-Pacs"). Each of the four Twin-Pac units (each a "Unit") is nominally capable of generating 40 MW and comprised of two Pratt & Whitney FT4-9 combustion gas turbine engines. Also, each Twin-Pac is capable of black-start operation, meaning they can start up without any outside power support, and can then be used to re-start other generating assets in the event of a regional system black-out or similar upset condition. The units typically are called to run approximately 30 hours/year.

Currently JTF Lead Market Participant (energy manager services) are being provided by Select Energy pursuant to an agreement that was entered into and dated as of May 30, 2000 and which ends May 31, 2012. CRRA has separately contracted for the operation and maintenance of the JTF.

CRRA performed the following activities in procuring a new energy management contract for the JTF:

- Issued Request for Qualifications;
- Interviews conducted with Statement of Qualifications Submitters;
- Issued Request for Proposals;
- Proposals received and initial review conducted;
- Interviews conducted with two of the four (4) proposal submitters including discussion of business exceptions taken by the proposer to the CRRA-provided draft of the agreement;
- Issuance of Request for Best and Final Offers; and
- Recommendation of Manager.

Procurement Process and Submittal Evaluation

In September 2011, CRRA initiated a competitive procurement process to secure a new, credit worthy purchaser for the electric output of the Mid-Connecticut Resource Recovery Facility (“Facility”) and for an Energy Manager for the Jet Turbine Facility (“JTF”).

CRRA employed a two-stage procurement process incorporating a Request for Qualifications (“RFQ”) and a Request for Proposals (“RFP”). The RFQ required prospective proposers to submit a statement of qualifications (“SOQ”) – including 10-K and 10-Q financial statements or certified financial statements (as applicable) - and provided interested proposers the opportunity to comment on both the draft Mid-Connecticut Resource Recovery Facility Power Purchase Agreement (the “PPA”) and the draft Jet Turbine Facility Energy Management Agreement (“EMA”). The RFQ documents were available to interested parties on September 12, 2011. Seven (7) companies subsequently submitted SOQs to CRRA by the October 20, 2011 deadline.

The purpose of the RFQ submittal was to provide CRRA the opportunity to evaluate each firm’s experience in the ISO-New England market, to review each firm’s financial strength, and to enable CRRA and its legal counsel to produce a final form of the PPA reflective of current electric market conditions and operating procedures based on comments to the PPA received by CRRA from interested bidders and to receive comments on the form of the JTF EMA. Subsequent to the SOQ submittal deadline, CRRA, its legal counsel, and its consultant conducted interview meetings with all companies that submitted an SOQ. CRRA’s Assistant Treasurer & Director of Finance reviewed each firm’s financial statements and credit worthiness.

CRRA analyzed the procurement participants financial information as follows: a) most recent credit reports from both Moody’s and Standard & Poor’s, which included senior unsecured credit ratings of the parent companies and analyst write-ups of notable company activity; b) downloaded 10-K and 10-Q forms to review audited financial information, which was included in a three year ratio and trend analysis; c) reviewed financial information provided by the bidder, if any; d) reviewed website of each bidder for historical information and current announcements.

The selection of the purchaser for the electric output of the Facility was completed January 19, 2012 when the Board of Directors authorized the President to enter into a thirteen (13) months long Mid-Connecticut Resource Recovery Facility Energy Purchase Agreement (“PPA”) with Constellation Energy Commodities Group, Inc. Subsequent to the conclusion of the PPA phase of the procurement process, CRRA issued a Request for Proposals on January 27, 2012 to complete the JTF Energy Manager phase of the procurement process.

The RFP was issued to those procurement participants that had expressed interest via their SOQ submittals in providing the JTF Energy Manager services. The proposal submittal deadline date was February 15, 2012. The following companies submitted proposals:

- Emera Energy Services, Inc. (“Emera”);
- PSEG Energy Resources & Trading, LLC (“PSEG”);
- NextEra Energy Power Marketing, LLC (“NextEra”) and
- Select Energy (“Select”).

Staff designated by CRRA’s President to evaluate the proposals were Peter Egan, Director of Operations and Environmental Affairs and Virginia Raymond, Senior Operations Analyst. The evaluation team was assisted in its evaluation by Power Advisory LLC, the consultant retained by CRRA to support both the Facility and JTF procurements.

Proposals received were evaluated in the following areas:

- the pricing offered with the objective of securing the best pricing consistent with the terms and conditions outlined in the Agreement;
- the proposer’s approach for offering the energy and capacity of the JTF into the ISO-NE energy and Locational Forward Reserve Markets; and
- the materiality of the JTF Agreement business exceptions taken by proposer.

Presented in the following tables is a ranking summary of the review team’s evaluation of the submittals with “1” being the highest ranking.

Table 1 - Price

Proposer	One Time Transition Cost	Management Fee (\$/Year)	Alternative Price Proposal	Average Fee (\$/Year)	Ranking
PSEG	\$5,600	\$191,400	N/A	\$193,267	1
Next Era	\$0.00	\$210,000	N/A	\$210,000	2
Emera	\$50,000	\$240,000	N/A	\$256,667	3
Select	\$0.00	\$360,000	9% of ISO-NE Revenue	\$360,000	4

Table 2 – Offering Strategy into ISO-NE Markets

Proposer	Ranking
Select	1
Emera	2
Next Era	1
PSEG	1

Table 3 – Materiality of Business Exceptions

Proposer	Ranking
Select	4

Emera	3
Next Era	1
PSEG	2

Based upon the review team's initial evaluation of the proposals received, the team agreed it would invite two of the four submitters to enter into contract discussions, NextEra and PSEG. Following the contract discussions CRRA issued to both parties a revised contract and a Request for Best and Final Offers. The Best and Final Offers received are presented in Table 4.

Table 4 – Best and Final Offer

Proposer	One Time Transition Cost	Management Fee (\$/Year)	Alternative Price Proposal	Average Fee (\$/Year)	Ranking
Next Era	\$0.00	\$150,000	N/A	\$150,000	1
PSEG	\$4,000	\$180,000	N/A	\$181,333	2

Based upon CRRA's review of the proposals received as summarized in this document, the discussion and information received during interviews and contract discussions, and the final price offers, CRRA management recommends the Jet Turbine Facility Energy Management Services Agreement be awarded to NextEra.

FINANCIAL SUMMARY

For the period of July, 1 – November 15, 2012 money for the JTF Manager services has been included in the Mid-Connecticut budget. For the period beginning November 16, 2012 funds for these services have been included in the money will be appropriated in the Property Division budget for the JTF. Adequate funds have been appropriated in both budgets to cover this expense.

TAB 6

**RESOLUTION REGARDING A TRANSFER STATION HOST
COMMUNITY AGREEMENT AND LEASE AGREEMENT WITH
THE TOWN OF ESSEX**

RESOLVED: That the President of CRRA is authorized to execute a Transfer Station Host Community Agreement with the Town of Essex, substantially as presented and discussed at this meeting, and

FURTHER RESOLVED: That the President of CRRA is authorized to execute an amendment to the Lease Agreement between CRRA and the Town of Essex for the Transfer Station real property to extend the term of the lease and delete the payment provision, substantially as presented and discussed at this meeting.

Connecticut Resources Recovery Authority

Contract Summary for

Transfer Station Host Community Agreement between

CRRA and the Town of Essex, CT

Presented to the CRRA Board on: March 29, 2012

Counter Party: Town of Essex, CT

Effective date: Upon Execution

Contract Type/Subject matter: **Host Community Benefit Agreement.**

Facility Affected: Essex Transfer Station (Mid-Connecticut Project).

Term: Upon Execution through June 30, 2027.

Host Benefit: \$0.50 per ton of MSW delivered to the transfer station, beginning July 1, 2007, escalated annually by CPI.

Key Provisions: If CRRA seeks a modification to the CTDEP Solid Waste Operating Permit for the transfer station that results in either an increase in the permitted tonnage of waste to be processed, or in the addition of a new type of waste that is not currently processed at the transfer station, the host community has the right to request that the contract be reopened for negotiation.

Other information: Upon execution of the contract, the Town of Essex will receive its host community benefit payment retroactive to July 1, 2007 (as CRRA did for Ellington, Torrington, and Watertown).

**Contract Summary for
Extension to Lease Agreement between CRRA and the Town of Essex**

Presented to the CRRA Board on: March 22, 2012

Counter Party: Town of Essex, CT

Effective date: Upon Execution

Contract Type/Subject matter: **Amendment to Lease Agreement for Essex Transfer Station Real Property**

Facility Affected: Essex Transfer Station (Mid-Connecticut Project).

Term: Upon Execution, the Lease will be extended from current term date of October 15, 2015 to June 30, 2027.

Contract Dollar Value: None

Other information: The current Lease, which was executed in May 1987, provides for an annual payment of 20% of the assessed value of the facility. No annual payments have ever been made. CRRA will pay Essex lease payments owed from May 1987 through June 30, 2007. The lease will be amended to provide for no lease payments after June 2007.

Connecticut Resources Recovery Authority

**Transfer Station Host Community Agreement Between
CRRA and Essex, Connecticut
and
Extension of Transfer Station Lease Agreement**

March 29, 2012

Executive Summary

The matter of a Transfer Station Host Community Benefit Agreement was brought before the Board of Directors at its June 28, 2007 meeting. At the request of CRRA Management the matter was tabled at that time. Management has now negotiated a final Transfer Station Host Community Agreement with the Town of Essex and seeks Board approval to enter into this agreement. The Board of Directors has previously approved Transfer Station Host Community Benefit Agreements with Ellington, Watertown and Torrington that provide the same host community payment.

CRRA leases the real property at the Essex Transfer Station from the Town of Essex. At this time CRRA management recommends extending the Lease Agreement and seeks Board approval to do so.

Discussion – Transfer Station Host Community Agreement

Background Information

CRRA owns and operates four transfer stations supporting the Mid-Connecticut Project: the Ellington, Essex, Torrington, and Watertown transfer stations. The transfer stations began operating in the 1987 to 1990 time frame. In response to increasing waste deliveries to the transfer stations beginning in the Mid-1990s, CRRA submitted to the CT DEP in calendar year 2000 applications for permit modifications to increase the tons of MSW permitted to flow through each transfer station. **Table 1** provides a summary and status of each of the permit modification applications.

Table 1 – MSW Tonnage Limits at Mid-Connecticut Project Transfer Stations – As of March 2012

Transfer Station	Original Permitted Daily Tons	Proposed/Revised Daily Tons	Status of Permit Modification
Ellington	287	560	Approved 5/18/06 (renewed in 2011)
Essex	300	710	Pending approval
Torrington	300	650	Approved 4/22/04
Watertown	350	550	Approved 4/7/08

Pursuant to Section 22a–270 of the Connecticut General Statutes, CRRA is not required to pay taxes or assessments levied by any municipality or political subdivision having taxing powers. In short, CRRA is exempt from paying property taxes (among other taxes) to any of the communities hosting a CRRA facility. Despite this tax exempt status, CRRA did take into consideration the best interests of the municipalities that host CRRA’s Resource Recovery Facilities and has entered into host community PILOT (Payment In Lieu Of Taxes) agreements with some municipalities; historically, this was not the case with all the Mid-Connecticut transfer stations.

As *Table 1* shows, CRRA permit modifications for the Ellington, Watertown and Torrington transfer stations have been approved. Still pending approval is the permit modification for the Essex transfer station. When seeking a significant modification for the facility permit, CRRA will notify local officials in the host community to apprise them of the change. In 2006, subsequent to notifying the towns of Essex and Watertown of the permit modifications, officials of both communities indicated they would object to the respective permit modification unless the towns received monetary compensation. While CRRA could invoke its tax exempt status, CRRA’s Board of Directors and Management believe such a course of action would be neither prudent nor fair. CRRA has since executed an agreement with Watertown (as well as with Ellington and Torrington). CRRA has not yet executed an agreement with Essex.

Rational for a Prescribed Compensation Program

It is possible that moving forward CRRA will from time to time seek additional modifications to the Mid-Connecticut Project transfer station permits. Establishing some form of host community benefit will go a long way toward maintaining the community goodwill, trust and support needed to get permit modifications and permit renewals through the CTDEP approval process.

Establishment of a host community benefit recognizes that there are impacts to the towns in which the transfer stations are sited, primarily in the areas of increased traffic and wear and tear on local roads, and providing some compensation for these potential impacts. The benefits contained in this agreement have been presented to the Town of Essex.

Pursuant to Section 22a–266 (19) (b) of the General Statutes of Connecticut, “...in entering into a contract for a resources recovery facility, solid waste facility, volume reduction plant or solid waste management system, the authority shall consider the best interests of the municipality or region to be served by such facility, plant or system.” Not only is it in the best interests of the municipalities, it is only reasonable that these host communities receive consideration for the real and personal property located in their communities. Any other business or institution would pay taxes on the assessed value of the property or a PILOT.

Form of Prescribed Compensation Program

To avoid the appearance of arbitrariness or favoritism in the development of host community agreements, CRRA management recommends that a proscribed methodology be consistently applied when calculating PILOT payments for all four Mid-Connecticut

Project transfer stations. Therefore, while the parties to this particular Agreement are CRRA and the Town of Essex, these terms are substantially the same as the terms in the Ellington, Torrington and Watertown agreements.

The Town of Essex has indicated that it would like the term of the Transfer Station Host Community Agreement to be coterminous with the Municipal Service Agreement (MSA) that Essex intends to execute with CRRA (a 15 year Tier 1 MSA). Accordingly, the term of the Host Community Agreement will be through June 30, 2027.

Financial Summary - Host Community Benefit Agreement

The FY2012 Mid-Connecticut Budget includes \$32,100.00 for the Essex Host Community Benefit payment: 60,000 tons x \$0.535 per ton.

In addition, payments under this agreement are retroactive to July 1, 2007. Accordingly, upon execution of this Agreement Essex will receive payment as follows.

For FY2008 Deliveries:

Payment due Essex: \$41,063.92 (82,127.83 tons x \$0.50 per ton)

For FY2009 Deliveries:

Payment due Essex = \$39,969.75 (77,611.17 tons x \$0.515 per ton)

For FY2010 Deliveries:

Payment due Essex = \$39,304.13 (76,318.70 tons x \$0.515 per ton)

For FY2011 Deliveries:

Payment due Essex = \$38,200.24 (72,762.37 tons x \$0.525 per ton)

Total due for FY08 through FY11 is \$158,538.04.

Payment will be made from the Mid-Connecticut Project Operating Budget.

Discussion - Lease Agreement with Town of Essex

Unlike the Ellington, Torrington and Watertown transfer stations, CRRA does not own the real property on which the transfer station is situated. CRRA and the Town of Essex signed a Lease Agreement in May 1987 that included an annual lease payment equal to 20% of the assess value of the property. The term of the Lease Agreement is through October 25, 2015. No payments have ever been made. At this time, CRRA will pay Essex for lease payments through June 2007, the date at which the Transfer Station Host

Community Agreement will become effective. The total amount of lease payments due to the Town through June 30, 2007 equals \$31,765.49. The Lease will be amended to remove the payment provision effective June 30, 2007.

The Town of Essex and CRRA will negotiate an extension to the Lease Agreement that extends through the 15 year term of the MSA (Essex has indicated it intends to sign a Tier 1 Long Term MSA). Additionally, CRRA and the Town of Essex will subsequently extend the term of the Transfer Station Host Community Agreement through the term of the MSA signed by Essex.

(CRRA management discussed the purchase of the Essex Transfer Station property with the Town of Essex. The Town has indicated that it does not want to sell the property to CRRA at this time.)

Financial Summary - Lease Agreement

Payment of \$31,765.49 will be made from the Mid-Connecticut Project Operating Budget.

TAB 7

**RESOLUTION REGARDING
AN AMENDMENT TO THE LEASE AGREEMENT WITH
CONNECTICUT CONSITUTION ASSOCIATES LLC**

RESOLVED: That the President is hereby authorized to execute an amendment to the Lease Agreement with Connecticut Constitution Associates LLC, substantially as presented and discussed at this meeting.

Agreement Summary

Amendment to Lease Agreement with Connecticut Constitution Associates, LLC

Presented to the CRRA Board on	March 29, 2012
Facility	Constitution Plaza Offices
Contract	Contract No. 040127
Contractor	Connecticut Constitution Associates, LLC
Term	January 1, 2013 – December 31, 2013
Term Extensions	Two additional one year extensions, at CRRA option
Contract Type/Subject matter	Building Lease
Contract Value	Base Rent for year one = \$98,462, plus allocable portion of Building O&M (estimated at approximately \$250,000)
Budget Status	Funds for this expenditure are contained in the General Fund budget.
Other Pertinent Provisions	None

Connecticut Resources Recovery Authority

Lease Agreement for 100 Constitution Plaza (5th & 6th Floors) Between CRRA/Connecticut Constitution Associates, LLC

March 29, 2012

I. History

CRRA moved its offices from 179 Allyn Street, Hartford to the 17th and 18th Floors of 100 Constitution Plaza in 1999. The move and build out of the new office cost approximately \$850,000. In 2004, as part of a wide ranging cost reduction effort, CRRA examined various options for locations and ultimately chose to renegotiate with the landlord a move from the 17th and 18th floors to the 6th and one-half of the 5th floors. This move cost approximately \$970,000 and was mostly offset by approximately \$835,000 of NPV savings in rent over the rental term which ends December 31, 2012.

CRRA must decide by March 31, 2012 whether to extend the lease or in the next 9 months locate, evaluate, construct and move to an alternative site. If notification to extend the lease is not given, it automatically terminates at the end of CY 2012.

II. Summary of Existing Terms

- Lease dated 2/18/2004
- Occupancy 7/2/2004
- 16,427 square feet ("SF") based on usable space as opposed to more typical lease payments based on rental space of 19,250 SF
- Lease includes allowance for 40 parking spaces
- Current Cost: Base Rent of \$5 square foot plus share of each year's operating costs

• <u>Actual Cost</u>	<u>Base Rent</u>	<u>Allocable Portion of Building O&M</u>	<u>Total</u>	<u>Total cost per sq. ft. based on normal std. of rentable space</u>
2004(a)	\$32,854	\$66,537	\$99,391	N/A
2005	\$65,708	\$159,539	\$225,247	\$11.70
2006	\$65,708	\$225,244	\$290,952	\$15.11
2007	\$65,708	\$231,988	\$297,696	\$15.46
2008	\$65,708	\$230,203	\$295,911	\$15.37
2009	\$82,135	\$228,832	\$310,967	\$16.15
2010	\$82,135	\$231,900	\$314,035	\$16.31
2011	\$82,135	\$239,638 (b)	\$321,773	\$16.72
2012	\$82,135	\$247,635 (est.)	\$329,770	\$17.13

(a) Lease commenced in July 2004.

(b) Subject to annual reconciliation amount.

- Base Lease Costs in first 3 years of Extension Term (2012 – 2014) to rise to fixed \$6 sq. ft. Second Extension Term (2015 – 2018) subject to 90% of current fair market review. The parking spaces reflected in the lease cost per foot is normally an extra and would have increased the base cost by approximately \$4 sq. foot.
- Lease is a net versus gross, which allows CRRA to share in any operating cost savings. (example: lower electric rates)
Typically rents are gross and any downside savings accrue 100% to the landlord.
- Term expires 12/31/2012
- CRRA must exercise its option to extend the term by written notice to the landlord not later than nine months prior to the scheduled expiration of the initial term of the first extension term.

III. Review & Analysis

- CRRA is in the process of a major transition and transformation period. Until the process is further along, it's impossible to reasonably determine square footage requirements.
- Resources to effectuate an in depth alternative review, costing analysis; locational options; impact on business and personnel assessment; design work; build out; contractor selection process; permitting, and financing is limited at this time and would be a substantial cost and a major disruption to the workforce.
- See Attachment I for current market assessment
- Governor has initiated a review of CRRA's governance, responsibilities and operations. Recommendations are due to the Governor on December 1, 2012.

- Existing Bonds and MSAs expire November 15, 2012. Based on past project terminations and preliminary Mid-CT transition punch list, a post one-year timeframe will likely be required to complete this work.

IV. Options

- Continue with current lease and extend for three years
- Relocate
- Continue with current lease modified to permit CRRA termination rights on an annual basis which would require a modest cost for the unamortized brokerage commission: \$17,476 after the first year, or \$8,999 after the second year. Additionally, the rent for year two and three of the three year extension period would increase \$1.00 per square foot, or \$16,427 per year.

V. Management Summary

- Management has considered the current rental market for office space in the Hartford area; the costs associated with a move to alternative rental space; design and building out costs to the Murphy Road location, and the potential for a change in mission and resulting space requirements from the Governor's working group. Based upon all these considerations, Management will proceed to exercise the option to extend the current lease under the modified provision and not expend the costs of a move to a new location. During this time Management will complete an update to the business plan, and develop long range strategy.

Attachment I

Current Market Summary

- State of CT Banking Dept. (250 Constitution Plaza) \$24.75/SF (useable space)
- State of CT Cultural & Tourism (1 Constitution Plaza) \$25.50/SF (useable space)
- State of CT Statewide 3.1 million/SF Leased Office Space \$20.34/SF
- XL America 5th floor (100 Constitution Plaza) \$21.50/SF (rentable space)
- W&R (1 Constitution Plaza) \$23.50/SF (rentable space)

Average Rents (Rentable Space) Source: CBRE Capital Markets Report in Hartford Business Journal – Third Quarter 2011

- | | |
|------------------------------|------------|
| • Hartford CBD | \$20.38/SF |
| • Hartford Market | \$20.10/SF |
| • West Hartford | \$23.60/SF |
| • Rocky Hill | \$19.75/SF |
| • Wethersfield | \$18.07/SF |
| • East Hartford | \$19.25/SF |
| • Glastonbury | \$21.35/SF |
| • Manchester | \$21.49/SF |
| • South Windsor | \$20.00/SF |
| • All Hartford County Market | \$19.28/SF |

Note: Rentable Space is a larger footprint including such square footage for bathrooms, elevators, common spaces, electrical rooms, utility rooms, etc.

TAB 8

**RESOLUTION REGARDING RATIFICATION OF EMERGENCY
PROCUREMENT CONTRACT**

RESOLVED: That the CRRA Board of Directors ratifies the Emergency Procurement as substantially presented and discussed at this meeting.

Emergency Procurement Contracts

March 29, 2012

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

2.2.12 “Emergency Situation”

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

5.10 Emergency Procurements

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

Emergency Procurements

<u>Date</u>	<u>Description</u>	<u>Contract Value</u>	<u>Vendor</u>
3/2/2012	FY12 – Emergency Connex 30 RTU build-out, programming, installation, and testing	\$54,330	efacec Advanced Control Systems

Memorandum

To: Tom Kirk, CRRA President
CC: Peter Egan, Director of Environmental Affairs & Development
From: Virginia Raymond
Date: 3/2/2012
Re: Jet Turbine Facility ISO-NE RTU Communications Replacement System

This is to inform you that an emergency procurement needs to be authorized for the re-programming, build-out and installation of CRRA's back-up ISO-NE RTU communications system for the Jet Turbine Facility. As you know, CRRA's current contract with Northeast Generation Services (NGS) ends May 31, 2012. The current RTU communications system is housed and maintained by CONVEX via a contract NGS has with CONVEX. CRRA Operations personnel met with CONVEX many months ago to discuss with them the possibility of entering into a contract with CRRA to manage the RTU at their site upon termination of CRRA's contract with NGS. CONVEX indicated that they did not wish to continue to provide the services. As a result CRRA would have to have the RTU removed from CONVEX's site and moved to a new location. Operations had planned to move the RTU to the Mid-Connecticut Power Block Facility as part of the services performed during transition from NGS to the new JTF operator, NAES Corporation.

Operations has learned that it can take up to 120 days for ISO-NE to get AT&T to install the dedicated telephone circuit lines that link the Jet Turbine Facility' (JTF) RTU with ISO-NE. These are dedicated circuits that will be used by ISO-NE to communicate with CRRA's PBF control room operators to call the JTF into service. Given that there is less than 90-days left between now and the expiration of the NGS/CONVEX contracts/services, Operations believes the prudent course of action is to leave the current RTU where it is at the CONVEX site to serve as the emergency back-up unit in the event the new circuits are not installed and live by June 1, 2012 and have CRRA's "back-up RTU"¹ built-out, programmed, installed and ready for use (waiting for the circuits) at the PBF.

¹ Several years ago ISO-NE required the installation of new, upgraded computer hardware and software for blackstart capable facilities. When CRRA purchased the new the technology, CRRA at the same time bought the hardware components to build two RTUs. One unit was built-out,

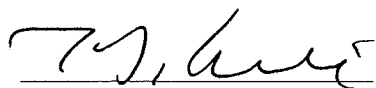
March 2, 2012

In the interim, Operations will work with NGS and CONVEX to have CONVEX continue RTU services until such time the RTU circuits at the PBF are live and functional. Operations believes it will receive such cooperation from NGS and CONVEX.

Rich Quelle working with NGS has received a quote from efacec Advanced Control Systems in the amount of \$54,330.00 to build-out , program and install the "back-up" RTU at the PBF on an expedited basis. The quote requires a 20% advance payment at the time the order is placed.

Given the urgent nature of this necessary activity it is not prudent to wait until the next regularly scheduled Board of Directors meeting to seek approval of this contract. Please approve the expenditure indicated.

Thank you.



Thomas D. Kirk
President, Duly Authorized

programmed and installed at the CONVEX site. The RTU components have been held in reserve for emergency purposes.

TAB 9

DRAFT RESOLUTION FOR CRRA BOARD OF DIRECTORS

**RESOLUTION RECOGNIZING
COLEBROOK CONSOLIDATED SCHOOL
FOR ITS CONNECTICUT RECYCLE-BOWL CHAMPIONSHIP**

WHEREAS, the Connecticut Solid Waste Management Plan calls for the state to recycle 58 percent of its solid waste by the year 2024; and

WHEREAS, the Solid Waste Management Plan makes no less than 300 references to education as being critical to meeting that goal; and

WHEREAS, since 1993 the Connecticut Resources Recovery Authority has provided award-winning education programs that have taught hundreds of thousands of people how and, more importantly, why to recycle; and

WHEREAS, in 2011 Keep America Beautiful, Inc., launched Recycle-Bowl, a nationwide recycling contest for schools as a means of encouraging and increasing recycling; and

WHEREAS, **Colebrook Consolidated School** won the Connecticut Recycle-Bowl competition; and

WHEREAS, the Town of Colebrook has been part of the Connecticut Resources Recovery Authority system since 1984; and

WHEREAS, the Connecticut Resources Recovery Authority is Connecticut's recycling leader; now

BE IT RESOLVED that the Connecticut Resources Recovery Authority hereby congratulates **Colebrook Consolidated School** on its success in Recycle-Bowl and encourages the students, faculty, staff and families of **Colebrook Consolidated School** to join with CRRA in efforts to increase recycling and lead Connecticut to its stated recycling goal.

Connecticut Resources Recovery Authority Resolution Recognizing Colebrook Consolidated School for Its Connecticut Recycle-Bowl Championship

March 29, 2012

EXECUTIVE SUMMARY

This is to request that the Board adopt a resolution congratulating Colebrook Consolidated School for winning the Connecticut Recycle-Bowl Championship for 2011.

DISCUSSION

Stamford-based Keep America Beautiful, Inc., which is expanding its efforts to promote recycling, last year launched a nationwide recycling competition for schools called Recycle-Bowl. In addition to a national winner, Keep America Beautiful is recognizing a winner in each of the 50 states, and Colebrook Consolidated School was Connecticut's champion. Colebrook was one of the original Mid-Connecticut Project towns, signing its contract with CRRA in 1984.

Keep America Beautiful is planning a recognition ceremony at the school on Friday, April 13. Should the Board adopt this resolution, it will be presented to the school during that ceremony.

TAB 10

Legal

**RESOLUTION REGARDING ADDITIONAL PROJECTED LEGAL
EXPENDITURES**

WHEREAS, CRRA has entered into Legal Service Agreements with various law firms to perform legal services; and

WHEREAS, the Board of Directors has previously authorized certain amounts for payment of fiscal year 2012 projected legal fees; and

WHEREAS, CRRA expects to incur greater than authorized legal expenses for Mid-Connecticut Project environmental legal services;

NOW THEREFORE, it is RESOLVED: That the following additional amount be authorized for projected legal fees and costs to be incurred during fiscal year 2012:

<u>Firm:</u>	<u>Amount:</u>
Brown Rudnick	\$150,000

CONNECTICUT RESOURCES RECOVERY AUTHORITY

Request regarding Authorization for Payment of Projected Additional Legal Expenses

March 29, 2012

Executive Summary

This is to request Board of Directors authorization of payment of additional projected fiscal '12 legal expenses.

Discussion

CRRA's petition to the Connecticut Department of Energy & Environmental Protection for an adjudicatory hearing in order to object to the issuance of a modified solid waste permit to Nutmeg Road Recycling, LLC, was granted on August 4, 2011. DEEP originally scheduled a hearing in late November, but postponed it to March to allow time for the pursuit of an acceptable compromise. The hearing was originally expected to take about five days. As of March 23, five days of hearings have been held, an additional day and a half scheduled for the last week of March, and it is anticipated that another one to two days may be required in April, to be followed by the parties' submittal of findings of fact and conclusions of law, issuance of a draft decision, and (possibly) oral argument.

CRRA has also submitted a petition to DEEP requesting public hearings regarding the issuance of modified solid waste permits to three other facilities. One matter has been resolved without a hearing; a status conference regarding a second is scheduled for April.

We are seeking board authorization to incur additional legal expenses for these matters.