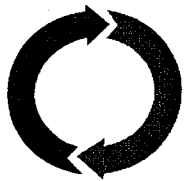


**CRRA
BOARD MEETING
Sept. 30, 2010**



**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: Sept. 24, 2010
RE: Notice of Regular Meeting

There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors on Thursday, Sept. 30, 2010, at 9:30 a.m. The meeting will be held in the Board Room of 100 Constitution Plaza, Hartford, Connecticut.

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

Connecticut Resources Recovery Authority
Board of Directors Meeting

Agenda
Sept. 30, 2010
9:00 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 Aug. 19, 2010, Board Meeting Minutes (Attachment 1).

1.a Action Items

IV. Board Committee Reports

A. Finance Committee Reports

1. Board Action will be sought Regarding the FY'10 Year End Audit (Attachment 2).
2. Board Action will be sought Regarding the Casualty Proposals (Attachment 3).
3. Board Action will be sought Regarding Resolution Authorizing the Issuance of Refunding Bonds for Southeast Project (Attachment 4).

V. Board Committee Reports

B. Policies & Procurement Committee Reports

1. Board Action will be sought for the Resolution Regarding Request for Services for Development of Educational Computer Tools for Use in Educational Programs Funded by the Connecticut Energy Efficiency Fund and the U.S. Institute of Museum & Library Services (Attachment 5).
2. Board Action will be sought for the Resolution Regarding Construction of a New Jet Fuel Tank at the South Meadows Site (Attachment 6).
3. Board Action will be sought for the Resolution Regarding QA/QC Contract for Construction Oversight Associated with Construction of a New Jet Fuel Tank (Attachment 7).
4. Board Action will be sought for the Resolution Regarding Installation of an Overfire Air System on Unit #11 at the South Meadows RRF (Attachment 8).

5. Board Action will be sought for the Resolution Regarding Greenhouse Gas Monitors at the CRRRA Mid-CT Resource Recovery Facility (Attachment 9).
6. Board Action will be sought for the Resolution Regarding Approval of a Contract to Install Two Groundwater Monitoring Wells at the Shelton Landfill (Attachment 10).
7. Board Action will be sought for the Resolution Regarding Extension of the Ash T&D Contract with Wheelabrator Landfill (Attachment 11).

VI. Chairman and President's Reports

VII. Executive Session

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

1. Board Action will be sought Regarding Additional Projected Legal Expenditures (Attachment 12).

TAB 1

CONNECTICUT RESOURCES RECOVERY AUTHORITY

FOUR HUNDRED AND EIGHTIETH AUGUST 19, 2010

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, Aug. 19, 2010, in the Pasbeshauke Pavilion in Old Saybrook, CT 06475. Those present were:

Directors: Chairman Michael Pace
Vice-Chairman Jarjura (present beginning 10:45 a.m.)
Louis Auletta, Jr.
Dave Damer
Timothy Griswold
Dot Kelly
Mark Lauretti (present by telephone beginning 10:50 a.m.)
Ted Martland
Nicholas H. Mullane, II
Mark Tillinger, Bridgeport Project Ad-Hoc
Steve Wawruck, Mid-Ct Project Ad-Hoc

Present from CRRA:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Peter Egan, Director of Environmental Affairs and Development
Laurie Hunt, Director of Legal Services
Moira Benacquista, Board Secretary/Paralegal

Also present were: John Pizzimenti of USA Hauling & Recycling (present in person until 11:58 a.m. at which point he participated by telephone until 12:26 p.m.) and Jerry Tyminski of SCRRA.

Chairman Pace called the meeting to order at 9:16 a.m. and said a quorum was present.

PLEDGE OF ALLEGIANCE

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

PUBLIC PORTION

Chairman Pace said that the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes. The following portion of the minutes is verbatim at the request of Chairman Pace to ensure the clarity of the following statements:

Mr. Pizzimenti of USA Hauling said the following:

I'd like to comment on the minutes contained in Tab 2, (June 24, 2010), page 14. Mr. Kirk made a comment stating that towns may flow control commercial recyclables, however the Connecticut General Statutes specifically provide the town's only designate the disposal of residential recyclables, it is beyond all doubt that the State has not authorized towns to flow control commercial or industrial recyclables, thank you.

Mr. Kirk replied:

Mr. Pizzimenti is correct as far as the State law goes. I was referring to the authorization of the Supreme Court in its most recent lawsuit, 2004 that reasserted flow control authority. The Supreme Court says towns and States and municipalities have the authority to flow control both waste and recyclables but the State is free to choose and whether or not that would hold up in a court is questionable. Our recommendation as CRRA is to not involve ourselves in commercial recycling, accept it but not control it.

APPROVAL OF THE JUNE 15, 2010, REGULAR BOARD MEETING MINUTES

Chairman Pace requested a motion to approve the June 15, 2010, regular meeting minutes. Director Martland made the motion which was seconded by Director Mullane.

The motion to approve the minutes was approved by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Mullane, and Director Tillinger voted yes. Director Wawruck abstained as he was not present at the meeting.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Mark Tillinger, Bridgeport	X		
Steve Wawruck, Mid-CT			X

APPROVAL OF THE JUNE 24, 2010, REGULAR BOARD MEETING MINUTES

Chairman Pace requested a motion to approve the June 24, 2010, regular meeting minutes. Director Martland made the motion which was seconded by Director Griswold.

The motion to approve the minutes was approved unanimously by roll call. Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Mullane, Director Tillinger, and Director Wawruck voted yes. Chairman Pace abstained as he was not present at the meeting.

Directors	Aye	Nay	Abstain
Chairman Pace			X
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Mark Tillinger, Bridgeport	X		
Steve Wawruck, Mid-CT	X		

APPROVAL OF THE JULY 29, 2010, SPECIAL BOARD MEETING MINUTES

Chairman Pace requested a motion to approve the July 29, 2010, regular meeting minutes. Director Martland made the motion which was seconded by Director Mullane.

Director Wawruck said that on page 2 in the second and third paragraph the Executive Session is noted as concluding at 11:05 a.m. and reconvened at 11:58 a.m. He noted the last page states that the meeting adjourned at 11:05 a.m. which is most likely a mistake.

The motion to approve the minutes was approved as discussed by roll call. Chairman Pace, Director Auletta, Director Griswold, Director Mullane, and Director Wawruck voted yes. Director Damer, Director Kelly, Director Martland, and Director Tillinger abstained they were not present at the meeting.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Louis Auletta	X		
David Damer			X
Timothy Griswold	X		
Dot Kelly			X
Theodore Martland			X
Nicholas Mullane	X		
Ad-Hocs			
Mark Tillinger, Bridgeport			X
Steve Wawruck, Mid-CT	X		

RESOLUTION REGARDING CONTRACT WITH CT DEP FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH CLOSURE OF THE HARTFORD LANDFILL

Chairman Pace requested a motion on the above referenced item. Director Martland made the motion which was seconded by Director Mullane.

RESOLVED: That the President is hereby authorized to enter into a contract with the Connecticut Department of Environmental Protection for reimbursement of costs associated with closure of the Hartford Landfill, substantially as discussed and presented at this meeting.

Mr. Kirk said this resolution describes the mechanism by which the Bond Committee can distribute bond money to agencies and organizations like CRRA through the Connecticut Department of Environmental Protection (hereinafter referred to as "CT DEP"). He said this is the administrative execution of the recent Bond Commission decision to provide CRRA with \$8 million out of the original \$15 million which was promised.

Mr. Bolduc said management had originally sought \$15 million from the legislature for closure of the Hartford Landfill. He said the State has provided funding for the closure of several Connecticut landfills. Mr. Bolduc said the \$15 million was passed and subsequently reduced to \$13 million. He said CRRA received \$3 million the prior year from the State for closure with another \$5 million promised when the bonding commission met again.

Mr. Bolduc said the bonding commission met again recently and allocated the \$5 million. He explained once the bonding commission approved the funds management must document the expenditure of the funds to the CT DEP which then reimburses CRRA. Chairman Pace asked if the reimbursement comes after CRRA has expended the funds. Mr. Bolduc said that was correct.

Director Griswold asked what management had expected to receive in total. Mr. Bolduc replied that management had already received \$3 million. He said projections were for \$5 million in gross less some funds which will be handled with the City of Hartford as part of the agreement to close the Hartford Landfill.

Mr. Kirk said the decision by the CRRA Board of Directors to close the Hartford Landfill was contingent on an agreement with the City of Hartford under the sponsorship of the Legislature and the Governor's office. He said the City of Hartford would benefit from some of the \$15 million bond commission contributions to the closure and noted the total closure cost is \$48 million. Mr. Kirk said the \$15 million was subsequently reduced to \$8 million via the \$3 million which CRRA had already received and the \$5 million which was just recently voted on and approved by the bond commission. He explained a portion of the \$5 million which was granted will be shared with the City of Hartford, not the original full amount as the overall original amount was reduced. Mr. Kirk said it is important to note that management received the amount it had expected when the FY11 tip fee was set. He explained a tip fee much higher than what was approved was planned for FY11 however the CRRA Board assumed the bond commission would approve giving CRRA the \$5 million and set the tip fee accordingly.

Director Damer said he was under the impression the original authorization from the legislature was for \$13 million. Mr. Kirk said that \$15 million was part of the agreement with the City of Hartford; the \$13 million is what finally came out of the legislature and was signed. He said \$8 million is what was finally provided. Director Martland said the timing was better than it was with the Shelton landfill, management agreed. Mr. Kirk said the Shelton Landfill funds came eight years after the closure.

Director Kelly asked how much of the \$48 million to close the landfill will be used for work which remains to be completed, or money that still needs to be spent. Mr. Kirk said \$28 million is needed for closure and the remaining \$19 million or so is for post-closure monitoring and maintenance. Mr. Egan said there is approximately two years' worth of work left to be done which will cost roughly \$8 million. Chairman Pace praised management for an excellent job on the work that has been completed at the landfill.

Chairman Pace asked management if they have communicated with the new Mayor of Hartford concerning closure of the Hartford Landfill. Mr. Kirk said management has reached out to the new Mayor and has held numerous discussions with his representative and assistant Ms. Cruz-Aponte. Chairman Pace asked if the new Mayor knows what the full plan for closure is. Mr. Kirk said his staff certainly does and he does not know how much information the Mayor has as CRRA has not been able to get on his schedule.

Chairman Pace asked if the City of Hartford is using the funds which were put aside specifically for public education concerning the Hartford Landfill. Mr. Kirk said those funds are still set aside. Mr. Egan said he would guess the fund is for about \$500,000. Chairman Pace said those funds should be used for the purpose for which they were designated or given back. He said the Board is looking for a quarter of a million in funds to keep the education center in Stratford, CT open and Hartford is not using the education funds it has had for nearly four years. Chairman Pace said the funds should be redirected to keep the education center open. Mr. Kirk said this request can be addressed in the next budget cycle.

The motion to approve the resolution was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Mullane, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Louis Auletta	X		
Dave Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Steve Wawruck, Mid-Conn	X		

RESOLUTION REGARDING CONTRACT WITH CT DEP FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH CLOSURE OF THE CRRA WATERBURY BULKY WASTE LANDFILL

Chairman Pace requested a motion on the above referenced item. Director Martland made the motion which was seconded by Director Damer.

RESOLVED: That the President is hereby authorized to enter into a contract with the Connecticut Department of Environmental Protection for reimbursement of costs associated with closure of the Waterbury Bulky Waste Landfill, substantially as discussed and presented at this meeting.

Chairman Pace asked if the land in this resolution is property someone was looking to buy. Mr. Kirk replied yes. He said the Waterbury Landfill was for sale. Mr. Kirk said Mr. LaRusso has vacated the site and the property division of CRRA is pursuing the sale of the property. Mr. Kirk said Mayor Jarjura was supportive of the sale of the site and there was no objection from the City of Waterbury. Chairman Pace asked if the citizens of Waterbury had expressed interest in turning this property into a public space such as a park. Mr. Kirk said that was not something Waterbury could do.

The motion to approve the resolution was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Mullane, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Louis Auletta	X		
Dave Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Steve Wawruck, Mid-Conn	X		

EXECUTIVE SESSION

Chairman Pace requested a motion to enter into Executive Session to discuss pending litigation, real estate acquisition, pending RFPs, and personnel matters with appropriate staff. The motion, made by Director Martland and seconded by Director Mullane, was approved unanimously. Chairman Pace asked the following people join the Directors in the Executive Session:

Tom Kirk

Jim Bolduc
 Peter Egan
 Laurie Hunt

The motion to move into Executive Session was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Mullane, Director Tillinger, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Mark Tillinger, Bridgeport	X		
Steve Wawruck, Mid-Conn	X		

The Executive Session began at 9:38 a.m. and concluded at 12:02 a.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:02 a.m., the door to the Board room was opened, and the Board secretary and all members of the public were invited back in for the continuation of public session.

RESOLUTION REGARDING STEEL-PAN CONVEYORS AT THE MID-CONNECTICUT WASTE PROCESSING FACILITY

Chairman Pace requested a motion on the above referenced item. Director Damer made the motion which was seconded by Director Martland.

RESOLVED: That the President is hereby authorized to execute an agreement for the refurbishment of steel-pan conveyors CV-100A and CV-200A at the Mid-Connecticut Waste Processing Facility with the Lydon Company, LLC, substantially as presented and discussed at this meeting.

Mr. Kirk said this resolution details a conveyor replacement and repair which is straightforward and routine. He said management has gone out to bid for this substantial dollar amount. Mr. Kirk said the bids are fairly close together and the lowest bidder, which management has worked with in the past, is being recommended. Director Damer said that the bid response was substantially below the budgeted amount.

Director Martland asked if management had past experience with the higher bidder. Mr. Kirk said he did not recall working with them. Director Martland asked if management has experience with the low bidder. Mr. Kirk responded affirmatively.

Chairman Pace said \$400,000 was saved from what was budgeted and management's experience with the bidder has been stated. He asked when this work will commence. Mr. Egan said that this work will occur over the next two to three months.

The motion to approve the resolution was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Mullane, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
Dave Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Steve Wawruck, Mid-Conn	X		

RESOLUTION REGARDING THE AUTHORIZATION OF CONSTRUCTION QUALITY ASSURANCE SERVICES TO SUPPORT CLOSURE OF A PORTION OF THE MSW/INTERIM ASH DISPOSAL AREA AT THE HARTFORD LANDFILL

Chairman Pace requested a motion on the above referenced item. Director Martland made the motion which was seconded by Vice-Chairman Jarjura.

RESOLVED: That the President is hereby authorized to enter into a Request for Services with Fuss & O'Neill, Inc. to continue to perform Construction Quality Assurance (CQA) services associated with the capping of a portion of the MSW/Interim Ash Disposal Area of the CRRA Hartford Landfill, the installation of a new on-site access road, and the relocation of a leachate force main and electric service, substantially as discussed and presented at this meeting.

Chairman Pace said CRRA has used Fuss & O'Neill, Inc. for several projects. Mr. Egan agreed. He said that Fuss & O'Neil has been performing the Construction Quality Assurance services (hereinafter referred to as "CQA") on this project from its beginning in 2001. Mr. Egan said this resolution is to continue those services until the end of the closure construction activities which are expected to be substantially complete by November 1, 2010.

Mr. Egan said the funds the resolution authorizes will be used to pay an employee of Fuss & O'Neil to be on site full time overseeing the contractor's construction activities.

Director Griswold asked if there is a buffer of about \$23,000 between what was bid and what is available. Mr. Egan said most of the costs in this request are for labor. He said there is several thousand for administrative costs.

Director Kelly said if management only wanted Fuss & O'Neil present for an hour or a day they have an hourly rate. She asked if there is something in CRRA's process to request pricing for this type of situation.

Director Damer said CRRA had gone out to bid. Director Kelly agreed, and said although CRRA had gone out to bid Fuss & O'Neil was not asked to reduce its rate which is taken from the qualifying. She said the services are based on time and materials of the underlying contract.

Mr. Egan said that management qualified 30-50 firms four years ago and went out again this spring for another 30-50 firms. He said when management assembled the scope of work for this CQA work in the summer of 2007 management approached four of its engineering firms. Mr. Egan said management used the rates in the publicly bid contracts and determined Fuss & O'Neil to be the best qualified. He said it does not make sense to change contractors at this point as Fuss & O'Neil has three years overseeing this construction job.

Director Tillinger said he understands what Director Kelly is expressing as he is a consultant as well. He said if the agreed rate for a marginal hour is \$100 and in a contract the firm has committed full time for x amount of months perhaps that agreed rate should go down to \$70 an hour due to the longer term, time and materials.

Mr. Egan said the new contract with Fuss & O'Neil became effective July 1, 2010, and the engineers which work in the office reduced their rates by \$15 and \$16 apiece per hour with the engineer on site reducing his rate by \$1 an hour. Director Martland asked if it is necessary for Fuss & O'Neil to be on the job for eight hours a day. Mr. Egan said that Fuss & O'Neil's engineer is on the job for as long as the contractor is, observing and taking voluminous notes. Mr. Egan said there had been an issue with the contractor in the past where they requested an additional \$400,000 in costs and management was able to convince them to withdraw that request as a result of the excellent work Fuss & O'Neil had done in monitoring the contractor.

Director Mullane asked if the manual rate is applicable to the person on the job or a combination of that work along with support back in the office in addition. Mr. Egan explained this cost includes three different individuals, the employee at the site and the two engineers back in the office at a higher rate.

Director Mullane said he was going through several contracts for which he is under federal requirements. He asked if CRRA is under the same restrictions. Mr. Egan replied no. He said CRRA has qualified Fuss & O'Neil and is now proposing to award them this work using pre-established billing rates.

Director Mullane asked how Fuss & O’Neil’s pricing compares with the next closest bidder. Mr. Kirk said there has not been substantial deviation between the pre-qualified firms. Mr. Egan said the firms are essentially the same. Director Mullane said he will vote to support this resolution because he understands the process management is going through and the importance of this work to protect the overall investment. He said if the firm has been competitive and pre-qualified he will quantify this as necessary. Mr. Egan said that he would recommend Fuss & O’Neil due to its knowledge and experience on this particular project even if they were more expensive.

Director Kelly said CRRA’s bid process may need some improvement. She said that a pre-approved labor rate for this particular type of job could have been better negotiated. Director Kelly said she would like management and the Board to consider looking at the process and asking for a not-to-exceed price. Mr. Egan said management has used that method for larger jobs. He said this is not a big job, however contractors used for larger jobs, such as the Franklin development were asked to provide better rates if possible, which they did.

Director Mullane said if management does not pre-qualify or pre-price the bidding may not be to its best advantage especially concerning bigger and longer jobs.

Director Tillinger said billing rates are set with a percentage of “down-time”. He said consulting companies value long term committed contracts with hourly rates and suggested management may have more leverage than it is aware of in these types of situation. He offered his assistance reviewing the consultant and procurement policies as he has experience and knowledge in this area.

The motion to approve the resolution was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Mullane, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
Dave Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Steve Wawruck, Mid-Conn	X		

RESOLUTION REGARDING THE PURCHASE OF A SECONDARY SHREDDER 1250 HP MOTOR FOR THE MID-CONNECTICUT WASTE PROCESSING FACILITY

Chairman Pace requested a motion on the above referenced item. Director Martland made the motion which was seconded by Director Damer.

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

Chairman Pace asked how many shredder motors CRRA has purchased. Mr. Egan said there are four 1250 hp motors and one 1000 hp motor. He said management began refurbishing the 1000 hp motors about four-five years ago. Mr. Egan said presently there are two 1250 hp motors which are not repairable, two 1250 hp motors which are still operating, and one 1000 hp motor which are used as back-up although it is currently in service.

Director Damer said the Policies & Procurement Committee had approved this resolution the month prior. He said it is unfortunate a consensus has been agreed on that a specifically designed custom 1250 hp motor is needed. Director Damer said management has been able to find a motor which fits in the physical size constraints in the facility in the meantime.

Mr. Egan said a custom designed 1250 hp motor will be built by a large manufacturer with multiple motor repair shops to service this manufacturer. He said the issue the operations department is currently dealing with is the current 1250 hp motors were designed and manufactured by a small and independent shop down South making CRRA beholden to that company to repair these motors which management wants to move away from due to the difficulty and costs in obtaining repairs.

Mr. Egan said senior engineer Mr. Quelle has suggested having one experimental custom built 1250 hp motor built which can be supported by multiple shops.

Chairman Pace asked if this exchange will cause a back-up at the plant. Mr. Kirk replied no as there are sufficient spares available at the plant.

Director Griswold said there are four of these 1250 hp motor. He asked if management plans on replacing all of the motors. Mr. Egan said that decision is contingent upon the performance of the first replacement over the next six-twelve months.

Director Griswold asked if the 1000 hp motor is performing well. Mr. Kirk replied that the 1000 hp motor affects CRRA's through put. He said the 1250 hp motor application is beneficial and worthwhile but the reliability of the retrofitted frame has not been as advertised. He said a custom 1250 hp is the best option leaving installed spares available.

The motion to approve the resolution was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Mullane, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
Dave Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Steve Wawruck, Mid-Conn	X		

RESOLUTION REGARDING A CONTRACT WITH JOSEPH BURGIO FOR ENGINEERING AND PROJECT MANAGEMENT SUPPORT SERVICES

Chairman Pace requested a motion on the above referenced item. Director Martland made the motion which was seconded by Director Griswold.

RESOLVED: That the President is hereby authorized to enter into a contract with Joseph Burgio for engineering and project management consulting support services, substantially as discussed and presented at this meeting.

Mr. Kirk said Mr. Burgio has been a long term CRRA employee. He said he is a semi-retired civil engineer and is the only construction expert CRRA has on the staff which will be critical in the next two years as CRRA identifies baling ideas and a retrofit of the Stratford facility. Mr. Kirk said management would like to retain Mr. Burgio's services as a consultant for up to \$60,000 with an identical hourly rate to that of which he was making as an employee.

Director Lauretti asked what the hourly rate is. Mr. Kirk replied that the rate is \$73.36 per hour. Mr. Kirk said this is his annual salary plus fringe benefits divided by 2,080 hours. Mr. Egan said that management uses the same formula the State of Connecticut uses when employees officially leave the company and perform consultant or part-time work.

The motion to approve the resolution was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Mullane, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
Dave Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Steve Wawruck, Mid-Conn	X		

EXECUTIVE SESSION

Chairman Pace requested a motion to enter into Executive Session to discuss pending litigation, real estate acquisition, pending RFPs, and personnel matters with appropriate staff. The motion, made by Director Damer and seconded by Director Martland, was approved unanimously. Chairman Pace asked the following people to join the Directors in the Executive Session:

Tom Kirk
Jim Bolduc
Peter Egan
Laurie Hunt

The Executive Session began at 9:38 a.m. and concluded at 12:26 a.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 1:07 p.m., the door to the Board room was opened, and the Board secretary and all members of the public were invited back in for the continuation of public session.

The motion to move into Executive session was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Mullane, Director Tillinger, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Chairman Pace	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
Dave Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Nicholas Mullane	X		
Ad-Hocs			
Mark Tillinger, Bridgeport	X		
Steve Wawruck, Mid-Conn	X		

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 1:08 p.m.

Respectfully submitted,



Moira Benacquista
Secretary to the Board/Paralegal

TAB 2

**RESOLUTION REGARDING THE ANNUAL FINANCIAL
REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Resolved: That the Board hereby accepts the Annual Financial Report for the Fiscal Year Ended June 30, 2010, substantially as discussed and presented at this meeting.



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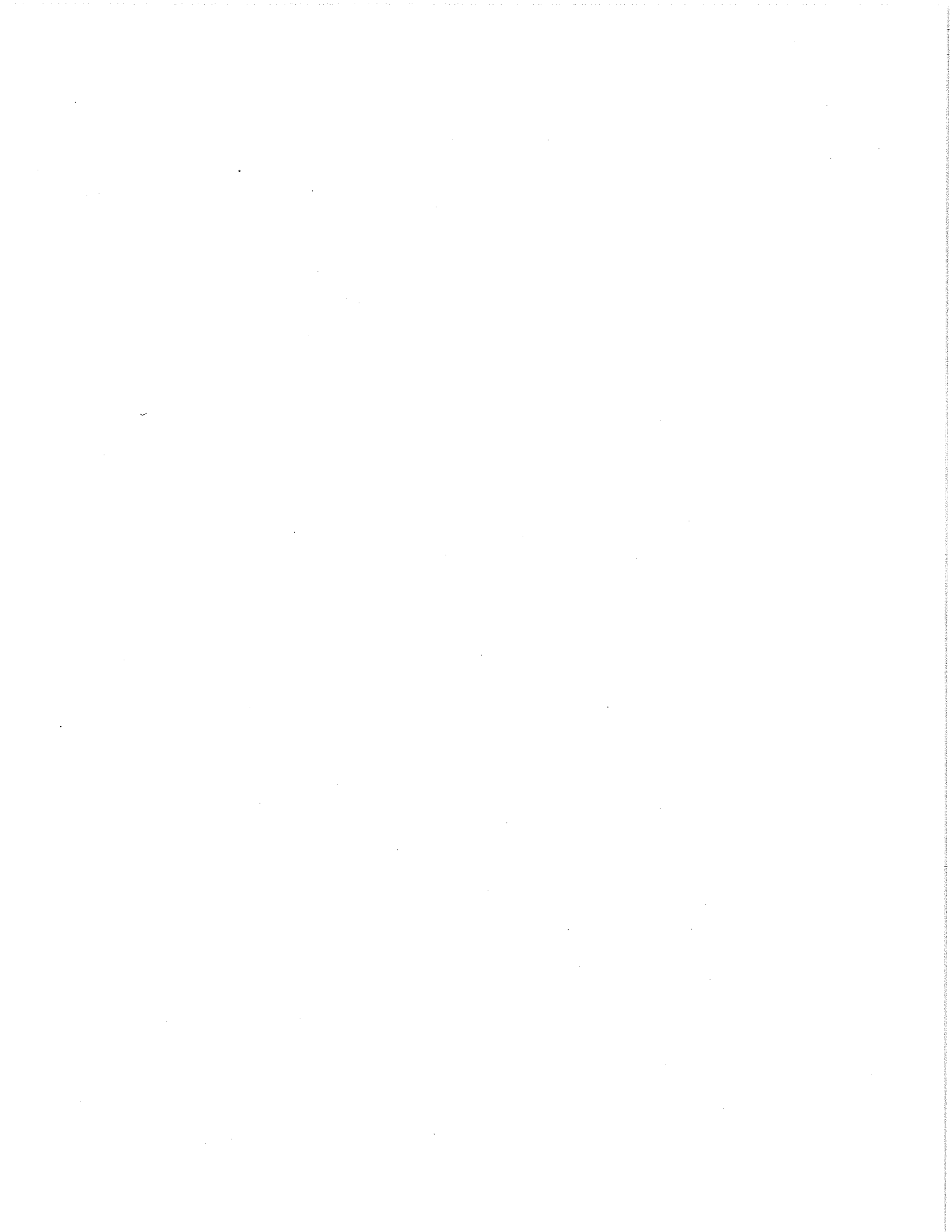
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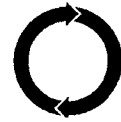
**CONNECTICUT RESOURCES
RECOVERY AUTHORITY**

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**



**ANNUAL FINANCIAL REPORT****AS OF AND FOR THE YEAR ENDED
JUNE 30, 2010**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Connecticut Resources Recovery Authority
Hartford, Connecticut

We have audited the accompanying balance sheets of the Connecticut Resources Recovery Authority (Authority), a component unit of the State of Connecticut, as of June 30, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and supplemental information on pages 3 through 22 and 47 through 53, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

New York, New York
_____, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the Connecticut Resources Recovery Authority's (the "Authority") activities and financial performance provides an introduction to the audited financial statements for the fiscal years ended June 30, 2010 and 2009. Following the MD&A are the basic financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

FINANCIAL POSITION SUMMARY

The Authority's fiscal year 2010 total assets decreased by \$25.2 million or 7.5% from fiscal year 2009 and total liabilities decreased by \$16.3 million or 15.3%. Total assets exceeded total liabilities by \$217.8 million as of June 30, 2010 as compared to \$226.7 million as of June 30, 2009 or a net decrease of \$8.9 million.

The fiscal year 2009 total assets decreased by \$26.3 million or 7.3% from fiscal year 2008 and total liabilities decreased by \$3.4 million or 3.1%. Total assets exceeded total liabilities by \$226.7 million as of June 30, 2009 as compared to \$249.5 million as of June 30, 2008, or a net decrease of \$22.8 million.

BALANCE SHEETS

As of June 30,
(In Thousands)

	2010	2009	2008
ASSETS			
Current unrestricted assets	\$ 106,616	\$ 123,081	\$ 133,044
Current restricted assets	46,410	28,639	37,409
Total current assets	<u>153,026</u>	<u>151,720</u>	<u>170,453</u>
Non-current assets:			
Restricted cash and cash equivalents	22,434	33,390	36,472
Restricted investments	817	817	809
Capital assets, net	129,521	144,559	148,216
Development and bond issuance costs, net	2,727	3,190	3,978
Total non-current assets	<u>155,499</u>	<u>181,956</u>	<u>189,475</u>
TOTAL ASSETS	<u>\$ 308,525</u>	<u>\$ 333,676</u>	<u>\$ 359,928</u>
LIABILITIES			
Current liabilities	\$ 33,776	\$ 37,659	\$ 40,607
Long-term liabilities	56,906	69,356	69,849
TOTAL LIABILITIES	<u>90,682</u>	<u>107,015</u>	<u>110,456</u>
NET ASSETS			
Invested in capital assets, net of related debt	120,895	133,360	135,575
Restricted	37,015	36,646	45,876
Unrestricted	59,933	56,655	68,021
Total net assets	<u>217,843</u>	<u>226,661</u>	<u>249,472</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 308,525</u>	<u>\$ 333,676</u>	<u>\$ 359,928</u>



FINANCIAL HIGHLIGHTS

The following is an overview of significant changes within the Balance Sheets as of June 30, 2010 and 2009:

ASSETS

Current unrestricted assets decreased by \$16.5 million or 13.4% from fiscal year 2009, which decreased by \$10.0 million or 7.5% over fiscal year 2008. The fiscal year 2010 decrease is primarily due to:

- Unrestricted cash and cash equivalents decreased by \$18.9 million. This occurred primarily due to:
 - Payments of \$13.2 million for closure costs at the Hartford landfill, equipment purchases and plant improvements at the Mid-Connecticut Waste Processing and Power Block Facilities; fiscal year 2009 service fee at the Southeast Project; various capital expenditures at the Energy Generating Facility; costs associated with the landfill development; post-closure costs at the Shelton landfill; and a claim in connection with a Mid-Connecticut operator; and
 - A transfer of \$5.7 million to the Property Division non-current restricted Post-closure Trust Fund as a result of a new Stewardship Permit at the Shelton Landfill; and
 - A \$3.5 million transfer of funds, net to the Mid-Connecticut Project current restricted Revenue Fund for credit to the Mid-Connecticut Project members to offset the fiscal year 2010 adopted tip fee of \$69 per ton of solid waste delivered; and
 - A \$1.6 million distribution of Bridgeport Project-related funds to the former Bridgeport Project town members; and
 - Higher disbursement of funds for goods and services received at the Mid-Connecticut Project (\$1.5 million); and
 - Lower transfer of funds from the Mid-Connecticut current restricted Revenue Fund for operating activities due to timing (\$1.1 million); and
 - A transfer of \$500,000 to the Authority's current restricted Escrow Account in accordance with the Connecticut Transfer Act for the conveyance of the Wallingford Resource Recovery Facility to the Covanta Projects of Wallingford, LP.; partially offset by:
 - Contributions toward operating cash requirements of \$4.4 million at the Mid-Connecticut Project for monitoring and maintenance of the Hartford and Ellington landfills post-closure care costs and capital expenditures at the Mid-Connecticut Project facilities; and
 - A \$1.7 million transfer of funds from the Wallingford Project non-current restricted assets to stabilize the project fiscal year 2010 tip fee of \$60 per ton; and
 - A \$1.2 million transfer of funds from the Mid-Connecticut Project non-current restricted assets for a purchase of a new jet fuel tank at the Mid-Connecticut Jet Turbine Facility scheduled in fiscal year 2011; and



- A receipt of \$495,000 settlement funds (net of attorneys' fees and costs of litigation of \$55,000) at the Mid-Connecticut Project as a result of an Enron-related lawsuit settlement.
- Accounts receivable, net increased by \$2.9 million as a result of the following:
 - Increased accounts receivable at the Mid-Connecticut Project. This increase reflects an increase in miscellaneous receivables as a result of a \$5.0 million State grant receivable from the Connecticut Department of Environmental Protection ("CTDEP") as reimbursement of additional costs previously incurred by the Authority in the closure of the Hartford Landfill; partially offset by a decrease in service payment receivables as a result of the credit to the Mid-Connecticut Project town members and improved collection in other miscellaneous receivables; and
 - Decreased accounts receivable at the Wallingford Project due to decreases in electricity generation and contract rates.
- Prepaid expenses decreased by \$645,000, reflecting payments to vendors for insurance expenses and payments in lieu of taxes ("PILOT") that are applicable to future accounting periods. These payments are recorded as prepaid items as of June 30, 2010.

The fiscal year 2009 decrease was primarily due to:

- A \$26.7 million distribution of Wallingford Project reserves to the Wallingford Project member towns; and
- Payments of \$19.0 million for the design, upgrade, and retrofit of the Mid-Connecticut Regional Recycling Center, equipment purchases, and plant improvements at the Mid-Connecticut Waste Processing Facility and Power Block Facility, closure costs at the Hartford landfill, costs associated with the purchase option for the Wallingford plant, and landfill development; and
- Decreased accounts receivable, net of \$2.5 million at the Bridgeport Project due to the Bridgeport Project municipal service agreements ("MSA") with the towns terminating on December 31, 2008; offset by:
- Contributions toward operating cash requirements for a total of \$22.7 million at the Bridgeport Project (\$1.6 million), Mid-Connecticut Project (\$17.5 million), and Wallingford Project (\$3.6 million) for specific purposes; and
- Increased operating cash balance of \$5.4 million mainly due to timely transfers of funds from the Mid-Connecticut restricted Revenue Fund for operating activities and an increase in tipping fees enacted at the Bridgeport, Mid-Connecticut, and Wallingford Projects; and
- Settlement funds of \$3.5 million (net of attorneys' fees and costs of litigation) at the Mid-Connecticut Project as a result of a litigation-related settlement; and
- A \$3.0 million grant received from the CTDEP in January 2009 as reimbursement of costs previously incurred by the Authority in the closure of the Hartford landfill; and
- Interest earned on current unrestricted cash and cash equivalents of \$1.8 million; and
- A \$1.2 million transfer of funds from the Bridgeport Project current restricted assets as a result of the bonds maturities in January 2009.



Current restricted assets increased by \$17.8 million or 62.1% from fiscal year 2009, which decreased by \$8.8 million or 23.4% from fiscal year 2008. The fiscal year 2010 increase is primarily due to:

- A reclass of \$14.4 million from the non-current restricted Wallingford Tip Fee Stabilization Fund as a result of the Wallingford Project expiration with the town members and operator as of June 30, 2010; and
- The transfer of \$500,000 from the Authority's current unrestricted Risk Fund to the Authority's current restricted Escrow Account in accordance with the Connecticut Transfer Act for the conveyance of the Wallingford Resource Recovery Facility to the Covanta Projects of Wallingford, LP.; and
- Contributions toward reserve requirements of \$500,000 at the Mid-Connecticut Project for recycling education program and Southeast Project for monitoring and maintenance of the Montville landfill post-closure care costs ; and
- Revenue Fund balance at the Mid-Connecticut Project increased by \$5.0 million. This increase is attributable to the following:
 - The impact of lower debt service transfer during fiscal year 2010 as a result of the fiscal year 2009 debt service transfer in advance resulting from the indenture rate covenant calculation; and
 - The transfer of funds from the Mid-Connecticut Project current unrestricted Debt Service Stabilization Fund for credit to the Mid-Connecticut Project members to offset the fiscal year 2010 adopted tip fee of \$69 per ton of solid waste delivered; and
 - The impact of lower transfers of funds to the Mid-Connecticut unrestricted Operating Fund for operating activities due to timing; partially offset by:
- Debt Service Fund balances at the Mid-Connecticut and Southeast Projects decreased by \$2.9 million as a result of regular principal and interest payments due on Authority bonds in November 2009 and May 2010; which is partially offset by additional debt service deposits for regular principal payments due in November 2010.

The fiscal year 2009 decrease was primarily due to:

- Revenue Fund balances at two projects decreased by a total of \$7.8 million; the Mid-Connecticut Project (\$5.7 million) and the Wallingford Project (\$2.1 million). The decrease at the Mid-Connecticut Project is mainly due to the timely transfers of funds to the Mid-Connecticut unrestricted assets for operating activities. The decrease at the Wallingford Project is due to decreases in electricity generation and contract rates; and
- The \$1.2 million transfer of funds to the Bridgeport Project current unrestricted assets as the result of the bonds maturities in January 2009; offset by:
- Interest earned on current restricted assets of \$0.7 million.

Non-current assets decreased by \$26.5 million or 14.5% from fiscal year 2009, which decreased by \$7.5 million or 4.0% from fiscal year 2008. The fiscal year 2010 decrease occurred primarily due to:



- Restricted cash and cash equivalents decreased by \$11.0 million. This decrease reflects a combination of the following:
 - The reclass of \$14.4 million to the Wallingford Project current restricted assets as the result of the Wallingford Project expiration with the town members and operator as of June 30, 2010; and
 - The \$1.2 million transfer of funds to the Mid-Connecticut Project current unrestricted Facility Modifications Fund for the purchase of a new jet fuel tank at the Mid-Connecticut Jet Turbine Facility scheduled in fiscal year 2011; and
 - The \$1.7 million transfer of funds to the Wallingford Project current unrestricted Operating Fund for stabilizing the project fiscal year 2010 tip fee of \$60 per ton; partially offset by:
 - The transfer of \$5.7 million from the Property Division current unrestricted Post-closure Fund to establish the Shelton Landfill Post-closure Trust Fund as a result of the new Stewardship Permit; and
 - A \$1.1 million contribution toward reserve cash requirement.
- Capital assets – depreciable, net decreased by \$5.0 million due to a \$16.8 million of depreciation expense, offset by \$1.3 million in plant improvements and equipment purchases and a reclass of \$10.5 million in construction in progress from the nondepreciable capital assets.
- Capital assets – nondepreciable decreased by \$10.0 million due to the reclass of \$10.5 million in construction in progress to the depreciable capital assets, net and a write-off of \$1.6 million in deferred acquisition costs in association with the licensing and development of the Franklin landfill as a result of the suspension of landfill development in the State of Connecticut; partially offset by an increase of \$2.1 million in construction in progress.
- Development and bond issuance costs, net decreased by \$463,000 due to amortization expense.

The fiscal year 2009 decrease was primarily due to:

- Payments of \$3.3 million for two gas turbines and the rebuild of a turbine at the Energy Generating Facility; and
- Decreased capital assets, net of \$3.6 million due to \$16.6 million of depreciation expense and a \$2.4 million loss on a write-off of assets that were transferred to certain Bridgeport Project member towns on January 1, 2009; offset by \$15.7 million in plant improvements, equipment purchases, construction in progress, and deferred acquisition costs; and
- Decreased development and bond issuance costs, net of \$0.8 million due to amortization expense.



LIABILITIES

Current liabilities decreased by \$3.9 million or 10.3% compared to fiscal year 2009, which decreased by \$2.9 million or 7.3% compared to fiscal year 2008. The fiscal year 2010 decrease from 2009 is primarily due to:

- An \$861,000 decrease in net current portion of landfill closure and post-closure care mainly due to lower costs anticipated to be incurred at the Hartford Landfill within the next twelve months; and
- A \$3.3 million decrease in accounts payable and accrued expenses due to a lower accrued expenses balance at the Bridgeport, Mid-Connecticut, and Wallingford Projects.

The fiscal year 2009 decrease from 2008 was primarily due to:

- A decrease in net current portion of closure and post-closure care of landfills of \$1.1 million as a result of lower costs anticipated to be incurred at the Hartford and Waterbury landfills within the next twelve months; and
- A decrease in accounts payable and accrued expenses of \$3.0 million due to lower accrued expenses balance at the Bridgeport Project as a result of the closure of the Bridgeport Project on December 31, 2008; partially offset by higher accrued expenses balance at the Southeast Project; offset by:
- An increase in current portion of bonds payable, net of \$1.1 million as a result of the resumption of principal payments for the Mid-Connecticut 1996 Series A Bonds scheduled in November 2009; partially offset by the three bond issues maturing during fiscal year 2009: Bridgeport Project Refinancing Bonds 1999 Series A, Bridgeport Refinancing Bonds 2000 Series A, and Wallingford Project Refinancing Bonds 1998 Series A.

Long-term liabilities decreased by \$12.5 million or 18.0% compared to fiscal year 2009, which decreased by \$490,000 or 0.7% compared to fiscal year 2008. The fiscal year 2010 decrease is primarily due to:

- Decreased bonds payable, net of \$4.3 million due to regular principal payment due on Authority bonds in November 2009; and
- Decreased landfill closure and post-closure care of \$8.0 million. This occurred due to a \$6.4 million reduction in the long-term liability accounts as a result of payments for closure and post-closure care costs and a \$2.5 million decrease in projected costs at the Ellington, Hartford, Shelton, Wallingford, and Waterbury landfills; partially offset by the impact of lower current portion of closure and post-closure care costs of \$861,000. The decrease in projected costs is a combination of the following:
 - Hartford Landfill: Fiscal year 2010 actual expenditures were less than estimated; and
 - Shelton Landfill:
 - Estimated cost for permit fees was decreased as a result of the Stewardship Permit; and
 - Certain other estimated costs were decreased based on improved maintenance and operating for the gas system and re-analysis of costs required; and



- Wallingford Landfill:
 - Certain estimated costs were decreased as a result of the Stewardship Permit.

The fiscal year 2009 decrease from 2008 was due to:

- Decreased bonds payable, net of \$4.0 million due to regular principal payments on Authority bonds and the three bond issues maturing during fiscal year 2009: Bridgeport Project Refinancing Bonds 1999 Series A, Bridgeport Refinancing Bonds 2000 Series A, and Wallingford Project Refinancing Bonds 1998 Series A; offset by:
- Increased landfill closure and post-closure care of \$3.7 million due to:
 - Increased projected costs of \$10.0 million. This increase is due to increased post-closure monitoring and maintenance costs at the Ellington, Hartford, Shelton, and Wallingford landfills and increased pollution legal liability insurance at the Shelton landfill; and
 - Increased estimated total current costs of \$1.3 million at the Hartford landfill due to an increase in the Hartford landfill capacity used; and
 - Lower current portion of closure and post-closure care costs of \$1.1 million; offset by:
 - A reduction of \$7.9 million in the long-term liability accounts as a result of payments for closure and post-closure care costs at the Ellington, Hartford, Shelton, Wallingford, and Waterbury landfills; and
 - Decreased projected costs of \$770,000 at the Waterbury landfill due to lower actual closure costs and a decrease in the estimated cost for pollution legal liability insurance.



SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

Net assets may serve over time as a useful indicator of the Authority's financial position.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Fiscal Years Ended June 30,
(In Thousands)

	2010	2009	2008
Operating revenues	\$ 138,122	\$ 171,703	\$ 189,988
Operating expenses	135,011	183,553	170,954
Income (loss) before depreciation and amortization and other non-operating revenues and (expenses)	3,111	(11,850)	19,034
Depreciation and amortization	17,292	17,398	18,184
Income (loss) before other non-operating revenues and (expenses), net	(14,181)	(29,248)	850
Non-operating revenues, net	5,363	6,437	9,851
Change in net assets	(8,818)	(22,811)	10,701
Total net assets, beginning of year	226,661	249,472	238,771
Total net assets, end of year	\$ 217,843	\$ 226,661	\$ 249,472

Operating revenues decreased by \$33.6 million or 19.6% during fiscal year 2010 from fiscal year 2009 and decreased by \$18.3 million or 9.6% during fiscal year 2009 from fiscal year 2008. The fiscal year 2010 decrease is primarily due to a \$12.9 million decrease in member service charges, a \$9.2 million decrease in other service charges, a \$5.4 million decrease in energy sales, a \$2.5 million decrease in ash disposal reimbursement, and a \$3.6 million decrease in other operating revenues.

The fiscal year 2009 decrease was primarily due to a \$15.7 million decrease in member and contract service charges, a \$2.2 million decrease in ash disposal reimbursement, and a \$511,000 decrease in other operating revenues.

Operating expenses decreased by \$48.5 million or 26.4% during fiscal year 2010 primarily due to a \$25.0 million decrease in distribution to member towns, a \$13.0 million decrease in landfill closure and post-closure care costs, a \$9.5 million decrease in solid waste operations, a \$1.6 million decrease in General and Administrative services, and an \$865,000 decrease in legal services – external; partially offset by an \$805,000 increase in Operational and Environmental services.

Operating expenses increased by \$12.6 million or 7.4% during fiscal year 2009 primarily due to a \$26.7 million distribution to the Wallingford Project member towns and a \$5.4 million increase in landfill closure and post-closure care costs, offset by a \$16.9 million decrease in solid waste operations and a \$2.7 million decrease in maintenance and utilities.

Depreciation and amortization remained relatively flat, decreasing by \$106,000 or 0.6% during fiscal year 2010. During fiscal year 2009, depreciation and amortization decreased by \$786,000



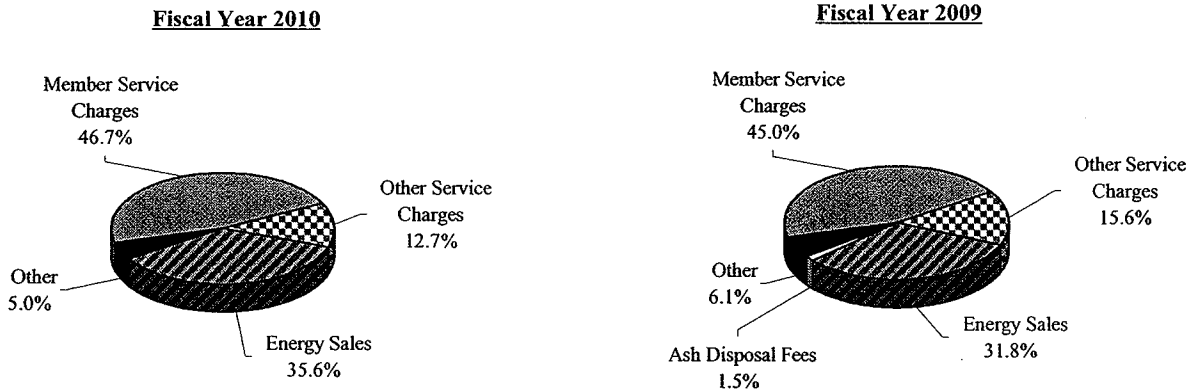
or 4.3%. The fiscal year 2009 decrease was primarily due to the transfers of the Bridgeport Project assets to the towns on January 1, 2009, and other fully depreciated assets.

Non-operating revenues, net decreased by \$1.1 million during fiscal year 2010 primarily due to a \$2.3 million decrease in investment income and a \$4.3 million decrease in litigation-related settlement income resulting from various Enron-related lawsuits during fiscal year 2009; partially offset by the \$5.0 million State grant as reimbursement of additional costs previously incurred by the Authority in the closure of the Hartford Landfill.

Non-operating revenues, net decreased by \$3.4 million during fiscal year 2009 primarily due to the loss on the transfers of the Bridgeport Project assets to the towns, and decreased investment income, which is partially offset by the \$3.0 million State grant as reimbursement of costs previously incurred by the Authority in the closure of the Hartford landfill.

SUMMARY OF OPERATING REVENUES

The following charts show the major sources and the percentage of operating revenues for the fiscal years ended June 30, 2010 and 2009:



During fiscal year 2010, Solid Waste tipping fees (member service and other service charges) account for 59.4% of the Authority’s operating revenues. Energy sales make up another 35.6% of operating revenues. During fiscal year 2009, Solid Waste tipping fees (member service and other service charges) plus ash disposal reimbursement account for 62.1% of the Authority’s operating revenues. Energy sales make up another 31.8% of operating revenues.



A summary of operating revenues and non-operating revenues, and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING AND NON-OPERATING REVENUES
Fiscal Years Ended June 30,
(In Thousands)

	2010	2009	2010 Increase/ (Decrease) from 2009	2010 Percent Increase/ (Decrease)	2008	2009 Increase/ (Decrease) from 2008	2009 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	\$ 64,393	\$ 77,236	\$ (12,843)	(16.6%)	\$ 86,455	\$ (9,219)	(10.7%)
Other service charges	17,597	26,838	(9,241)	(34.4%)	33,308	(6,470)	(19.4%)
Energy sales	49,203	54,568	(5,365)	(9.8%)	54,460	108	0.2%
Ash disposal reimbursement	-	2,511	(2,511)	(100.0%)	4,704	(2,193)	(46.6%)
Other operating revenues	6,929	10,550	(3,621)	(34.3%)	11,061	(511)	(4.6%)
Total Operating Revenues	138,122	171,703	(33,581)	(19.6%)	189,988	(18,285)	(9.6%)
Non-Operating Revenues:							
Litigation-related settlements	-	4,250	(4,250)	(100.0%)	4,745	(495)	(10.4%)
Investment income	556	2,818	(2,262)	(80.3%)	7,208	(4,390)	(60.9%)
Other income	5,912	3,871	2,041	52.7%	292	3,579	1225.7%
Total Non-Operating Revenues	6,468	10,939	(4,471)	(40.9%)	12,245	(1,306)	(10.7%)
TOTAL	\$ 144,590	\$ 182,642	\$ (38,052)	(20.8%)	\$ 202,233	\$ (19,591)	(9.7%)

Overall, fiscal year 2010 total revenues decreased by \$38.1 million or 20.8% from fiscal year 2009. Fiscal year 2009 total revenues decreased by \$19.6 million or 9.7% from fiscal year 2008. The following discusses the major changes in operating and non-operating revenues of the Authority:

- Member service charges decreased by \$12.8 million and \$9.2 million in fiscal years 2010 and 2009, respectively. The fiscal year 2010 decrease is primarily due to an \$18.7 million decrease in member revenues at the Bridgeport Project as a result of the closure of the Bridgeport Project as of December 31, 2008, a \$2.3 million decrease in member revenues at the Mid-Connecticut Project as a result of the credit to the Mid-Connecticut Project members, which is partially offset by an \$8.0 million increase in member revenues at the SouthWest Division as a result of the commencement of operations at the Wheelabrator Bridgeport Facility since January 2009. The fiscal year 2009 decrease was primarily due to the closure of the Bridgeport Project, lower member deliveries at the Mid-Connecticut and Southeast Projects; partially offset by an increase in member revenues at the SouthWest Division.
- Other service charges to both contract towns and spot waste haulers decreased by \$9.2 million and \$6.5 million in fiscal years 2010 and 2009, respectively. The fiscal year 2010 decrease is primarily at the Bridgeport and Mid-Connecticut Projects. The \$7.6 million decrease at the Bridgeport Project is due to the closure of the project. The \$1.6 million decrease at the Mid-Connecticut Project is mainly as a result of the credit to the Mid-Connecticut Project members. The fiscal year 2009 decrease was primarily due to the closure of the Bridgeport Project as of December 31, 2008, and lower contract deliveries



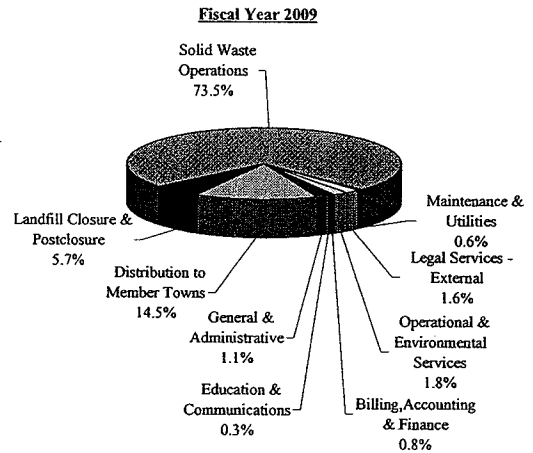
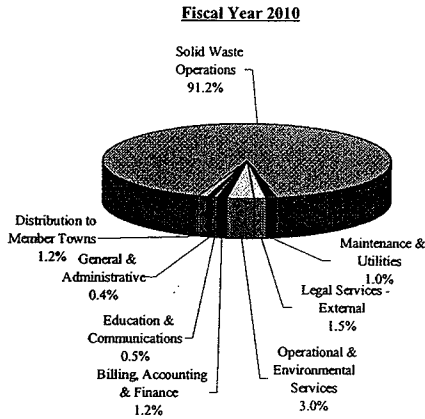
at the Southeast Project; which is partially offset by increased contract deliveries at the Mid-Connecticut Project and increased spot waste deliveries at the Southeast Project.

- Energy sales decreased by \$5.4 million during fiscal year 2010 and slightly increased by \$108,000 in fiscal year 2009. The fiscal year 2010 decrease is due to a \$5.9 million decreased energy sales at the Wallingford Project as a result of decreases in electricity generation and contract rates and a \$500,000 decreased energy sales at the Mid-Connecticut Project as a result of major outages, which is offset by a \$1.0 million increased energy sales at the Southeast Project as a result of higher electricity generation. The fiscal year 2009 increase was due to increased contract electricity rates received for the first 250 million kilowatts generated at the Mid-Connecticut Project; partially offset by a decrease in electricity revenue received at the Wallingford Project due to decreases in electricity generation and contract rates.
- Ash disposal reimbursement decreased by \$2.5 million and \$2.2 million in fiscal years 2010 and 2009, respectively. Both of the fiscal years 2010 and 2009 decreases are due to the closure of the Bridgeport Project as of December 31, 2008.
- Other operating revenues decreased by \$3.6 million and \$511,000 in fiscal years 2010 and 2009, respectively. The fiscal year 2010 decrease is due to a \$2.6 million decrease in other operating revenues at the Bridgeport Project as a result of the closure of the Bridgeport Project, a \$1.9 million decrease in commercial bulky waste and DEP certified materials at the Mid-Connecticut Project; which is partially offset by a \$1.0 million increase in other operating revenues at the Property Division as a result of the creation of the Property Division to reflect certain transactions that used to be accounted for under the Bridgeport Project. The fiscal year 2009 decrease was due to decreased recycling sales.
- Litigation-related settlements: There were no litigation-related settlements during fiscal year 2010. Litigation-related settlements of \$4.3 million during fiscal year 2009 represent settlements of various Enron-related lawsuits.
- Investment income decreased by \$2.3 million from fiscal year 2009 to 2010 and \$4.4 million from fiscal year 2008 to 2009. The fiscal year 2010 decrease is mainly due to lower reserve balances due to the utilization of certain operating cash and reserves for the distributions of funds to the Wallingford Project town members in April 2009 and the former Bridgeport Project town members in November 2009. In addition, continued low interest rates resulting from the overall global recession and depressed market conditions is also attributable to the decrease in investment income in fiscal year 2010. The fiscal year 2009 decrease was mainly due to lower interest rate resulting from the overall global recession and depressed market conditions.
- Other income of \$5.9 million for fiscal year 2010 represents the \$5.0 million State grant as reimbursement of additional costs previously incurred by the Authority in the closure of the Hartford landfill, reimbursement from the Southeastern Connecticut Regional Resources Recovery Authority ("SCRRRA") for fiscal year 2009 service fee, gains on sales of equipment, and miscellaneous income. Other income of \$3.9 million for fiscal year 2009 represents the \$3.0 million State grant as reimbursement of costs previously incurred by the Authority in the closure of the Hartford landfill, gains on sales of equipment, and miscellaneous income.



SUMMARY OF OPERATING EXPENSES

The following charts show the major sources and the percentage of operating expenses for the fiscal years ended June 30, 2010 and 2009:



Solid Waste Operations are the major component of the Authority's operating expenses, accounting for 91.2% of operating expenses in fiscal year 2010. During fiscal year 2009, Solid Waste Operations accounted for 73.5% of operating expenses.



A summary of operating expenses and non-operating expenses and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING AND NON-OPERATING EXPENSES
Fiscal Years Ended June 30,
(In Thousands)

	2010	2009	2010 Increase/ (Decrease) from 2009	2010 Percent Increase/ (Decrease)	2008	2009 Increase/ (Decrease) from 2008	2009 Percent Increase/ (Decrease)
Operating Expenses:							
Solid waste operations	\$ 125,407	\$ 134,944	\$ (9,537)	(7.1%)	\$ 151,887	\$ (16,943)	(11.2%)
Maintenance and utilities	1,365	1,168	197	16.9%	3,862	(2,694)	(69.8%)
Landfill closure and post-closure	(2,495)	10,507	(13,002)	(123.7%)	5,114	5,393	105.5%
Legal services - external	2,055	2,920	(865)	(29.6%)	2,804	116	4.1%
Operational & Environmental services	4,112	3,307	805	24.3%	3,118	189	6.1%
Billing, Accounting & Finance services	1,651	1,462	189	12.9%	1,527	(65)	(4.3%)
Education & Communications services	754	477	277	58.1%	484	(7)	(1.4%)
General & Administrative services	523	2,093	(1,570)	(75.0%)	2,158	(65)	(3.0%)
Distribution to member towns	1,639	26,675	(25,036)	0.0%	-	26,675	0.0%
Total Operating Expenses	135,011	183,553	(48,542)	(26.4%)	170,954	12,599	7.4%
Depreciation and amortization	17,292	17,398	(106)	(0.6%)	18,184	(786)	(4.3%)
Non-Operating Expenses:							
Interest expense	1,063	1,284	(221)	(17.2%)	1,863	(579)	(31.1%)
Other expenses	42	3,218	(3,176)	(98.7%)	531	2,687	506.0%
Total Non-Operating Expenses	1,105	4,502	(3,397)	(75.5%)	2,394	2,108	88.1%
TOTAL	\$ 153,408	\$ 205,453	(52,045)	(25.3%)	\$ 191,532	\$ 13,921	7.3%

The Authority's total expenses decreased by \$52.04 million or 25.3% between fiscal years 2010 and 2009. Fiscal year 2009 total expenses increased by \$14.0 million or 7.3% from fiscal year 2008. Notable differences between the fiscal years include:

- Solid waste operations decreased by \$9.5 million from fiscal year 2010 to 2009. This occurred primarily due to the following:
 - Operating expenses at the Bridgeport Project decreased by \$25.1 million due to the closure of the project; and
 - Operating expenses at the Southeast Project decreased by \$1.2 million due to decreased contract operating charges and lower distribution of funds to the SCRRA for future expenses; and
 - Operating expenses at the Wallingford Project decreased by \$765,000 due to lower contract operating charges; partially offset by:
 - Operating expenses at the Mid-Connecticut Project increased by \$9.2 million primarily due to higher ash transportation and disposal services as a result of the closure of the Hartford landfill, the impact on the write-off of prior years' deferred



acquisition costs, and higher contract operating charges at the Waste Processing Facility; which is partially offset by decreased landfill development costs and lower contract operating charges at the waste transport and the Hartford Landfill; and

- Operating expenses at the SouthWest Division increased by \$7.7 million due to the commencement of operations at the Wheelabrator Bridgeport Facility; and
- Operating expenses at the Property Division increased by \$674,000 due to the creation of the Property Division in January 2009 to reflect certain transactions that used to be accounted for under the Bridgeport Project.

Solid waste operations decreased by \$16.9 million from fiscal year 2009 to 2008 primarily due to:

- Operating expenses at the Bridgeport Project decreased due to the closure of the project as of December 31, 2008; and
- Operating expenses at the Wallingford Project decreased due to lower operating contract charges; partially offset by:
- Operating expenses at the Mid-Connecticut Project increased due to an increase in ash disposal costs associated with the closing of the Hartford landfill including waste transportation; and
- Operating expenses at the SouthWest Division increased due the commencement of operations at the Wheelabrator Bridgeport facility; and
- Operating expenses at the Southeast Project increased due to higher distribution of funds to the SCRRA for future expenses and an increase in the per ton processing fee as a result of a decrease in the project tonnage offset by savings in ash disposal.
- Maintenance and utilities expenses remained relatively flat, increasing by \$197,000 during fiscal year 2010. During fiscal year 2009, maintenance and utilities expenses decreased by \$2.7 million primarily due to lower closure costs at the Hartford landfill.
- Landfill closure and post-closure costs of (\$2.5 million) for fiscal year 2010 represents the decreases in estimated costs at the Hartford, Shelton, and Wallingford landfills. Landfill closure and post-closure costs of \$10.5 million for fiscal year 2009 represents the increases in post-closure monitoring and maintenance costs at the Ellington, Hartford, Shelton, and Wallingford landfills, the increase in pollution legal liability insurance at the Shelton landfill, and the increase in the Hartford landfill capacity used, which is offset by the decreases in closure costs and pollution legal liability insurance at the Waterbury landfill.
- Legal services - external decreased by \$865,000 during fiscal year 2010 as a result of higher legal fees and costs incurred during fiscal year 2009 in association with the closure of the Bridgeport Project, the Enron litigation-related settlement and the purchase option for the Wallingford plant. During fiscal year 2009, legal services – external remained relatively flat, increasing by \$116,000.
- Operational and Environmental services increased by \$805,000 from fiscal year 2009 and \$189,000 from fiscal year 2008. The fiscal year 2010 increase is primarily due to the allocation of legal consulting costs from the General and Administrative department.



- General and Administrative services decreased by \$1.6 million from fiscal year 2009 and \$65,000 from fiscal year 2008. The fiscal year 2010 decrease is primarily due to the allocation of legal consulting costs to other departments.
- Distribution to member towns of \$1.6 million during fiscal year 2010 represents the distribution of funds to the former Bridgeport Project town members. During fiscal year 2009, distribution to member towns of \$26.7 million represents the distribution of funds to the Wallingford Project member towns.
- Interest expense decreased by \$221,000 during fiscal year 2010 and \$579,000 during fiscal year 2009 due to decreases in the principal amount of bonds.
- Other expenses during fiscal year 2010 of \$42,000 represents trustee fees, letter of credit fees, and other miscellaneous expenses. Other expenses during fiscal year 2009 of \$3.2 million include the \$2.4 million loss on the write-off of the Bridgeport assets, costs associated with the purchase option for the Wallingford plant, plus trustee fees and letter of credit fees.

CAPITAL ASSETS

The Authority's investment in capital assets for its activities as of June 30, 2010 and 2009 totaled \$129.5 million and \$144.6 million, respectively (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, equipment, gas and steam turbines, land, landfills, roadways, rolling stock and vehicles.

The total fiscal year 2010 and 2009 decrease in the Authority's investment in capital assets was 10.4% and 2.5%, respectively. The fiscal year 2010 decrease is due to depreciation expense; partially offset by plant improvements, equipment purchases, and construction in progress. The fiscal year 2009 decrease was due to depreciation expense and the loss on the transfers of the Bridgeport Project assets, offset by plant improvements, equipment purchases, construction in progress and deferred acquisition costs.

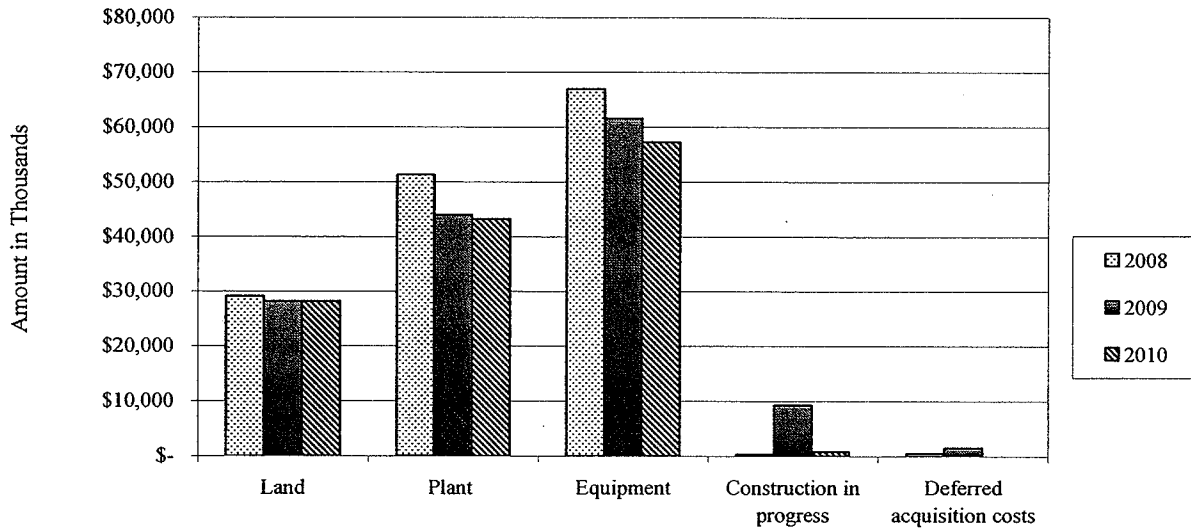
Major capital asset events during the current and immediate prior two fiscal years included purchases of new boiler pressure parts for the Mid-Connecticut Power Block Facility and two new gas turbines for the Mid-Connecticut Jet Turbine Facility, conversion of the Mid-Connecticut Regional Recycling Facility, renovations of the ash loadout area, improvements of the HVAC system at the Mid-Connecticut Waste Processing Facilities, land purchase, landfill development costs, conveyor rebuilds, overhaul of turbines #5 and #6, and upgrade of the automation system.



The following table is a three year comparison of the Authority's investment in capital assets:

Capital Assets
(Net of Accumulated Depreciation)
As of June 30,
(In Thousands)

	2008	2009	2010
Land	\$ 29,079	\$ 28,180	\$ 28,180
Plant	51,293	43,917	43,189
Equipment	66,958	61,566	57,291
Construction-in-progress	327	9,330	861
Deferred acquisition costs	559	1,566	-
Totals	\$ 148,216	\$ 144,559	\$ 129,521



Additional information on the Authority's capital assets can be found in Notes 1K, 1L, and 3 on pages 30 - 31 and 35 of this report.

LANDFILL ACTIVITY

Ash Landfill Initiative

In August 2009, the Authority decided, based on direction being promulgated by the State leaders, to suspend its efforts to develop an ash landfill in the State of Connecticut, and instead, focus on consideration of other environmentally sound options for long-term disposal of ash residue from its resource recovery facilities, including disposal at other in-state and out-of-state landfills.



Hartford Landfill

The Connecticut State Legislature approved legislation that provides \$13.0 million, for the Authority, for costs associated with the closure of the Hartford landfill, with \$3.0 million allocated in fiscal year 2008, and \$10.0 million allocated in fiscal year 2009. In March 2008, the State Bond Commission appropriated \$3.0 million. The Authority received the \$3.0 million in January 2009. In July 2010, the State Bond Commission appropriated another \$5.0 million. The Authority expects to receive the \$5.0 million by the end of this calendar year.

In June and July 2007, the Authority awarded two closure construction contracts, together valued at approximately \$15.0 million. These construction activities proceeded during fiscal 2008 and continued into fiscal year 2009. In July 2009, the Authority awarded a closure contract for the final portion Phase I ash area valued at approximately \$2.5 million. The closure construction activities associated with the Phase I ash area were completed in fiscal year 2010 and the closure construction activities associated with the MSW/Interim ash area will continue into fiscal year 2011. It is expected that these closure activities will be completed during calendar year 2012.

Waterbury Landfill

The Authority's Waterbury Bulky Waste Landfill, a small, 5.5 acre landfill, was permitted in the mid-1980's by Waterbury Landfill Associates to accept waste such as land clearing debris and construction and demolition debris. The landfill was subsequently purchased by the Authority in 1986 and made part of its Bridgeport Project. The landfill reached the end of its economically useful life in fiscal year 2008 and the Authority initiated closure activities at the beginning of fiscal year 2009. Closure construction work was completed in November 2008. The Authority inspected the closure construction activities in summer 2009 and confirmed that the vegetative support layer of the landfill had been satisfactorily established. The Authority submitted a closure construction certification report on September 18, 2009, and received a notice for CTDEP certifying compliant closure of the landfill dated November 19, 2009.

Shelton and Wallingford Landfills

These two landfills are both closed and are being compliantly managed in accordance with CTDEP's regulations governing post-closure management of solid waste landfills and the specific environmental permits that govern post-closure requirements at these landfills. In January 2009, CTDEP advised the Authority that it was finally in a position to issue Stewardship permits to the Shelton and Wallingford landfills. The Authority had submitted post-closure permit applications to the U.S. Environmental Protection Agency ("USEPA") under the federal hazardous waste program in December 1991 for both landfills. Both of these permits were issued on September 16, 2009. Both landfills are subject to this permit program because both have metal hydroxide waste (hazardous waste) disposal areas. In general, these Stewardship permits will incorporate and subsume permit conditions and regulatory requirements currently found in the solid waste and groundwater discharge permits for the landfills, in addition to the requirements specified in the hazardous waste regulations. One change that CTDEP is requiring as part of issuance of these permits is that the Authority adds a 15% contingency to the post-closure cost estimate for each landfill (15% above the Authority's estimate).



AUTHORITY RATES AND CHARGES

During the months of January and February each year, as required under the various project bond resolutions, the Authority’s Board of Directors approves the succeeding fiscal year tip fees for all of the projects except the Southeast Project, which is subject to approval by the SCRRA. The following table presents a history of the tip fees for each of the projects:

TIP FEE HISTORY BY PROJECT						
(Dollars charged per ton of solid waste delivered)						
Fiscal Year	Mid-Connecticut 1,2,3	Bridgeport 4		South West Division 5	Wallingford	Southeast
2001	\$50.00	\$60.00	\$7.00	N/A	\$56.00	\$58.00
2002	\$51.00	\$60.00	\$7.00	N/A	\$55.00	\$57.00
2003	\$57.00	\$62.00	\$7.00	N/A	\$55.00	\$57.00
2004	\$63.75	\$63.00	\$8.00	N/A	\$55.00	\$60.00
2005	\$70.00	\$64.50	\$8.00	N/A	\$56.00	\$60.00
2006	\$70.00	\$66.00	\$8.00	N/A	\$57.00	\$60.00
2007	\$69.00	\$70.00	\$8.00	N/A	\$58.00	\$60.00
2008	\$69/\$60.96	\$76.00	\$5.00	N/A	\$59.00	\$60.00
2009	\$72/\$62	\$80.00	\$18.50	N/A	\$60.00	\$60.00
2010	\$69/\$63	N/A	N/A	\$63.00	\$60.00	\$60.00

¹ On October 25, 2007, per court order, the Authority reduced the Mid-Connecticut Project tip fee for municipalities for the remainder of fiscal year 2008. The hauler’s rate remained at \$69/ton for the entire year.

² The Mid-Connecticut Project tip fee was reduced to \$62.00 per ton for the period January 1 – June 30, 2009.

³ On June 18, 2009, the Board of Directors extended a \$6 per ton credit to the Mid-Connecticut Project tip fee.

⁴ The Bridgeport Project charges a split rate; the first rate is for actual tons delivered and the second rate is based on the minimum commitment tonnage.

⁵ Contracts with the towns within the Bridgeport Project expired on December 31, 2008. Many former Bridgeport Project towns entered into contracts with the Authority for disposal at the Bridgeport facility at a rate of \$63.00 per ton for the period January 1 – June 30, 2009.

LONG-TERM DEBT ISSUANCE, ADMINISTRATION AND CREDIT RATINGS

As detailed in the table on the following page, as of the fiscal year ended June 30, 2010 the Authority had \$95.1 million of outstanding debt. Of this amount, \$39.9 million comprises debt issued by the Authority as a conduit issuer for the Southeast Project in connection with the Covanta Southeastern Connecticut Company and is not carried on the Authority’s books. In addition, \$35.4 million of the outstanding bonds pertaining to the Southeast Project do not appear on the books of the Authority as these bonds were issued to fund construction of waste processing facilities operated by independent contractors who have commitments to repay the debt that is not allocable to Authority purposes.

With the exception of the Southeast Project conduit bonds, the other bonds issued by the Authority are secured by credit enhancement in the form of municipal bond insurance and by the Special Capital Reserve Fund (“SCR”) of the State. The SCR is a contingent liability of the State available to replenish any debt service reserve fund draws on bonds that have the SCR



designation. The funds used to replenish a debt service reserve draw are provided by the State's General Fund and are deemed appropriated by the Connecticut legislature.

The current ratings of the Authority's outstanding bonds reflect the upheaval in the credit markets following the sub-prime mortgage crisis of 2007 and 2008. As a result, most of the major bond insurers suffered rating downgrades reflecting their sub-prime mortgage exposure.

The Authority did not issue long-term debt for any purpose during the fiscal year ended June 30, 2010.

Additional information on the Authority's long-term debt can be found in Note 4 on pages 35 and 36 of this report.

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2010

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	Credit Enhancement	X= SCRF-Backed ¹	Dated	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)
MID-CONNECTICUT PROJECT									
1996 Series A - Project Refinancing	Aa3	AA	MBIA	X	08/20/96	11/15/12	\$209,675	\$11,765	\$11,765
								11,765	11,765
SOUTHEAST PROJECT									
1998 Series A - Project Refinancing	Aa3	AA	MBIA	X	08/18/98	11/15/15	87,650	39,855	4,435
CORPORATE CREDIT REVENUE BONDS									
1992 Series A - Corporate Credit	Ba2	BB+	--	--	09/01/92	11/15/22	30,000	30,000	0
2001 Series A - Covanta Southeastern Connecticut Company-I	Ba2	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
2001 Series A - Covanta Southeastern Connecticut Company-II	Ba2	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
								83,355	4,435
TOTAL PRINCIPAL BONDS OUTSTANDING								<u>\$95,120</u>	<u>\$16,200</u>

¹ SCRF = Special Capital Reserve Fund of the State of Connecticut.

NR = Not Rated

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Accounting and Financial Reporting, 100 Constitution Plaza – 6th Floor, Hartford, CT 06103.



**BALANCE SHEETS
AS OF JUNE 30, 2010 AND 2009
(Dollars in Thousands)**

**EXHIBIT I
Page 1 of 2**

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 79,031	\$ 97,949
Accounts receivable, net of allowances	22,571	19,715
Inventory	3,870	3,628
Prepaid expenses	1,144	1,789
Total Unrestricted Assets	<u>106,616</u>	<u>123,081</u>
Restricted Assets:		
Cash and cash equivalents	46,385	28,406
Accrued interest receivable	25	233
Total Restricted Assets	<u>46,410</u>	<u>28,639</u>
Total Current Assets	<u>153,026</u>	<u>151,720</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	22,434	33,390
Restricted investments	817	817
Capital Assets:		
Depreciable, net	100,480	105,483
Nondepreciable	29,041	39,076
Development and bond issuance costs, net	2,727	3,190
Total Non-Current Assets	<u>155,499</u>	<u>181,956</u>
TOTAL ASSETS	<u>\$ 308,525</u>	<u>\$ 333,676</u>

The accompanying notes are an integral part of these financial statements



BALANCE SHEETS (Continued)
AS OF JUNE 30, 2010 AND 2009
(Dollars in Thousands)

EXHIBIT I
Page 2 of 2

	<u>2010</u>	<u>2009</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of:		
Bonds payable, net	\$ 4,280	\$ 4,039
Closure and post-closure care of landfills	10,243	11,104
Accounts payable	2,739	4,867
Accrued expenses and other current liabilities	<u>16,514</u>	<u>17,649</u>
Total Current Liabilities	<u>33,776</u>	<u>37,659</u>
LONG-TERM LIABILITIES		
Bonds payable, net	11,664	15,944
Closure and post-closure care of landfills	44,238	52,285
Other liabilities	<u>1,004</u>	<u>1,127</u>
Total Long-Term Liabilities	<u>56,906</u>	<u>69,356</u>
TOTAL LIABILITIES	<u>90,682</u>	<u>107,015</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>120,895</u>	<u>133,360</u>
Restricted for:		
Tip fee stabilization	14,454	16,154
Energy generating facility	7,099	7,566
Debt service reserve funds	4,016	4,037
Equipment replacement	1,770	1,764
Operating and maintenance	1,770	1,764
Revenue fund	1,637	-
Debt service funds	1,543	1,525
Montville landfill post-closure	1,097	719
Select Energy escrow	1,000	1,000
Shelton landfill future use	872	870
DEP trust - landfills	817	817
Covanta Wallingford escrow	500	-
Recycling education fund	213	201
Rebate fund	179	178
Other restricted net assets	48	51
Total Restricted	<u>37,015</u>	<u>36,646</u>
Unrestricted	<u>59,933</u>	<u>56,655</u>
Total Net Assets	<u>217,843</u>	<u>226,661</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 308,525</u>	<u>\$ 333,676</u>



STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
(Dollars in Thousands)

EXHIBIT II

	<u>2010</u>	<u>2009</u>
Operating Revenues		
Service charges:		
Members	\$ 64,393	\$ 77,236
Others	17,597	26,838
Energy sales	49,203	54,568
Ash disposal reimbursement	-	2,511
Other operating revenues	<u>6,929</u>	<u>10,550</u>
Total operating revenues	<u>138,122</u>	<u>171,703</u>
Operating Expenses		
Solid waste operations	125,407	134,944
Depreciation and amortization	17,292	17,398
Maintenance and utilities	1,365	1,168
Closure and post-closure care of landfills	(2,495)	10,507
Legal services - external	2,055	2,920
Operational and Environmental services	4,112	3,307
Billing, Accounting and Finance services	1,651	1,462
Education and Communications services	754	477
General and Administrative services	523	2,093
Distribution to member towns	<u>1,639</u>	<u>26,675</u>
Total operating expenses	<u>152,303</u>	<u>200,951</u>
Operating Loss	<u>(14,181)</u>	<u>(29,248)</u>
Non-Operating Revenues (Expenses)		
Investment income	556	2,818
Litigation-related settlements	-	4,250
Other income, net	5,870	653
Interest expense	<u>(1,063)</u>	<u>(1,284)</u>
Net Non-Operating Revenues	<u>5,363</u>	<u>6,437</u>
Change in Net Assets	<u>(8,818)</u>	<u>(22,811)</u>
Total Net Assets, beginning of year	<u>226,661</u>	<u>249,472</u>
Total Net Assets, end of year	<u>\$ 217,843</u>	<u>\$ 226,661</u>



STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
(Dollars in Thousands)

EXHIBIT III

	<u>2010</u>	<u>2009</u>
Cash Flows Provided (Used) by Operating Activities		
Payments received from providing services	\$ 141,714	\$ 177,862
Proceeds from settlements	-	4,675
Payments to suppliers for goods and services	(133,550)	(146,079)
Payments to employees for services	(4,532)	(4,522)
Distribution to member towns	(1,639)	(26,675)
Net Cash Provided by Operating Activities	<u>1,993</u>	<u>5,261</u>
Cash Flows Provided (Used) by Investing Activities		
Interest on investments	<u>770</u>	<u>2,968</u>
Net Cash Provided by Investing Activities	<u>770</u>	<u>2,968</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Proceeds from sales of equipment	126	174
Payments for landfill closure and post-closure care liabilities	(6,413)	(7,936)
Acquisition and construction of capital assets	(3,225)	(15,575)
Interest paid on long-term debt	(987)	(1,216)
Principal paid on long-term debt	(4,143)	(3,003)
Net Cash Used by Capital and Related Financing Activities	<u>(14,642)</u>	<u>(27,556)</u>
Cash Flows Used by Non-Capital Financing Activities		
Other interest and fees	<u>(16)</u>	<u>(528)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(16)</u>	<u>(528)</u>
Net decrease in cash and cash equivalents	(11,895)	(19,855)
Cash and cash equivalents, beginning of year	<u>159,745</u>	<u>179,609</u>
Cash and cash equivalents, end of year	<u>\$ 147,850</u>	<u>\$ 159,754</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:		
Operating loss	\$ (14,181)	\$ (29,248)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:		
Depreciation of capital assets	16,829	16,611
Amortization of development and bond issuance costs	463	787
Write-off of deferred acquisition costs	1,566	-
Provision for closure and post-closure care of landfills	(2,495)	10,507
Other income	5,643	3,622
Litigation-related settlements	-	4,250
(Increase) decrease in:		
Accounts receivable, net	(2,856)	2,487
Inventory	(242)	(18)
Prepaid expenses and other current assets	645	(661)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	<u>(3,379)</u>	<u>(3,076)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,993</u>	<u>\$ 5,261</u>

The accompanying notes are an integral part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Connecticut Resources Recovery Authority (the "Authority") is a body politic and corporate, created in 1973 by the State Solid Waste Management Services Act, constituting Chapter 446e of the Connecticut General Statutes. The Authority is a public instrumentality and political subdivision of the State of Connecticut (the "State") and is included as a component unit in the State's Comprehensive Annual Financial Report. As of June 30, 2010, the Authority is authorized to have a board consisting of eleven directors and eight ad-hoc members. The Governor of the State appoints three directors and all eight ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. All appointments require the advice and consent of both houses of the General Assembly.

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State is contingently liable to restore deficiencies in debt service reserves established for certain Authority bonds. The Authority has no taxing power.

The Authority has responsibility for implementing solid waste disposal and resources recovery systems and facilities throughout the State in accordance with the State Solid Waste Management Plan. To accomplish its purposes, the Authority is empowered to determine the location of and construct solid waste management projects, to own, operate and maintain waste management projects, or to make provisions for operation and maintenance by contracting with private industry. The Authority is required to be self-sufficient in its operation in order to cover the cost of fulfilling the Authority's mission.

The Authority is comprised of three comprehensive solid waste disposal systems, two divisions and a General Fund. Each of the operating systems has a unique legal, contractual, financial, and operational structure described as follows:

Mid-Connecticut Project

The Mid-Connecticut Project consists of a 2,850 ton per day municipal solid waste / 2,030 ton per day refuse derived fuel Resources Recovery Facility located in Hartford, Connecticut, four transfer stations, the Hartford Landfill, the Ellington Landfill, and a Regional Recycling Center located in Hartford, Connecticut. This system of facilities provides solid waste disposal and recycling services to 70 Connecticut municipalities through service contract arrangements. The initial contracts with the municipalities begin to expire in November 2012 in conjunction with the final Bond payments. In January 2010, the Authority began development of new municipal solid waste agreements and in April 2010 presented draft copies of these Agreements to the current 70 Connecticut municipalities delivering solid waste to the Mid-Connecticut Project. The Authority anticipates finalizing these agreements by October 2010 for consideration by the municipalities. The Authority owns the Resources Recovery Facility, the transfer stations, the Ellington Landfill, and the Regional Recycling Center. The Authority leases the land for the Essex transfer station. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. The Hartford landfill has been closed as of December 31, 2008. The Authority is shipping ash to Putnam Landfill. Private vendors, under various operating contracts, conduct operation of the facilities. All revenue generated by the facilities accrues to the Authority. Certain operating contracts have provisions for revenue sharing with a vendor if prescribed operating parameters are achieved. The Authority has responsibility



for all debt issued in the development of the Mid-Connecticut system.

Starting December 31, 2011, the Resources Recovery Facility's initial operating agreements begin to expire. The Authority began an extensive bidding process in August 2009 to secure new Resources Recovery Facility operating contracts. The Authority expects to receive the results from this process in September 2010.

Bridgeport Project

The Authority's contract with the Bridgeport Project's municipalities ended on December 31, 2008, as did the Authority's agreement with the Bridgeport Project's operator. As a result, the Bridgeport Project is no longer accepting solid waste and has effectively ceased operations. On January 1, 2009, the Authority transferred seven Bridgeport Project transfer stations, which are included in the capital assets in the accompanying balance sheet, to their host towns. In addition, certain other capital assets included in the accompanying balance sheet will be transferred to the Authority and be used for payment of the Bridgeport Project's current and projected liabilities and future obligations for post-closure care of the Bridgeport Project's landfills. The Authority has executed a new five-and-a-half-year service agreement with an operator, to commence on January 1, 2009, for the disposal of approximately 265,000 tons of municipal solid waste ("MSW") annually from 12 of the Project's municipalities. These Bridgeport Project municipalities have signed service agreements with the Authority's SouthWest Division for waste deliveries beginning on January 1, 2009.

SouthWest Division

The Authority's contracts with the towns that delivered solid waste to the former Bridgeport Project expired on December 31, 2008. The Authority had proposed a new solid waste agreement to commence on January 1, 2009 and 12 of the former 20 Bridgeport Project towns accepted and entered into a new five-and-a-half year (with one year extension) solid waste disposal contract with the Authority for disposal

at the Wheelabrator facility located in Bridgeport. These 12 towns are collectively referred to as the SouthWest Division towns. The Bridgeport Facility formerly operated under an operating agreement and site lease agreement between the Authority and Wheelabrator Bridgeport, both of which expired December 31, 2008. Subsequently, on December 31, 2008, the Authority and Wheelabrator Bridgeport entered into a First Amendment and Renewal of Site Lease whereby Wheelabrator Bridgeport purchased the Authority's nominal interest in the Facility and will make annual lease payment to the Authority.

Property Division

Following the expiration of the Bridgeport Project on December 31, 2008 and the simultaneous maturity of the Authority's bonds that had been issued to finance the construction of the Bridgeport Project, the Authority was the owner and holder of several funds, assets, and *liabilities*. These include numerous landfill post-closure reserves related to the former Bridgeport Project, the Shelton transfer station, and the Garbage Museum (located in Stratford). As these assets and *liabilities* are no longer project-specific, the Authority has created the Property Division to reflect their status. In addition, other landfill post-closure reserves related to the Wallingford and Mid-Connecticut Projects are anticipated to be transferred to the Property Division following the culmination of these two projects expected in July 2010 and July 2012, respectively.

Wallingford Project

The Wallingford Project consists of a 420 ton per day mass burn Resources Recovery Facility located in Wallingford, Connecticut and the Wallingford Landfill. Five Connecticut municipalities in New Haven County are provided solid waste disposal services by this system through service contract arrangements. The Authority leases the Wallingford Landfill and owns the Resources Recovery Facility. The Resources Recovery Facility is leased to a private vendor under a long-term arrangement. The private vendor has beneficial ownership of the facility through this arrangement. The



vendor is responsible for operating the facility and servicing the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Wallingford Project's revenues are derived primarily from service fees charged to participating municipalities and other system users and fees for electric energy generated. The Authority pays the vendor a contractually determined service fee. The operating contract has provisions for revenue sharing with the vendor if prescribed operating parameters are achieved.

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

Southeast Project

The Southeast Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill. The Southeast Project provides solid waste disposal services to 14 Connecticut municipalities in the eastern portion of the State through service contract arrangements. The initial contracts with the municipalities begin to expire in November 2015. The Authority owns the Resources Recovery Facility. It is leased to a private vendor under a long-term lease. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to operate and maintain the facility and service the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to participating municipalities and other system users. The Authority pays the vendor a contractually determined service fee. Electric energy revenues and certain other service charges are accrued by the vendor with certain

contractually prescribed credits payable to the Authority for these revenue types.

General Fund

The Authority has a General Fund in which the costs of central overall expenditures are accumulated. These costs were historically allocated to the Authority's projects primarily based on time expended. Effective fiscal year 2010, these costs are allocated to the Authority's projects primarily based on a weighting of assets, revenues, number of towns, and tonnage deliveries, in order to be more indicative of cost causation.

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

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

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

The Authority's financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Interest on revenue bonds, used to finance the construction of certain asset, is capitalized during the construction period, net of interest earned on the investment of unexpended bond proceeds.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services and sales of electricity. Operating expenses include the cost



of solid waste operations, maintenance and utilities, closure and post-closure care of landfills, administrative expenses, distribution to member towns, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements are presented in accordance with Alternative #1 under Governmental Accounting Standards Board ("GASB") Statement No. 20, whereby the Authority follows (1) all GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those which conflict with a GASB pronouncement.

The Authority has elected not to comply with authoritative pronouncements applicable to non-governmental entities (i.e., Financial Accounting Standards Board (FASB) statements), issued after November 30, 1989.

C. Estimates

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

E. Cash and Cash Equivalents

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

F. Accounts Receivable, Net

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral. The Authority has established an allowance for the estimated portion that is not expected to be collected of \$115,000 and \$808,000 at June 30, 2010 and 2009, respectively.

G. Inventory

The Authority's spare parts inventory is stated at the lower of cost or market using the weighted-average cost method. The Authority's coal inventory is stated at the lower of cost or market using the FIFO method.

Inventories at June 30, 2010 and 2009 are summarized as follows:

Inventories	2010 (\$000)	2009 (\$000)
Spare Parts	\$ 3,759	\$ 3,504
Coal	<u>111</u>	<u>124</u>
Total	<u>\$ 3,870</u>	<u>\$ 3,628</u>

H. Investments

Investments are stated at fair value. Gains or losses on sales of investments are determined using the specific identification method.

Interest on investments is recorded as revenue in the year the interest is earned, unless capitalized as an offset to capitalized interest expense on assets acquired with tax-exempt debt.

I. Restricted Assets

Under provisions of various bond indentures and certain other agreements, restricted assets are used for debt service, special capital reserve funds and other debt service reserve funds, development, construction and operating costs.



J. Development and Bonds Issuance Costs

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning and permitting, and bond issuance costs are capitalized. When the project begins commercial operation, the development costs are amortized using the straight-line method over the estimated life of the project. Bond issuance costs are amortized over the life of the related bond issue using the straight-line method.

At June 30, 2010 and 2009, development and bond issuance costs for the projects are as follows:

Project	2010 (\$000)	2009 (\$000)
Development Costs:		
Mid-Connecticut	\$ 3,277	\$ 3,277
Wallingford	5,667	5,667
Southeast	10,006	10,006
	<u>18,950</u>	<u>18,950</u>
Less accumulated amortization:		
Mid-Connecticut	3,277	3,277
Wallingford	5,667	5,667
Southeast	7,653	7,261
	<u>16,597</u>	<u>16,205</u>
Total development costs, net	<u>\$ 2,353</u>	<u>\$ 2,745</u>
Bond Issuance Costs:		
Mid-Connecticut	239	239
Bridgeport	275	275
Wallingford	105	105
Southeast	1,008	1,008
	<u>1,627</u>	<u>1,627</u>
Less accumulated amortization:		
Mid-Connecticut	201	186
Bridgeport	275	275
Wallingford	105	105
Southeast	672	616
	<u>1,253</u>	<u>1,182</u>
Total bond issuance costs, net	<u>\$ 374</u>	<u>\$ 445</u>
Totals, net	<u>\$ 2,727</u>	<u>\$ 3,190</u>

A summary of future amortization for bond issuance costs is as follows:

June 30,	Amount (\$000)
2011	\$ 71
2012	71
2013	64
2014	56
2015	<u>56</u>
Total	<u>\$ 318</u>

K. Capital Assets

Capital assets with a useful life in excess of one year are capitalized at historical cost. Depreciation of exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of landfills are based on the estimated years of available disposal capacity. The estimated useful lives of other capital assets are as follows:

Capital Assets	Years
Resources Recovery Buildings	30
Other Buildings	20
Resources Recovery Equipment	30
Gas and Steam Turbines	10-20
Recycling Equipment	10
Rolling Stock and Automobiles	5
Office and Other Equipment	3-5
Roadways	20



The Authority's capitalization threshold for property, plant, and equipment and for office furniture and equipment is \$5,000 and \$1,000, respectively. Improvements, renewals, and significant repairs that extend the useful life of a capital asset are capitalized; other repairs and maintenance costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any related gains or losses are recorded.

The Authority reviews its long-lived assets used in operations for impairment when there is an event or change in circumstances that indicates impairment in value. The Authority records impairment losses and reduces the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Authority does not expect to recover its carrying costs on properties held for use, the Authority reduces its carrying cost to fair value, and for properties held for sale, the Authority reduces its carrying value to the fair value less costs to sell. During the fiscal years ended June 30, 2010 and 2009, no impairment losses were recognized. Management does not believe that the value of its properties is impaired as of June 30, 2010.

L. Deferred Acquisition Costs

Deferred acquisition costs include legal fees and permitting and engineering costs associated with the licensing and development (siting) of additional landfills, and certain costs incurred to ready additional landfill areas for use. These costs are deferred as they will be recoverable through future revenue or benefit future operations. If licensure or recoverability becomes doubtful, these costs are then charged to operations.

Deferred acquisition costs of \$1.567 million as of June 30, 2009, were classified as nondepreciable capital assets in the accompanying balance sheet. During fiscal year 2010, as a result of the suspension of landfill development in the State of Connecticut, the Authority wrote-off the \$1.567 million deferred

acquisition costs and charged these costs to operations.

M. Accrued Compensation

The Authority's liability for vested accumulated unpaid vacation and other employee benefit amounts is included in accrued expenses and other current liabilities in the accompanying balance sheet.

N. Net Assets

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted net assets may be divided into designated and undesignated portions. Designated net assets represent the Authority's self-imposed limitations on the use of otherwise unrestricted net assets. Unrestricted net assets have been designated by the Board of Directors of the Authority for various purposes. Such designations totaled \$31.7 million and \$34.6 million as of June 30, 2010 and 2009, respectively. Designated net assets at June 30, 2010 and 2009 are summarized as follows:



Unrestricted Designated Net Assets	2010 (\$000)	2009 (\$000)
Non-GASB #18 post-closure	\$ 10,379	\$ 10,354
Future loss contingencies	7,992	8,991
Landfill development	3,113	3,148
Rolling stock	2,784	2,950
Project closure	1,616	-
Future use	1,532	2,349
Facility modifications	1,493	285
Debt service stabilization	812	4,834
Recycling	709	758
Post-litigation expense	585	659
Deferred municipal credit	570	-
South Meadows site remediation	88	103
Benefit fund	-	217
Total	\$ 31,673	\$ 34,648

Restrictions of net assets are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. Restricted net assets totaled \$37.0 million and \$36.6 million as of June 30, 2010 and 2009, respectively.

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2010 and 2009:

Cash and Cash Equivalents	2010 (\$000)	2009 (\$000)
Unrestricted:		
Cash deposits	\$ 2,209	\$ 2,218
Cash equivalents:		
STIF *	76,822	95,731
	<u>79,031</u>	<u>97,949</u>
Restricted – current:		
Cash deposits	399	321
Cash equivalents:		
STIF *	42,384	25,086
U.S. Treasuries	3,601	-
Money Market Funds	1	2,999
	<u>46,385</u>	<u>28,406</u>
Restricted – non-current:		
Cash equivalents:		
STIF *	16,761	33,390
U.S. Treasuries	5,673	-
	<u>22,434</u>	<u>33,390</u>
Total	\$147,850	\$159,745

* STIF = Short-Term Investment Fund of the State of Connecticut

A. Cash Deposits – Custodial Credit Risk

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

As of June 30, 2010 and 2009, approximately \$5.4 million and \$3.2 million, respectively, of the Authority’s bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2010 (\$000)	2009 (\$000)
Uninsured and Uncollateralized	\$ 4,614	\$ 2,756
Uninsured but collateralized with securities held by the pledging bank’s trust department or agent but not in the Authority’s name	796	423
Total	\$5,410	\$3,179



All of the Authority's deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments in the Short-Term Investment Fund ("STIF"), U.S. Treasuries, and Money Market Funds as of June 30, 2010 and 2009 are included in cash and cash equivalents in the accompanying balance sheet. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the investment disclosures that follow.

B. Investments

Interest Rate Risk

As of June 30, 2010, the Authority's investments consisted of the following debt securities:

Investment Type	Investment Maturities (In Years)				
	Fair Value (\$000)	Less than 1	1 to 5	6 to 10	More than 10
STIF	\$135,967	\$135,967	\$ -	\$ -	\$ -
U.S. Treasuries	10,091	10,091	-	-	-
Money Market Funds	1	1	-	-	-
Total	\$146,059	\$146,059	\$ -	\$ -	\$ -

As of June 30, 2009, the Authority's investments consisted of the following debt securities:

Investment Type	Investment Maturities (In Years)				
	Fair Value (\$000)	Less than 1	1 to 5	6 to 10	More than 10
STIF	\$154,207	\$154,207	\$ -	\$ -	\$ -
U.S. Treasuries	817	817	-	-	-
Money Market Funds	2,999	2,999	-	-	-
Total	\$158,023	\$158,023	\$ -	\$ -	\$ -

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares. As of June 30, 2010 and 2009, STIF had a weighted average maturity of 19 days and nine days, respectively. The U.S. Treasury Securities are U.S. Treasury Bills that had 90 day maturities as of both June 30, 2010 and 2009. The Money Market Funds invest exclusively in short-term U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. This fund complies with Securities and Exchange Commission regulations regarding money market fund maturities, which requires that the weighted average maturity be 90 days or less. As of June 30, 2010 and 2009, the weighted average maturity of these funds was 38 days and 46 days, respectively.

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



investment policy are the preservation of principal and the maintenance of liquidity.

Credit Risk

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

As of June 30, 2010, the Authority’s investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$154,207	AAAm	Not Rated	Not Rated
U.S. Treasuries	817	AAA	Aaa	AAA
Money Market Funds	2,999	AAAm	Aaa	AAA

Custodial Credit Risk

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

Concentration of Credit Risk

The Authority’s investment policy places no limit on the amount of investment in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for Authority and/or bond resolution needs. As of June 30, 2010 and 2009, approximately 93.1% and 97.6%, respectively, of the Authority’s investments are in the STIF, which is rated in the highest rating category by Standard & Poor’s and provides daily liquidity, thereby satisfying the primary objectives of the Authority’s investment policy.

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$135,967	AAAm	Not Rated	Not Rated
U.S. Treasuries	10,091	AAA	Aaa	AAA
Money Market Funds	1	AAAm	Aaa	AAAmmf

As of June 30, 2009, the Authority’s investments were rated as follows:



3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2009 and 2010:

	Balance at June 30, 2008 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2009 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2010 (\$000)
Nondepreciable assets:									
Land	\$ 29,079	\$ -	\$ -	\$ (899)	\$ 28,180	\$ -	\$ -	\$ -	\$ 28,180
Construction-in-progress	327	11,236	(2,233)	-	9,330	2,000	(10,469)	-	861
Deferred acquisition costs	559	1,007	-	-	1,566	-	-	(1,566)	-
Total nondepreciable assets	\$ 29,965	\$ 12,243	\$ (2,233)	\$ (899)	\$ 39,076	\$ 2,000	\$ (10,469)	\$ (1,566)	\$ 29,041
Depreciable assets:									
Plant	\$ 190,555	\$ 383	\$ -	\$ (10,149)	\$ 180,789	166	\$ 4,931	\$ (33)	\$ 185,853
Equipment	212,369	3,025	2,069	(2,266)	215,197	1,214	\$ 5,537	\$ (3,114)	218,834
Total at cost	402,924	3,408	2,069	(12,415)	395,986	1,380	10,469	(3,147)	404,687
Less accumulated depreciation for:									
Plant	(139,262)	(6,370)	-	8,760	(136,872)	(5,822)	\$ -	\$ 30	(142,664)
Equipment	(145,411)	(10,245)	-	2,025	(153,631)	(11,006)	\$ -	\$ 3,094	(161,543)
Total accumulated depreciation	(284,673)	(16,615)	-	10,785	(290,503)	(16,828)	-	3,124	(304,207)
Total depreciable assets, net	\$ 118,251	\$ (13,207)	\$ 2,069	\$ (1,630)	\$ 105,483	\$ (15,448)	\$ 10,469	\$ (23)	\$ 100,480

Interest is capitalized on assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the projects with interest earned on invested debt proceeds over the same period. During fiscal 2010 and 2009, there was no capitalized interest as there was no new external borrowing.

4. LONG-TERM DEBT

The principal long-term obligations of the Authority are special obligation revenue bonds issued to finance the design, development, and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts, and monies pledged in the respective bond indentures.

The following is a summary of changes in bonds payable for the years ended June 30, 2009 and 2010:

Bonds Payable	Balance at July 1, 2008 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2009 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2010 (\$000)	Amounts Due Within One Year (\$000)
Bonds payable - principal	\$ 23,346	\$ -	\$ (3,003)	\$ 20,343	\$ -	\$ (4,143)	\$ 16,200	\$ 4,366
Unamortized amounts:								
Premiums	330	-	(77)	254	-	(66)	188	57
Deferred amount on refunding	(808)	-	195	(614)	-	170	(444)	(143)
Total bonds payable	\$ 22,868	\$ -	\$ (2,885)	\$ 19,983	\$ -	\$ (4,039)	\$ 15,944	\$ 4,280



Connecticut Resources Recovery Authority

The long-term debt amounts for the projects in the table above have been reduced by the deferred amount on refunding of bonds, net of the unamortized premium on the sale of bonds at June 30, 2010 and 2009 as follows:

Project	2010 (\$000)	2009 (\$000)
Deferred amount on refunding:		
Mid-Connecticut	\$ 26	\$ 48
Southeast	418	566
Subtotal	<u>444</u>	<u>614</u>
Reduced by unamortized premium:		
Southeast	<u>(188)</u>	<u>(254)</u>
Subtotal	<u>(188)</u>	<u>(254)</u>
Net Reduction	<u>\$ 256</u>	<u>\$ 360</u>

Certain of the Authority's bonds are secured by special capital reserve funds. Each fund is equal to the highest annual amount of debt service remaining on the issue. The State is contingently liable to restore any deficiencies that exist in these funds in the event that the Authority must draw from the fund. Bond principal amounts recorded as long-term debt at June 30, 2010 and 2009, which are backed by special capital reserve funds, are as follows:

Project	2010 (\$000)	2009 (\$000)
Mid-Connecticut	\$ 11,765	\$ 15,290
Southeast	<u>4,435</u>	<u>5,053</u>
Total	<u>\$ 16,200</u>	<u>\$ 20,343</u>

These special capital reserve funds are presented as net assets, restricted for debt service reserve funds on the Authority's balance sheet.

Annual debt service requirements to maturity on bonds payable are as follows:

Year ending June 30,	Mid-Connecticut		Southeast		Total	
	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)
2011	3,715	542	650	215	4,365	757
2012	3,915	335	684	179	4,599	514
2013	4,135	114	720	141	4,855	255
2014	-	-	756	103	756	103
2015	-	-	793	63	793	63
Thereafter	-	-	832	21	832	21
	<u>\$ 11,765</u>	<u>\$ 991</u>	<u>\$ 4,435</u>	<u>\$ 722</u>	<u>\$ 16,200</u>	<u>\$ 1,713</u>
Interest Rates	5.375-5.5%		5.125-5.5%			



5. LONG-TERM LIABILITIES FOR CLOSURE AND POST-CLOSURE CARE OF LANDFILLS

Federal, State and local regulations require the Authority to place final cover on its landfills when it stops accepting waste (including ash) and to perform certain maintenance and monitoring functions for periods which may extend to thirty years after closure.

GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs," applies to closure and post-closure care costs that are paid near or after the date a landfill stops accepting waste. In accordance with GASB Statement No. 18, the Authority estimates its liability for these closure

and post-closure care costs and records any increases or decreases to the liability as an operating expense. For landfills presently open, such estimate is based on landfill capacity used as of the balance sheet date. The liability for these costs is reduced when the costs are actually paid, which is generally after the landfill is closed.

Actual costs may be higher due to inflation or changes in permitted capacity, technology or regulation. The closure and post-closure care liabilities including the amounts paid and accrued for fiscal 2009 and 2010 for the landfills, are presented in the following table:

Project/Landfill	Liability at July 1, 2008 (\$000)	Expense (\$000)	Paid (\$000)	Transfer in / (out) (\$000)	Liability at June 30, 2009 (\$000)	Expense (\$000)	Paid (\$000)	Liability at June 30, 2010 (\$000)	Amounts Due Within One Year (\$000)
Mid-Connecticut:									
Hartford	\$ 38,265	\$ 6,481	\$ (6,633)	\$ -	\$ 38,113	\$ (593)	\$ (5,725)	\$ 31,795	\$ 8,630
Ellington	3,805	584	(173)	-	4,216	(90)	(141)	3,985	246
Bridgeport:									
Shelton	10,669	-	(223)	(10,446)	-	-	-	-	-
Waterbury	2,338	-	(559)	(1,779)	-	-	-	-	-
Property Division:									
Shelton	-	3,047	(191)	10,446	13,302	(1,156)	(382)	11,764	775
Waterbury	-	(771)	(1)	1,779	1,007	3	(32)	978	29
Wallingford:	5,741	1,166	(156)	-	6,751	(659)	(133)	5,959	563
Total	\$ 60,818	\$ 10,507	\$ (7,936)	\$ -	\$ 63,389	\$ (2,495)	\$ (6,413)	\$ 54,481	\$ 10,243



The Connecticut Department of Environmental Protection ("CTDEP") requires that certain financial assurance mechanisms be maintained by the Authority to ensure payment of closure and post-closure costs related to certain landfills. Additionally, CTDEP requires that the Authority budget for anticipated closure costs for Mid-Connecticut's Hartford Landfill.

The Authority has placed funds in trust accounts for the Ellington, Waterbury, and Wallingford Landfills for financial assurance purposes. These trust accounts are reflected as restricted investments in the accompanying balance sheet.

At June 30, 2009, a letter of credit for \$305,000 was outstanding for financial assurance of the Shelton Landfill. No funds were drawn on this letter during fiscal year 2009. The annual fee for this letter of credit was two percent, paid quarterly in advance. Due to a new Stewardship Permit, the Authority no longer needs this letter of credit. On May 26, 2010, the Authority established a post-closure trust fund with its trustee in the amount of \$5,671,800 as a new financial assurance mechanism for the Shelton Landfill. This trust fund is reflected as restricted investments in the accompanying balance sheet.

6. MAJOR CUSTOMERS

Energy sales to CL&P and Constellation totaled 16.99% and 13.94%, respectively, of the Authority's operating revenues for the fiscal year ended June 30, 2010. Energy sales to CL&P and Constellation totaled 16.6% and 11.6%, respectively, of the Authority's operating revenues for the fiscal year ended June 30, 2009.

Service charge revenues from All Waste, Inc. totaled 7% and 6% of the Authority's operating revenues for fiscal year ended June 30, 2010 and 2009, respectively.

7. RETIREMENT PLAN

The Authority is the Administrator of its 401(k) Employee Savings Plan. This defined contribution retirement plan covers all eligible employees.

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions are five percent of payroll plus a dollar for dollar match of employees' contributions up to five percent of employee wages. Authority contributions for the years ended June 30, 2010 and 2009 amounted to \$417,000 and \$431,000, respectively. Employees contributed \$414,000 to the plan in fiscal year 2010 and \$425,000 in fiscal year 2009.

In addition, the Authority is a participating employer in the State of Connecticut's defined contribution 457(b) Plan, which allows Authority employees to participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457. All amounts of compensation deferred under the 457(b) plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan; rather, fiduciary responsibility rests with the State Comptroller's office.

The Authority has no postemployment benefit plans as of June 30, 2009 and 2010.

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss. The Authority endeavors to purchase commercial insurance for all insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. In fiscal year 2007, the Authority increased its overall property insurance limit to reflect an increase in overall property values. This provides 100% of the replacement cost value for the Mid-Connecticut Power Block Facility and Energy Generating Facility, plus business interruption and extra expense values for the Mid-Connecticut Project. This is the Authority's highest valued single facility. The limit applies on a blanket basis for property damage to all locations.



The Authority is a member of the Connecticut Interlocal Risk Management Agency's ("CIRMA") Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is a guaranteed cost program. The premium for each of the policy periods from July 1, 2010 through July 1, 2011 and July 1, 2009 through July 1, 2010 was \$71,000 and \$59,000, respectively.

9. COMMITMENTS

The Authority has various operating leases for office space, land, landfills, and office equipment. The following schedule shows the composition of total rental expense for all operating leases:

Fiscal year	2010 (\$000)	2009 (\$000)
Minimum rentals	\$ 119	\$ 379
Contingent rentals	<u>320</u>	<u>326</u>
Total	<u>\$ 439</u>	<u>\$ 705</u>

The Authority also has agreements with various municipalities for payments in lieu of taxes ("PILOT") for personal and real property. For the years ended June 30, 2010 and 2009, the PILOT payments, which are included in the solid waste operations in the accompanying statements of revenues, expenses and changes in net assets, totaled \$6,435,000 and \$7,697,000, respectively. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2010 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2011	118	5,124
2012	118	5,247
2013	6	846
2014	6	885
2015	-	926
Thereafter	<u>-</u>	<u>1,985</u>
Total	<u>\$ 248</u>	<u>\$ 15,013</u>

The Authority has executed contracts with the operators/contractors of the resources recovery facilities, regional recycling centers, transfer stations, and landfills containing various terms and conditions expiring through November 2015. Generally, operating charges are derived from various factors such as tonnage processed, energy produced, and certain pass-through operating costs.

The approximate amount of contract operating charges included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2010 and 2009 was as follows:

Project	2010 (\$000)	2009 (\$000)
Mid-Connecticut	\$ 62,824	\$ 55,313
Bridgeport	-	21,143
Property	1,686	1,062
SouthWest	14,165	6,458
Wallingford	9,587	10,961
Southeast	<u>20,809</u>	<u>21,542</u>
Total	<u>\$ 109,071</u>	<u>\$ 116,479</u>

As of June 30, 2010 and 2009, the Authority has executed construction contracts totaling approximately \$0.0 and \$18.0 million, respectively, for construction activities at the Mid-Connecticut Hartford landfill and Regional Recycling Facility. Remaining commitments on construction contracts executed as of June 30, 2010 and 2009 totaling approximately \$1.9 million and \$4.4 million, respectively.



10. OTHER FINANCING

The Authority served as a conduit issuer for several bonds pursuant to bond resolutions to fund the construction of waste processing facilities built and operated by independent contractors. The revenue bonds were issued by the Authority to lower the cost of borrowing for the contractor/operator of the projects. The Authority was not involved in the construction activities, and construction requisitions by the contractor were made from various trustee accounts.

The Authority is not involved in the repayment of debt on these issues except for the portion of the bonds allocable to Authority purposes. In the event of default, and except in cases where the State has a contingent liability discussed below, the payment of debt is not guaranteed by the Authority or the State. Therefore, the Authority does not record the assets and liabilities related to these bond issues on its financial statements. The principal amounts of these bond issues outstanding at June 30, 2010 (excluding portions allocable to Authority purposes) are as follows:

Project	Amount (\$000)
Southeast -	
1992 Series A - Corp. Credit	30,000
1998 Series A - Project	35,420
2001 Series A - Covanta Southeastern Connecticut Company - I	6,750
2001 Series A - Covanta Southeastern Connecticut Company - II	<u>6,750</u>
Total	<u>\$ 78,920</u>

11. SEGMENT INFORMATION

The Authority has three projects that operate resources recovery and recycling facilities and landfills throughout the State plus two divisions and are required to be self-supporting through user service fees and sales of electricity. The Authority has issued various revenue bonds to provide financing for the design, development, and construction of these resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts, and monies pledged in the respective bond indentures. Financial segment information is presented below as of and for the years ended June 30, 2010 and 2009, respectively.



Fiscal Year 2010	Mid-Connecticut Project (\$000)	Bridgeport (1) Project (\$000)	Property Division (\$000)	SouthWest Division (\$000)	Wallingford Project (\$000)	Southeast Project (\$000)
Condensed Balance Sheets						
Assets:						
Current unrestricted assets	\$ 69,385	\$ 1,559	\$ 9,372	\$ 1,535	\$ 14,990	\$ 8,562
Current restricted assets	27,530	-	872	-	15,012	2,996
Total current assets	96,915	1,559	10,244	1,535	30,002	11,558
Non-current assets:						
Restricted cash and cash equivalents	15,698	-	5,672	-	-	1,064
Restricted investments	490	174	-	-	153	-
Capital assets, net	111,717	-	15,072	-	2,145	-
Other assets, net	38	-	-	-	-	2,689
Total non-current assets	127,943	174	20,744	-	2,298	3,753
Total assets	\$ 224,858	\$ 1,733	\$ 30,988	\$ 1,535	\$ 32,300	\$ 15,311
Liabilities:						
Current liabilities	\$ 24,895	\$ 51	\$ 1,090	\$ 1,381	\$ 1,823	\$ 3,803
Long-term liabilities	34,943	-	11,938	-	5,396	4,629
Total liabilities	59,838	51	13,028	1,381	7,219	8,432
Net Assets:						
Invested in capital assets, net of related debt	103,090	-	15,072	-	2,145	-
Restricted	19,533	174	872	-	15,107	1,329
Unrestricted	42,397	1,508	2,016	154	7,829	5,550
Total net assets	165,020	1,682	17,960	154	25,081	6,879
Total liabilities and net assets	\$ 224,858	\$ 1,733	\$ 30,988	\$ 1,535	\$ 32,300	\$ 15,311
Condensed Statements of Revenues, Expenses, and Changes in Net Assets						
Operating revenues	\$ 84,422	\$ (39)	\$ 2,298	\$ 14,664	\$ 11,083	\$ 25,872
Operating expenses	81,996	1,123	1,041	14,662	12,028	24,339
Depreciation and amortization expense	16,296	11	303	-	33	448
Operating (loss) income	(13,870)	(1,173)	954	2	(978)	1,085
Non-operating revenues (expenses):						
Investment income	338	9	49	1	98	58
Other income (expenses), net	5,092	-	197	-	(5)	325
Interest expense	(735)	-	-	-	-	(328)
Net non-operating revenues (expense)	4,695	9	246	1	93	55
Income (loss) before transfers	(9,175)	(1,164)	1,200	3	(885)	1,140
Transfers in (out)	-	(2,087)	2,087	-	-	-
Change in net assets	(9,175)	(3,251)	3,287	3	(885)	1,140
Total net assets, July 1, 2009	174,195	4,933	14,673	151	25,966	5,739
Total net assets, June 30, 2010	\$ 165,020	\$ 1,682	\$ 17,960	\$ 154	\$ 25,081	\$ 6,879
Condensed Statements of Cash Flows						
Net cash provided (used) by:						
Operating activities	\$ 5,165	\$ (1,680)	\$ 182	\$ 54	\$ (1,170)	\$ (567)
Investing activities	349	7	50	1	259	95
Capital and related financing activities	(13,227)	-	(414)	-	(133)	(868)
Non-capital financing activities	(8)	(2,087)	2,084	-	(5)	-
Net (decrease) increase	(7,721)	(3,760)	1,902	55	(1,049)	(1,340)
Cash and cash equivalents, July 1, 2009	102,194	5,299	13,703	25	30,171	7,019
Cash and cash equivalents, June 30, 2010	\$ 94,473	\$ 1,539	\$ 15,605	\$ 80	\$ 29,122	\$ 5,679

(1) Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.



Connecticut Resources Recovery Authority

Fiscal Year 2009	Mid-Connecticut Project (\$000)	Bridgeport (1) Project (\$000)	Property Division (\$000)	SouthWest Division (\$000)	Wallingford Project (\$000)	Southeast Project (\$000)
Condensed Balance Sheets						
Assets:						
Current unrestricted assets	\$ 75,782	\$ 5,437	\$ 12,978	\$ 1,411	\$ 15,754	\$ 10,557
Current restricted assets	25,167	-	870	-	224	2,378
Total current assets	<u>100,949</u>	<u>5,437</u>	<u>13,848</u>	<u>1,411</u>	<u>15,978</u>	<u>12,935</u>
Non-current assets:						
Restricted cash and cash equivalents	16,168	-	-	-	16,154	1,068
Restricted investments	490	174	-	-	153	-
Capital assets, net	126,357	10	15,375	-	2,177	-
Other assets, net	53	-	-	-	-	3,137
Total non-current assets	<u>143,068</u>	<u>184</u>	<u>15,375</u>	<u>-</u>	<u>18,484</u>	<u>4,205</u>
Total assets	<u>\$ 244,017</u>	<u>\$ 5,621</u>	<u>\$ 29,223</u>	<u>\$ 1,411</u>	<u>\$ 34,462</u>	<u>\$ 17,140</u>
Liabilities:						
Current liabilities	\$ 25,851	\$ 688	\$ 960	\$ 1,260	\$ 2,033	\$ 6,069
Long-term liabilities	43,971	-	13,590	-	6,463	5,332
Total liabilities	<u>69,822</u>	<u>688</u>	<u>14,550</u>	<u>1,260</u>	<u>8,496</u>	<u>11,401</u>
Net Assets:						
Invested in capital assets, net of related debt	115,156	11	15,375	-	2,178	-
Restricted	18,340	174	870	-	16,307	955
Unrestricted	40,699	4,748	(1,572)	151	7,481	4,784
Total net assets	<u>174,195</u>	<u>4,933</u>	<u>14,673</u>	<u>151</u>	<u>25,966</u>	<u>5,739</u>
Total liabilities and net assets	<u>\$ 244,017</u>	<u>\$ 5,621</u>	<u>\$ 29,223</u>	<u>\$ 1,411</u>	<u>\$ 34,462</u>	<u>\$ 17,140</u>
Condensed Statements of Revenues, Expenses, and Changes in Net Assets						
Operating revenues	\$ 90,732	\$ 31,412	\$ 1,324	\$ 6,632	\$ 16,979	\$ 24,774
Operating expenses	81,036	25,466	3,488	6,483	41,676	25,554
Depreciation and amortization expense	15,806	464	153	-	326	448
Operating (loss) income	<u>(6,110)</u>	<u>5,482</u>	<u>(2,317)</u>	<u>149</u>	<u>(25,023)</u>	<u>(1,228)</u>
Non-operating revenues (expenses):						
Litigation-related settlements	4,250	-	-	-	-	-
Investment income	1,533	212	60	2	778	226
Other income (expenses), net	3,064	(2,444)	-	-	(230)	-
Interest expense	(859)	(41)	-	-	(12)	(372)
Net non-operating revenues (expense)	<u>7,988</u>	<u>(2,273)</u>	<u>60</u>	<u>2</u>	<u>536</u>	<u>(146)</u>
Income (loss) before transfers	1,878	3,209	(2,257)	151	(24,487)	(1,374)
Transfers in (out)	-	(16,930)	16,930	-	-	-
Change in net assets	<u>1,878</u>	<u>(13,721)</u>	<u>14,673</u>	<u>151</u>	<u>(24,487)</u>	<u>(1,374)</u>
Total net assets, July 1, 2008	<u>172,317</u>	<u>18,654</u>	<u>-</u>	<u>-</u>	<u>50,453</u>	<u>7,113</u>
Total net assets, June 30, 2009	<u>\$ 174,195</u>	<u>\$ 4,933</u>	<u>\$ 14,673</u>	<u>\$ 151</u>	<u>\$ 25,966</u>	<u>\$ 5,739</u>
Condensed Statements of Cash Flows						
Net cash provided (used) by:						
Operating activities	\$ 23,965	\$ 5,069	\$ 208	\$ 23	\$ (24,252)	\$ 257
Investing activities	1,592	212	60	2	743	343
Capital and related financing activities	(22,926)	(2,686)	(192)	-	(883)	(869)
Non-capital financing activities	<u>(10)</u>	<u>(13,645)</u>	<u>13,627</u>	<u>-</u>	<u>(500)</u>	<u>-</u>
Net (decrease) increase	2,621	(11,050)	13,703	25	(24,892)	(269)
Cash and cash equivalents, July 1, 2008	99,573	16,349	-	-	55,063	7,288
Cash and cash equivalents, June 30, 2009	<u>\$ 102,194</u>	<u>\$ 5,299</u>	<u>\$ 13,703</u>	<u>\$ 25</u>	<u>\$ 30,171</u>	<u>\$ 7,019</u>

(1) Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.



12. SIGNIFICANT EVENTS

During fiscal years 2009 and 2010, the Authority received a total of \$3,456,000 (net of attorneys' fees and costs of litigation of \$677,000) and \$495,000 (net of attorneys' fees and costs of litigation of \$55,000) from settlements resulting from various Enron-related lawsuits, respectively. The \$3.456 million, net settlement contains a contingency, whereby if the Authority fails to settle with any other of a specified group of settling parties for more than the settlement amount of \$4.1 million, the Authority shall rebate this settling party an amount equal to the sum of the difference between \$4.1 million and the next largest settling party and an additional \$50,000, but in no event shall the rebate amount exceed \$425,000. The Authority has reported both gains as non-operating revenues in the accompanying statement of revenues, expenses and changes in net assets and deferred the \$425,000 contingency as accrued expenses and other current liabilities in the accompanying balance sheets.

During fiscal year 2010, the Authority settled with its waste hauling companies for diversion of waste from the Authority's Mid-Connecticut Project. As a result of the settlements, the Authority will receive from the haulers approximately \$8,350,000 as revenues for wastes to be delivered to the Mid-Connecticut facility through December 2012.

13. CONTINGENCIES

Mid-Connecticut Project:

On October 7, 2009, The Metropolitan District Commission ("MDC") initiated an arbitration proceeding against the Authority seeking a declaratory judgment that the Authority is responsible for certain post-employment benefits and other costs that MDC may incur upon the expiration of its contract for the operation of a portion of the Mid-Connecticut Project on December 30, 2011. The MDC did not specify the amount of its monetary claim in its demand for arbitration, but has separately set forth the amount as a range of \$32.0 million to \$36.0 million. The Authority has denied such

alleged responsibility. The arbitration is not proceeding at this time because the Authority has challenged the impartiality of the MDC party-appointed arbitrator. MDC filed a motion in Connecticut Superior Court to compel the arbitration to proceed, and the Authority filed a counterclaim requesting that the court disqualify MDC's party-appointed arbitrator. On April 28, 2010, the court ruled that the parties may appoint non-neutral arbitrators. The Authority subsequently appealed that ruling, and the appeal is currently pending. The matter is too preliminary to estimate any potential exposure.

On May 27, 2010, Tabacco & Son Builders, Inc. brought suit against the Authority and one of the Authority's former employees, for breach of contract, slander, libel, and various other legal and equitable causes of action, and seeking damages. The claim has been tendered to the Authority's insurer, which is defending. The matter is too preliminary to estimate any potential exposure.

In January 2006, the Authority's pollution liability insurance carrier, American International Specialty Lines Insurance Company ("AISLIC") settled with numerous commercial and residential neighbors of the Hartford Landfill who had filed suit against the Authority in 2001, claiming that the Authority negligently maintained and operated its Hartford Landfill and that the Hartford Landfill constituted a public nuisance. On May 4, 2006, AISLIC initiated a declaratory judgment action in federal district court seeking a declaration that AISLIC is not obligated to indemnify the Authority in connection with the settled lawsuit and that AISLIC should be awarded the amount it spent on defense and indemnification of the Authority. The Authority is defending against this action, and has counterclaimed, alleging bad faith and seeking recovery of attorneys' fees. Discovery is officially over, but the Authority has a motion to compel the production of additional documents from AISLIC pending. The matter is too preliminary to estimate any potential exposure.

On May 6, 2008, a Trustee of the Chapter 7 Bankruptcy Estate of O.N.E./C.H.A.N.E. brought suit against the Authority in Superior Court, claiming that the Authority breached the



October 6, 1999 Community Support Agreement between the Authority and O.N.E./C.H.A.N.E. and seeking damages of approximately \$20.0 million. The matter was tried to a jury in June 2010. The jury rendered its verdict in favor of the Authority on June 30, 2010, and judgment was entered on the verdict on July 20, 2010.

In January 2009, the Authority brought suit against Dainty Rubbish Services, Inc., alleging that Dainty has diverted substantial amounts of municipal solid waste to waste disposal facilities other than Authority facilities, contrary to Dainty's contractual obligations to deliver the waste to Authority facilities. On September 2, 2009, Dainty filed a counterclaim against the Authority alleging, among other things, breach of contract, misrepresentation, and fraud, and seeking rescission of all contracts, damages, interest and costs, and an accounting. The entire case was settled in principle at a mediation in December 2009 without payment or other compensation due from the Authority. Dainty agreed to compensate the Authority for past waste diversions. The parties are currently finalizing a settlement agreement and associated waste delivery agreement.

Bridgeport Project:

In the early 1990's, the Authority was named as a Potentially Responsible Party in the now-combined federal and State of New Jersey suits to recover the costs of remediation of the landfill known as Combe Fill South. The Authority's liability was substantially resolved in the spring of 2009 as a result of a mediated global settlement. However, one of the settling parties is pursuing a contribution action against certain non-settling entities. The Authority continues to monitor these remaining case activities to the extent they may implicate the Authority.

On January 21, 2009, a Complaint was filed against the Authority alleging injuries suffered by a Milford resident at the Milford Transfer Station and seeking monetary damages, including medical expenses and a new motor vehicle to accommodate Plaintiff's physical injuries. The claim was tendered to the Authority's insurer, which defended and indemnified the Authority, subject to a \$50,000

deductible. A mediated settlement was achieved in June 2010, and the case was subsequently withdrawn.

In February 2008, a Complaint was filed against the Authority alleging injuries suffered by an employee of Enviro Express, the operator of the Norwalk Transfer Station, and seeking damages, including medical expenses and lost wages. The claim was tendered to the insurer of Enviro Express, which defended the Authority pursuant to a reservation of rights. The matter was withdrawn on August 10, 2010.

Other Issues and Unasserted Claims and Assessments:

The Authority is subject to numerous federal, state and local environmental and other regulatory laws and regulations and management believes it is in substantial compliance with all such governmental laws and regulations.

14. SUBSEQUENT EVENTS

The Authority plans to refund its outstanding Resource Recovery Revenue Bonds (American Ref-Fuel Company of Southeastern Connecticut Project - 1998 Series A) relating to the Southeast Project sometime during the second quarter of fiscal year 2011. The amount of 1998 Series A Bonds currently outstanding is \$39,885,000. The purpose of the proposed refunding will be to achieve economic savings. The proposed refunding will not extend the current maturity of the bonds, which is November 15, 2015.

15. CURRENT ACCOUNTING PRONOUNCEMENTS

During November 2007, GASB issued *Statement No. 52, "Land and Other Real Estate Held as Investments by Endowment."* This statement requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. As



of June 30, 2010 and 2009, the Authority has no land and other real estate that are held as investments by endowments.

During June 2008, GASB issued *Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments."* This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. During fiscal years 2010 and 2009, the Authority did not enter into any derivative instrument arrangements.

During June 2007, GASB issued *Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"* (GASB No. 51). This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software in an effort to reduce inconsistencies in accounting and financial reporting of intangible assets. As of June 30, 2010 and 2009, the Authority has no intangible assets that apply to GASB No. 51, except two easements: (1) easement right to access land owned by a private party in order for the Authority to access certain areas of the land for which the Authority bought from this party, that is adjacent to the Ellington Landfill; and (2) easement right to a property owned by another private party that essentially enables the Authority to control the zone of influence of the Shelton Landfill leachate plume. The value for both of these easements is immaterial; therefore, is not reflected on the Authority's financial statements as intangible assets.

16. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT EFFECTIVE YET

During February 2009, GASB issued *Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions,"* (GASB No. 54) that will become effective for financial statements for periods beginning after June 15, 2010. This statement establishes accounting and financial reporting standards including criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

Supplementary Information



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF BALANCE SHEETS
AS OF JUNE 30, 2010
(Dollars in Thousands)**

**EXHIBIT A
Page 1 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
ASSETS									
CURRENT ASSETS									
Unrestricted Assets:									
Cash and cash equivalents	\$ 1,352	\$ 51,253	\$ 1,539	\$ 9,061	\$ 80	\$ 14,110	\$ 1,636	\$ -	\$ 79,031
Accounts receivable, net of allowances	22	13,088	-	249	1,455	831	6,926	-	22,571
Inventory	-	3,870	-	-	-	-	-	-	3,870
Prepaid expenses	27	986	20	62	-	49	-	-	1,144
Due from other funds	-	188	-	-	-	-	-	(188)	-
Total Unrestricted Assets	1,401	69,385	1,559	9,372	1,535	14,990	8,562	(188)	106,616
Restricted Assets:									
Cash and cash equivalents	-	27,522	-	872	-	15,012	2,979	-	46,385
Accrued interest receivable	-	8	-	-	-	-	17	-	25
Total Restricted Assets	-	27,530	-	872	-	15,012	2,996	-	46,410
Total Current Assets	1,401	96,915	1,559	10,244	1,535	30,002	11,558	(188)	153,026
NON-CURRENT ASSETS									
Restricted cash and cash equivalents	-	15,698	-	5,672	-	-	1,064	-	22,434
Restricted investments	-	490	174	-	-	153	-	-	817
Capital Assets:									
Depreciable:									
Plant	864	169,546	616	14,827	-	-	-	-	185,853
Equipment	1,248	214,936	-	2,373	-	277	-	-	218,834
	2,112	384,482	616	17,200	-	277	-	-	404,687
Less: Accumulated depreciation	(1,525)	(285,526)	(616)	(16,429)	-	(111)	-	-	(304,207)
Total Depreciable, net	587	98,956	-	771	-	166	-	-	100,480
Nondepreciable:									
Land	-	11,900	-	14,301	-	1,979	-	-	28,180
Construction in progress	-	861	-	-	-	-	-	-	861
Total Nondepreciable	-	12,761	-	14,301	-	1,979	-	-	29,041
Development and bond issuance costs, net	-	38	-	-	-	-	2,689	-	2,727
Total Non-Current Assets	587	127,943	174	20,744	-	2,298	3,753	-	155,499
TOTAL ASSETS	\$ 1,988	\$ 224,858	\$ 1,733	\$ 30,988	\$ 1,535	\$ 32,300	\$ 15,311	\$ (188)	\$ 308,525



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF BALANCE SHEETS (Continued)
AS OF JUNE 30, 2010
(Dollars in Thousands)

EXHIBIT A
Page 2 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Current portion of:									
Bonds payable, net	\$ -	\$ 3,699	\$ -	\$ -	\$ -	\$ -	\$ 581	\$ -	\$ 4,280
Closure and post-closure care of landfills	-	8,876	-	804	-	563	-	-	10,243
Accounts payable	119	2,252	-	44	2	316	6	-	2,739
Accrued expenses and other current liabilities	614	10,068	51	242	1,379	944	3,216	-	16,514
Due to other funds	188	-	-	-	-	-	-	(188)	-
Total Current Liabilities	921	24,895	51	1,090	1,381	1,823	3,803	(188)	33,776
LONG-TERM LIABILITIES									
Bonds payable, net	-	8,039	-	-	-	-	3,625	-	11,664
Closure and post-closure care of landfills	-	26,904	-	11,938	-	5,396	-	-	44,238
Other liabilities	-	-	-	-	-	-	1,004	-	1,004
Total Long-Term Liabilities	-	34,943	-	11,938	-	5,396	4,629	-	56,906
TOTAL LIABILITIES	921	59,838	51	13,028	1,381	7,219	8,432	(188)	90,682
NET ASSETS	588	103,090	-	15,072	-	2,145	-	-	120,895
Invested in capital assets, net of related debt									
Restricted:									
Tip fee stabilization	-	-	-	-	-	14,454	-	-	14,454
Energy generating facility	-	7,099	-	-	-	-	-	-	7,099
Debt service reserve funds	-	3,963	-	-	-	-	53	-	4,016
Equipment replacement	-	1,770	-	-	-	-	-	-	1,770
Operating and maintenance	-	1,770	-	-	-	-	-	-	1,770
Revenue fund	-	1,637	-	-	-	-	-	-	1,637
Debt service funds	-	1,543	-	-	-	-	-	-	1,543
Montville landfill post-closure	-	-	-	-	-	-	1,097	-	1,097
Select Energy escrow	-	1,000	-	-	-	-	-	-	1,000
Shelton landfill future use	-	-	-	872	-	-	-	-	872
DEP trust - landfills	-	490	174	-	-	153	-	-	817
Covanta Wallingford escrow	-	-	-	-	-	500	-	-	500
Recycling education fund	-	213	-	-	-	-	-	-	213
Rebate fund	-	-	-	-	-	-	179	-	179
Other restricted net assets	-	48	-	-	-	-	-	-	48
Total Restricted	479	19,533	174	872	-	15,107	1,329	-	37,015
Unrestricted									
	479	42,397	1,508	2,016	154	7,829	5,550	-	59,933
Total Net Assets	1,067	165,020	1,682	17,960	154	25,081	6,879	-	217,843
TOTAL LIABILITIES AND NET ASSETS	\$ 1,988	\$ 224,858	\$ 1,733	\$ 30,988	\$ 1,535	\$ 32,300	\$ 15,311	\$ (188)	\$ 308,525



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**
(Dollars in Thousands)

EXHIBIT B

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
Operating Revenues									
Service charges:									
Members	\$ -	\$ 31,979	\$ -	\$ -	\$ 14,664	\$ 8,536	\$ 9,214	\$ -	\$ 64,393
Others	-	17,517	-	-	-	114	144	(178)	17,597
Energy sales	-	30,258	-	-	-	2,431	16,514	-	49,203
Other operating revenues	-	4,668	(39)	2,298	-	2	-	-	6,929
Total operating revenues	-	84,422	(39)	2,298	14,664	11,083	25,872	(178)	138,122
Operating Expenses									
Solid waste operations	-	73,936	(553)	1,692	14,179	12,146	24,185	(178)	125,407
Depreciation and amortization	201	16,296	11	303	-	33	448	-	17,292
Maintenance and utilities	-	1,272	-	86	-	7	-	-	1,365
Closure and post-closure care of landfills	-	(683)	-	(1,153)	-	(659)	-	-	(2,495)
Legal services - external	-	1,993	4	8	17	33	-	-	2,055
Operational and Environmental services	-	3,407	19	232	165	258	31	-	4,112
Billing, Accounting and Finance services	-	1,052	8	82	206	187	116	-	1,651
Education and Communications services	-	604	3	87	32	26	2	-	754
General and Administrative services	-	415	3	7	63	30	5	-	523
Distribution to member towns	-	-	1,639	-	-	-	-	-	1,639
Total operating expenses	201	98,292	1,134	1,344	14,662	12,061	24,787	(178)	152,303
Operating (Loss) Income	(201)	(13,870)	(1,173)	954	2	(978)	1,085	-	(14,181)
Non-Operating Revenues (Expenses)									
Investment income	3	338	9	49	1	98	58	-	556
Other income (expenses)	261	5,092	-	197	-	(5)	325	-	5,870
Interest expense	-	(735)	-	-	-	-	(328)	-	(1,063)
Net Non-Operating Revenues	264	4,695	9	246	1	93	55	-	5,363
Income (Loss) before Transfers	63	(9,175)	(1,164)	1,200	3	(885)	1,140	-	(8,818)
Transfers in (out)	-	-	(2,087)	2,087	-	-	-	-	-
Change in Net Assets	63	(9,175)	(3,251)	3,287	3	(885)	1,140	-	(8,818)
Total Net Assets, beginning year	1,004	174,195	4,933	14,673	151	25,966	5,739	-	226,661
Total Net Assets, end of year	\$ 1,067	\$ 165,020	\$ 1,682	\$ 17,960	\$ 154	\$ 25,081	\$ 6,879	\$ -	\$ 217,843



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**
(Dollars in Thousands)

EXHIBIT C
Page 1 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
Cash Flows Provided (Used) by Operating Activities									
Payments received from providing services	\$ 117	\$ 86,485	\$ 42	\$ 2,358	\$ 14,595	\$ 12,103	\$ 26,192	\$ (178)	\$ 141,714
Payments received from other funds	-	108	-	-	-	-	-	(108)	-
Payments to suppliers for goods and services	-	(78,346)	(83)	(1,931)	(14,133)	(12,625)	(26,609)	178	(133,550)
Payments to employees for services	-	(3,082)	-	(245)	(408)	(648)	(150)	-	(4,532)
Distribution to member towns	-	-	(1,639)	-	-	-	-	-	(1,639)
Payments to other funds	(108)	-	-	-	-	-	-	108	-
Net Cash Provided (Used) by Operating Activities	9	5,165	(1,680)	182	54	(1,170)	(567)	-	1,993
Cash Flows Provided (Used) by Investing Activities									
Interest on investments	9	349	7	50	1	259	95	-	770
Net Cash Provided by Investing Activities	9	349	7	50	1	259	95	-	770
Cash Flows Provided (Used) by Capital and Related Financing Activities									
Proceeds from sales of equipment	-	126	-	-	-	-	-	-	126
Payments for landfill closure and post-closure care liabilities	-	(5,866)	-	(414)	-	(133)	-	-	(6,413)
Acquisition and construction of capital assets	-	(3,225)	-	-	-	-	-	-	(3,225)
Interest paid on long-term debt	-	(737)	-	-	-	-	(250)	-	(987)
Principal paid on long-term debt	-	(3,525)	-	-	-	-	(618)	-	(4,143)
Net Cash Used by Capital and Related Financing Activities	-	(13,227)	-	(414)	-	(133)	(868)	-	(14,642)
Cash Flows Provided (Used) by Non-Capital Financing Activities									
Other interest and fees	-	(8)	-	(3)	-	(5)	-	-	(16)
Cash inflow / (outflow)	-	-	(2,087)	2,087	-	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(8)	(2,087)	2,084	-	(5)	-	-	(16)



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(Dollars in Thousands)**

**EXHIBIT C
Page 2 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	South West Division	Wallingford Project	Southeast Project	Eliminations	Total
Net (decrease) increase in cash and cash equivalents	\$ 18	\$ (7,721)	\$ (3,760)	\$ 1,902	\$ 55	\$ (1,049)	\$ (1,340)	\$ -	\$ (11,895)
Cash and cash equivalents, beginning of year	1,334	102,194	5,299	13,703	25	30,171	7,019	-	159,745
Cash and cash equivalents, end of year	1,352	94,473	1,539	15,605	80	29,122	5,679	-	147,850
Reconciliation of Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:									
Operating (loss) income	\$ (201)	\$ (13,870)	\$ (1,173)	\$ 954	\$ 2	\$ (978)	\$ 1,085	\$ -	\$ (14,181)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:									
Depreciation of capital assets	201	16,281	11	303	-	33	-	-	16,829
Amortization of development and bond issuance costs	-	15	-	-	-	-	448	-	463
Write-off of deferred acquisition costs	-	1,566	-	-	-	-	-	-	1,566
Provision for closure and post-closure care of landfills	-	(683)	-	(1,153)	-	(659)	-	-	(2,495)
Other income	107	5,011	-	200	-	-	325	-	5,643
Changes in assets and liabilities:									
(Increase) decrease in:									
Accounts receivable, net	-	(3,555)	81	(140)	(69)	832	(5)	-	(2,856)
Inventory	-	(242)	-	-	-	-	-	-	(242)
Prepaid expenses and other current assets	75	465	37	(26)	-	86	8	-	645
Due from other funds	-	108	-	-	-	-	-	(108)	-
(Decrease) increase in:									
Accounts payable, accrued expenses and other liabilities	(65)	69	(636)	44	121	(484)	(2,428)	-	(3,379)
Due to other funds	(108)	-	-	-	-	-	-	108	-
Net Cash Provided (Used) by Operating Activities	\$ 9	\$ 5,165	\$ (1,680)	\$ 182	\$ 54	\$ (1,170)	\$ (567)	\$ -	\$ 1,993



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2010
(Dollars in Thousands)**

**EXHIBIT D
Page 1 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Total
Net assets invested in capital assets, net of related debt	\$ 588	\$ 103,090	\$ -	\$ 15,072	\$ -	\$ 2,145	\$ -	\$ 120,895
Restricted net assets:								
Current restricted cash and cash equivalents:								
Revenue fund	-	20,646	-	-	-	-	1,451	22,097
Tip fee stabilization	-	-	-	-	-	14,454	-	14,454
Debt service funds	-	5,322	-	-	-	-	399	5,721
Montville landfill post-closure	-	-	-	-	-	-	1,129	1,129
Select Energy escrow	-	1,000	-	-	-	-	-	1,000
Shelton landfill future use	-	-	-	872	-	-	-	872
Covanta Wallingford escrow	-	-	-	-	-	500	-	500
Recycling education fund	-	213	-	-	-	-	-	213
Customer guarantee of payment	-	293	-	-	-	58	-	351
Town of Ellington trust - pooled funds	-	48	-	-	-	-	-	48
Total current restricted cash and cash equivalents	-	27,522	-	872	-	15,012	2,979	46,385
Non-current restricted cash and cash equivalents and investments:								
Energy generating facility	-	7,099	-	-	-	-	-	7,099
Shelton landfill trust fund	-	-	-	5,672	-	-	-	5,672
Debt service reserve funds	-	5,059	-	-	-	-	885	5,944
Operating and maintenance	-	1,770	-	-	-	-	-	1,770
Equipment replacement	-	1,770	-	-	-	-	-	1,770
DEP trust - landfills	-	490	174	-	-	153	-	817
Rebate fund	-	-	-	-	-	-	179	179
Total non-current restricted cash and cash equivalents and investments	-	16,188	174	5,672	-	153	1,064	23,251
Less liabilities to be paid with current restricted assets:								
Bonds payable, net including accrued interest	-	3,779	-	-	-	-	399	4,178
Other liabilities	-	19,302	-	-	-	58	1,483	20,843
Total liabilities to be paid with current restricted assets	-	23,081	-	-	-	58	1,882	25,021
Less liabilities to be paid with non-current restricted assets:								
Bonds payable, net	-	1,096	-	-	-	-	832	1,928
Landfill post-closure care costs	-	-	-	5,672	-	-	-	5,672
Total liabilities to be paid with non-current restricted assets	-	1,096	-	5,672	-	-	832	7,600
Total restricted net assets	-	19,533	174	872	-	15,107	1,329	37,015



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF NET ASSETS (Continued)
AS OF JUNE 30, 2010
(Dollars in Thousands)

EXHIBIT D
Page 2 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	South West Division	Wallingford Project	Southeast Project	Total
Unrestricted net assets:								
Designated for:								
Non-GASB #18 post-closure	\$ -	\$ 4,831	\$ -	\$ 3,763	\$ -	\$ 1,785	\$ -	\$ 10,379
Future loss contingencies	-	7,191	-	-	-	549	252	7,992
Landfill development	-	3,113	-	-	-	-	-	3,113
Rolling stock	-	2,784	-	-	-	-	-	2,784
Project closure	-	-	795	-	-	821	-	1,616
Future use	-	-	-	-	-	1,532	-	1,532
Facility modifications	-	1,493	-	-	-	-	-	1,493
Debt service stabilization	-	812	-	-	-	-	-	812
Recycling	-	-	-	709	-	-	-	709
Post-litigation expense	-	585	-	-	-	-	-	585
Deferred municipal credit	-	570	-	-	-	-	-	570
South Meadows site remediation	-	88	-	-	-	-	-	88
Undesignated	479	20,930	713	(2,456)	154	3,142	5,298	28,260
Total unrestricted net assets	479	42,397	1,508	2,016	154	7,829	5,550	59,933
Total Net Assets	\$ 1,067	\$ 1,65,020	\$ 1,682	\$ 17,960	\$ 154	\$ 25,081	\$ 6,879	\$ 217,843

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Connecticut Resources Recovery Authority
Harford, Connecticut

We have audited the financial statements of the Connecticut Resources Recovery Authority (Authority) as of and for the year ended June 30, 2010, and have issued our report thereon dated _____, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated _____, 2010.

This report is intended solely for the information and use of the Board of Directors and management of the Authority, the State of Connecticut and is not intended to be and should not be used by anyone other than these specified parties.

New York, New York
_____, 2010

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TAB 3

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

RESOLVED: That CRRA's Commercial General Liability insurance be purchased from ACE American Insurance Company with a \$1,000,000 limit, \$25,000 deductible for the period 10/1/10 – 10/1/11 for a premium of \$215,172 as discussed at this meeting; and

FURTHER RESOLVED: That CRRA's \$25 million Umbrella Liability insurance be purchased from ACE American Insurance Company for a premium of \$158,552 for the period 10/1/10 – 10/1/11, as discussed at this meeting; and

FURTHER RESOLVED: That CRRA's Pollution Legal Liability insurance be purchased from ACE American Insurance Company with a \$20 million limit, \$250,000 for the period 10/1/10 – 10/1/11 for a premium of \$242,348;

FURTHER RESOLVED: That CRRA's Commercial Automobile Liability insurance be purchased from ACE American Insurance Company with a \$1 million limit, liability coverage on all and comprehensive and collision on eighteen (18) passenger vehicles and light trucks with a \$1,000 deductible, for the period 10/1/10 – 10/1/11 for a premium of \$54,911.

The aggregate casualty premium is \$670,983 including all insurance outlined above for the period 10/1/10 – 10/1/11 (CRRA's annualized budget for these policies was \$872,745). This represents a favorable variance of 23% (\$201,762) to budget.

The proposed premiums represent a total reduction of \$155,945 (18%) compared to last year's annual premiums.

Executive Summary
Connecticut Resources Recovery Authority
Casualty Insurance Program Renewal
September 30, 2010

Background

CRRA's current casualty insurance program, consisting of Commercial General Liability, Automobile Liability, Umbrella Liability and Pollution Legal Liability policies, expires on October 1, 2010 and needs to be renewed. (Exhibit I summarizes the coverage under these policies.)

New Program Marketing and Results

CRRA began this marketing phase with our broker, Aon Risk Services (Aon) in June of this year. All of the markets were provided the same underwriting data and identical specifications. All premiums quoted were kept strictly confidential. Of the fourteen (14) markets Aon approached, four (4) declined to quote because they were unable to provide the requested limits, three (3) declined based on the nature of CRRA's exposures, and two (2) did not respond. ACE, the incumbent was the only market to provide both a stand-alone program and a combined program. Ironshore provided a competitive combined program, and the remaining three (3) provided quotes which were not competitive when compared to ACE or Ironshore.

(Exhibit II identifies the markets approached by Aon and their responses).

General Liability/Umbrella Liability/Pollution Legal Liability

Quotations on the existing "stand-alone" program structure with a total of \$25 million in Umbrella limits as well as \$20 million in Pollution Legal Liability limits were sought from all markets. "Stand-alone" refers to separate policies. Aon pursued multi-year policies with all insurance companies.

In addition, Aon explored the possibility of a "combined" General Liability/Pollution Legal Liability (GL/PLL) policy with shared limits of \$30 million and \$35 million. Years ago when the market for stand-alone pollution coverage was extremely small, CRRA purchased combined GL/PLL policies. Generally, premiums for combined policies are lower than stand-alone policies because both types of exposures share one limit of liability.

Coverage was offered as follows:

General Liability

Our current insurance company, ACE (Rated A+ Superior), was the only insurer of the fourteen (14) approached by Aon that quoted premiums that followed the specifications exactly for individual policies. ACE's quote for the \$1 million General Liability program with a deductible of \$25,000 carries a premium of \$215,172. This premium is 12% (or

\$28,759) lower than last year. ACE will not write a multi-year policy for General Liability. Terrorism is included.

ACE also provided an option for a higher deductible of \$50,000 which lowers the premium to \$194,784 (20% or \$49,147 lower than last year).

Umbrella Liability

Only ACE offered an umbrella limit of \$25 million as described in the specifications. The premium is \$158,552. This premium is \$27,069 (15%) lower than last year. The policy attaches to the General Liability, Auto Liability and our Employers Liability (Part II of the Workers Compensation Policy with CIRMA.) Multi-year policies are not available. Terrorism is included.

Pollution Legal Liability

This insurance is challenging to place because of CRRA’s many environmental exposures. However, our current insurer, ACE, offered multiple options for Pollution Legal Liability coverage:

ACE POLICY LIMIT, RETENTION, TERM AND PREMIUM OPTIONS:

RETENTION OPTIONS (per pollution condition)	LIMIT OPTIONS (per / aggregate)		
	\$20,000,000 / \$20,000,000		\$20,000,000 / \$40,000,000
	One (1) Year Term	Two (2) Year Term	Two (2) Year Term
\$250,000 SIR*	\$242,348	N/A	N/A
\$500,000 SIR*	\$230,808	N/A	N/A
\$1,000,000 SIR*	\$219,816	\$439,634 (a)	\$506,067 (b)

* SIR = Self-Insured Retention which is similar to a deductible, but must be paid out by the insured before insurance applies

- (a) All coverage would be the same as the one-year policy, except the aggregate limit is shared over the two-year term and would remain at \$20 million. So, for instance, if CRRA experienced a claim in year one which diminished the policy by \$10 million, and another claim in year two which totaled \$15 million, there would not be enough to cover the entire 2nd year claim. CRRA would be out-of-pocket for \$5 million of claim in the second year.

- (b) Because the aggregate is shared over the two-year period as described above, Aon requested and ACE provided this higher aggregate as additional two-year option.

Combined General Liability/Automobile Liability/Pollution Legal Liability

This year Aon also requested quotes from all insurers on a combined General Liability/Pollution Legal Liability policy. Three insurers complied with the specifications for this policy; ACE, AWAC, Zurich and Ironshore Specialty Insurance Company (Rated A- Excellent).

ACE's combined format (ACE PaC) is a relatively new offering and in Aon's opinion is not designed to afford the broad coverages that are currently provided and proposed in their stand-alone policies. The pollution coverage in the combination program is particularly limited in structure.

AWAC's combined program was eliminated from the comparison because they did not offer any automobile coverage and the combination of their programs would make the premium uncompetitive.

Zurich's combined program was eliminated from the comparison because of insufficient Umbrella limits and a higher automobile premium.

Ironshore provided a \$30 million combined policy. Ironshore's combined policy included coverage for general liability and pollution. Ironshore was unable to provide an auto quote so they proposed using an intermediary to place this coverage with Praetorian Insurance (Rated A-), a separate insurance company. Claims handling is included in the premium of \$693,340 including Terrorism (TRIA) with a \$25,000 deductible on the general liability portion and a \$500,000 retention for pollution. While not formally quoted, Ironshore has indicated that they could provide the same policy limit and a \$1 million pollution retention for a premium of \$685,340 (\$8,000 difference).

Automobile Liability

None of the insurers who responded with a quote would actually provide this coverage if they were not also providing the other lines of insurance.

CRRA sought coverage on thirty-three (33) units. Comprehensive and collision coverage is only on the newer eighteen (18) passenger vehicles and light trucks and liability coverage is on the entire fleet of 33 units. There are fewer vehicles in the overall fleet, but three (3) more new vehicles requiring comprehensive and collision coverage; last year there were fifteen (15). ACE provided a quote for \$1 million of coverage for a premium of \$54,911. This year's premium is 2% higher than last year's \$54,010 (or \$901).

All other markets declined to quote the Auto, except for Ironshore and Zurich (Zurich's premiums were too expensive as noted above). The cost of Ironshore's option for auto liability is included in the overall premium cost for their combined policy. Terrorism (TRIA) coverage is not available on Commercial Auto Liability insurance. Multi-year policies are not available for Automobile Liability.

The chart that follows compares expiring premiums against quotes – highlighted column recommended:

CRRA Casualty Insurance: 10/1/10-10/1/11
Breakdown of Expiring Premiums vs. Recommended Renewal Premiums

Line of Coverage	Expiring Premiums ACE 2009-2010	Renewal Premium Quotes – ACE – Rating A+ (stand-alone policies) 2010-2011	Premium Quotes – Ironshore – Rating A- (combined policy GL/AL/PLL) 2010-2011
General Liability	\$1m -\$243,931 ACE (includes TRIA) \$25,000Deductible	\$1m - \$215,172 ACE (includes TRIA) \$25,000Deductible	\$1m – \$360,194 (includes TRIA) \$25,000 Deductible
Automobile Liability	\$54,010 - ACE (comp & collision on 15 vehicles with \$1000 deductible on these units)	\$1m - \$54,911 – ACE (comp & collision on 18 vehicles with \$1000 deductible on these units)	\$1m – \$64,504 – Praetorian Insurance Co Rating A- (comp & collision on 18 vehicles with \$1000 deductible on these units)
Umbrella Liability	\$25m – ACE \$185,621 (Includes TRIA) (Sits over all but Pollution)	\$25m \$158,552 (Includes TRIA) (Sits over all but Pollution)	SHARED \$30m (Includes TRIA) Covers GL/AL/PLL
Pollution Legal Liability	ACE (1 Year Policy) \$20m Ea/\$20m Aggregate/\$1M SIR \$343,366 (TRIA Included)	(1 Year Policy) \$20m Ea/\$20m Aggregate/\$250K SIR \$242,348 (TRIA Included)	(1 Year Policy) \$1m Ea Aggregate/\$500K SIR \$268,642 (TRIA Included)
Overall Cost of Program Total	\$25m GL, Umbrella & Auto = \$483,562 \$20m Pollution = \$353,366 Total Cost – \$826,928 (Overall 3.1% Decrease from last year)	\$25M GL, Umbrella & Auto = \$428,635 & \$20m Pollution \$242,348 Total Cost – \$670,983 (Overall 18% Decrease from last year)	\$30M GL/AL/PLL SHARED Limit Total Cost – \$693,340 Overall 16% Decrease from last year)

Recommendation Rationale

ACE quoted stand-alone policies which provide limits for General Liability of \$1M, subject to a \$25,000 deductible; a policy for \$1M Automobile Liability Limit; a \$25M Umbrella over the GL AL & EL, and a separate policy with a \$20M Pollution Limit and a \$500,000 retention.

A premium reduction of \$20,388 for the higher General Liability deductible of \$50,000 is not justified as CRRA would be responsible for an additional \$25,000 per claim if we were to select this option. Fortunately, most of the claims we have in the General Liability category have been minor enough that they did not reach the deductible. However, within the last year we resolved one (1) claim which exceeded the \$50,000 deductible that applied to that claim that occurred in 2007.

ACE enhanced the policy at our request by providing coverage for abuse and molestation. Also at our request ACE provided a composite rated automobile liability policy, eliminating the need to notify the insurer when vehicles are acquired or deleted during the year.

ACE will provide a free loss prevention engineering survey.

Claims handling is included in the premium.

Catastrophe management is included with a \$250,000 sublimit.

ACE offered options for pollution legal liability coverage with different limits, self insured retentions and policy terms. None of the two-year policy premiums could be accommodated by the 2011 budget. Higher limits of \$20/\$40 Million allow CRRA to pay half the premium this year and half next year; however, these policies share the limit, as explained earlier on page 3. We chose to recommend the one-year, \$20/\$20 Million Pollution Legal Liability option with ACE because this policy accommodates the budget, is an enhanced level of coverage, lowers the SIR from \$1M to \$500,000, and represents a premium decrease over last year's policy (\$112,558).

Ironshore

Ironshore quoted a combination policy. Ironshore's combined policy establishes a \$500,000 retention for pollution legal liability and is \$37,843 higher than that offered by ACE. The overall limit is \$30M vs. ACE's \$25M for GL/Auto and \$20M for Pollution, however, it is important to keep in mind that the Ironshore limit is shared among all exposures, e.g., if there is a \$20M general liability claim, that would leave only \$10M remaining for all subsequent claims, including any pollution claims. Their combined policy has a \$25,000 deductible for the general liability exposures.

Ironshore's policy includes coverage for abuse and molestation.

Claims handling is included in the premium.

Ironshore also provides contract review services. They partner with legal professionals who are trained to review contracts and make recommendations on the indemnity language. However, after three (3) complimentary hours of this service, there is a fee for these services which was not disclosed.

Observations

Aon believes that ACE continues to provide the most comprehensive and competitively priced program for CRRA's current and historical exposures. The following highlights some of the differences between ACE and Ironshore's proposed terms that Aon and management believe are important in making our recommendation. Additional documentation is available upon request:

- Ironshore excludes all known contaminants while ACE identifies the same three known contaminants (dioxin well at Hartford LF, groundwater pollution emanating from Ellington LF, and groundwater pollution emanating from Hartford LF) that it excluded last year and provides bodily injury and property damage for other known contaminants;
- Ironshore does not provide coverage for lead paint and asbestos in structures while ACE does cover these exposures;
- ACE provided pre-existing pollution conditions coverage for the nine (9) divested locations; Ironshore did not;
- Ironshore did not provide on-site clean-up coverage for landfills, Power Block Facility, EGF, and operated WTE facilities while ACE does provide certain types of this coverage for these locations;
- With the purchase of standard terrorism coverage, bioterrorism coverage is included with the ACE program; it was not quoted by Ironshore.

RECOMMENDATIONS

In consultation with our broker Aon, management recommends that the Finance Committee accept the following quotes offered by ACE Insurance Company for the period 10/1/10 – 10/1/11:

**\$215,172 for \$1 million of Commercial General Liability
ACE (Best Rating A+ (Superior))**

**\$158,552 for \$25 million of Umbrella Liability
ACE (Best A+ (Superior))**

**\$230,808 for \$20 million of Pollution Legal Liability
ACE (Best Rating A+ (Superior))**

**\$54,911 for \$1 million of Commercial Automobile Liability –
ACE (Best Rating A+ (Superior))**

TRIA (certified acts of terrorism) coverage is on all appropriate policies.

Total casualty premium - \$659,443 vs. annualized budget amount of \$872,745 (see Premium to Budget Comparison, Exhibit III).

Description of Coverage

Commercial General Liability Insurance

\$1,000,000 – Commercial General Liability

Covers damages to third parties for bodily injury or property damage within policy terms and conditions (e.g., a workman drops a tool and dents somebody's automobile; someone slips and falls at one of our facilities). Limits are \$1 million each occurrence, \$2 million general aggregate per location.

\$25,000,000 – Umbrella Liability

Covers all of the losses within policy terms and conditions that exceed the underlying layer of \$1 million General Liability, \$1 million Auto Liability and \$1 million Employers Liability.

Pollution Legal Liability

\$20,000,000 – Pollution Legal Liability

Covers losses arising from pollution conditions to third parties within policy terms and conditions for onsite bodily injury and property damage, third party claims for off-site clean up resulting from new conditions, third party claims for off site bodily injury and property damage, coverage for scheduled non owned disposal locations and pollution conditions resulting from transported cargo. On site clean up of new conditions only from spills associated with the jet fuel tank at Mid-CT facility. Limits are \$20 million each occurrence, \$20 million in the aggregate.

Automobile Liability Insurance

Covers damages to third parties for bodily injury or property damage from the use of a CRRA owned auto within policy terms and conditions. The policy also covers the physical damage of CRRA owned units. CRRA is responsible for insuring 38 power units and 1 transporter plate - tractors/ trailers, light trucks and passenger vehicles used in connection with administration and operation of our facilities. Comprehensive and collision coverage is only on fifteen (15) passenger vehicles and light trucks with a \$1,000 deductible. Limits are \$1 million each occurrence with no aggregate.

Connecticut Resources Recovery Authority

Quote Disclosure Report

Casualty Program

Line of Business	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: October 1, 2010 to October 1, 2011								
Business Auto & General Liability (GL)	Business Auto	ACE USA	Quoted	N/A	\$54,911.00	None	N/A	N/A
	GL - \$25k Deductible	ACE USA	Quoted	N/A	\$215,172.00	None	N/A	N/A
	GL - \$50k Deductible	ACE USA	Quoted	N/A	\$194,784.00	None	N/A	N/A
	GL & Business Auto	Chubb	Declined	Exposures		None		
	Business Auto	Ironshore	Quoted	N/A	\$64,504.00	None	N/A	N/A
	GL & Business Auto	Liberty Mutual Group	Declined	Exposures		None		
	Business Auto	Zurich	Quoted	N/A	\$69,629.00	None	N/A	N/A
GL & Pollution Combined (GL/PLL)	Total Limits \$20M w/GL at \$25k deductible & PLL \$500k retention, Sudden & Accidental only	ACE USA	Quoted	N/A	\$438,485.00	None	N/A	N/A
	Total Limits \$25M w/GL at \$50k deductible & PLL \$500k retention Sudden & Accidental only	ACE USA	Quoted	N/A	\$419,098.00	None	N/A	N/A
	Total Limits \$25M w/GL at \$25k deductible & PLL \$500k retention. No Auto	AWAC	Quoted	N/A	\$384,593.00	None	N/A	N/A

Connecticut Resources Recovery Authority

Quote Disclosure Report

Casualty Program

Line of Business	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: October 1, 2010 to October 1, 2011								
	Total Limits \$25M w/GL at a \$50k deductible & PLL \$500k retention. No Auto	AWAC	Quoted	N/A	\$91,750.00	None	N/A	N/A
	GL w/ \$25k deductible & PLL \$30M Limit, \$500k retention	Ironshore	Quoted	N/A	\$360,194.00	None	N/A	N/A
	Total Limits \$10M w/GL at a \$25k deductible & PLL \$1M retention.	Zurich	Quoted	N/A	\$663,732.00	None	N/A	N/A
	Total Limits \$10M w/GL at a \$50k deductible & PLL \$1M retention.	Zurich	Quoted	N/A	\$637,622.00	None	N/A	N/A
	Total Limits \$10M w/GL at a \$25k deductible & PLL \$500k retention.	Zurich	Quoted	N/A	\$737,517.00	None	N/A	N/A
	Total Limits \$10M w/GL at a \$50k deductible & PLL \$500k retention.	Zurich	Quoted	N/A	\$709,823.00	None	N/A	N/A
Umbrella Liability	Umbrella \$20M	ACE USA	Quoted	N/A	\$152,994.00	None	N/A	N/A
	Umbrella \$25M	ACE USA	Quoted	N/A	\$158,552.00	None	N/A	N/A
	Umbrella \$10M	Zurich	Quoted	N/A	\$108,456.00	None	N/A	N/A

Connecticut Resources Recovery Authority

Quote Disclosure Report

Casualty Program

Line of Business	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: October 1, 2010 to October 1, 2011								
Pollution Legal Liability	PLL \$20M/\$20M Limit, \$250k retention, 1 year	ACE USA	Quoted	N/A	\$242,348.00	None	N/A	N/A
	PLL \$20M/\$20M Limit, \$500k retention, 1 year	ACE USA	Quoted	N/A	\$230,808.00	None	N/A	N/A
	PLL \$20M/\$20M Limit, \$1M retention, 1 year	ACE USA	Quoted	N/A	\$279,816.00	None	N/A	N/A
	PLL \$20M/\$20M Limit, \$1M retention, 2 years	ACE USA	Quoted	N/A	\$439,634.00	None	N/A	N/A
	PLL \$20M/\$40M Limit, \$1k retention, 2 years	ACE USA	Quoted	N/A	\$506,067.00	None	N/A	N/A
	Pollution	Arch	Declined	Unable to provide requested limits		None		
	PLL \$20M Limit Legacy Coverage Only \$500k retention	AWAC	Quoted	N/A	\$150,528.00	None	N/A	N/A
	PLL \$20M Limit Legacy Coverage Only \$1M retention	AWAC	Quoted	N/A	\$128,702.00	None	N/A	N/A
	Pollution	Berkley	Declined	Unable to provide requested limits		None		
	Pollution	Catfin	No Reply			None		
	Pollution	Chubb	Declined	Exposures		None		
	Pollution	CV Starr	Declined	Not writing business in Connecticut		None		

**Connecticut Resources Recovery Authority
Quote Disclosure Report
Casualty Program**

Line of Business	Program	Carrier	Carrier Response	Carrier Declination Reason	Premium	Quoted ARS Commission	Intermediary, if applicable	Intermediary Commission
Policy Term: October 1, 2010 to October 1, 2011								
	PLL \$20M Limit & \$500k retention	Great American	Quoted	N/A	\$320,574.95	None	N/A	N/A
	PLL \$20M Limit & \$1M retention	Great American	Quoted	N/A	\$262,336.35	None	N/A	N/A
	Pollution	Liberty	Declined	Can only provide excess coverage		None		
	Pollution	Navigators	Declined	Unable to provide requested limits		None		
	Pollution	Philadelphia Ins	Declined	Unable to provide requested limits		None		
	Pollution	XL	No Reply			None		

Presentation Date: September 23, 2010
Please note all quotes from ACE, AWAC, Ironshore & Zurich must be written together

PREMIUM TO BUDGET COMPARISON

Insurance Type	2009-2010	FY2010	FY2011	Annualized	Proposed	Variance
	10/1/09-10/1/10 Premium	10/1/09-6/30/10 Actual	7/1/10-10/1/11 Budget	Budget	10/1/10-10/1/11 Premium	to Budget
General Liability	\$243,931	\$182,948	\$73,800	\$256,748	\$215,172	\$41,576
Umbrella Liability	\$185,621	\$139,216	\$56,850	\$196,066	\$158,552	\$37,514
Pollution Legal Liab.	\$343,366	\$257,524	\$103,875	\$361,399	\$242,348	\$119,051
Automobile Liability	<u>\$54,010</u>	<u>\$40,507</u>	<u>\$18,025</u>	<u>\$58,532</u>	<u>\$54,911</u>	<u>\$3,621</u>
TOTALS	<u>\$826,928</u>	<u>\$620,195</u>	<u>\$252,550</u>	<u>\$872,745</u>	<u>\$670,983</u>	<u>\$201,762</u>

EXHIBIT III

TAB 4

EXECUTIVE SUMMARY

The Connecticut Resources Recovery Authority (“CRRA”) was established in 1973 pursuant to Chapter 446e (Solid Waste Management Act) of the Connecticut General Statutes. The Southeast Regional Resources Recovery Authority (“SCRARRA”) was established in 1985 pursuant to Chapter 103b (Municipal Resource Recovery Authorities) of the Connecticut General Statutes.

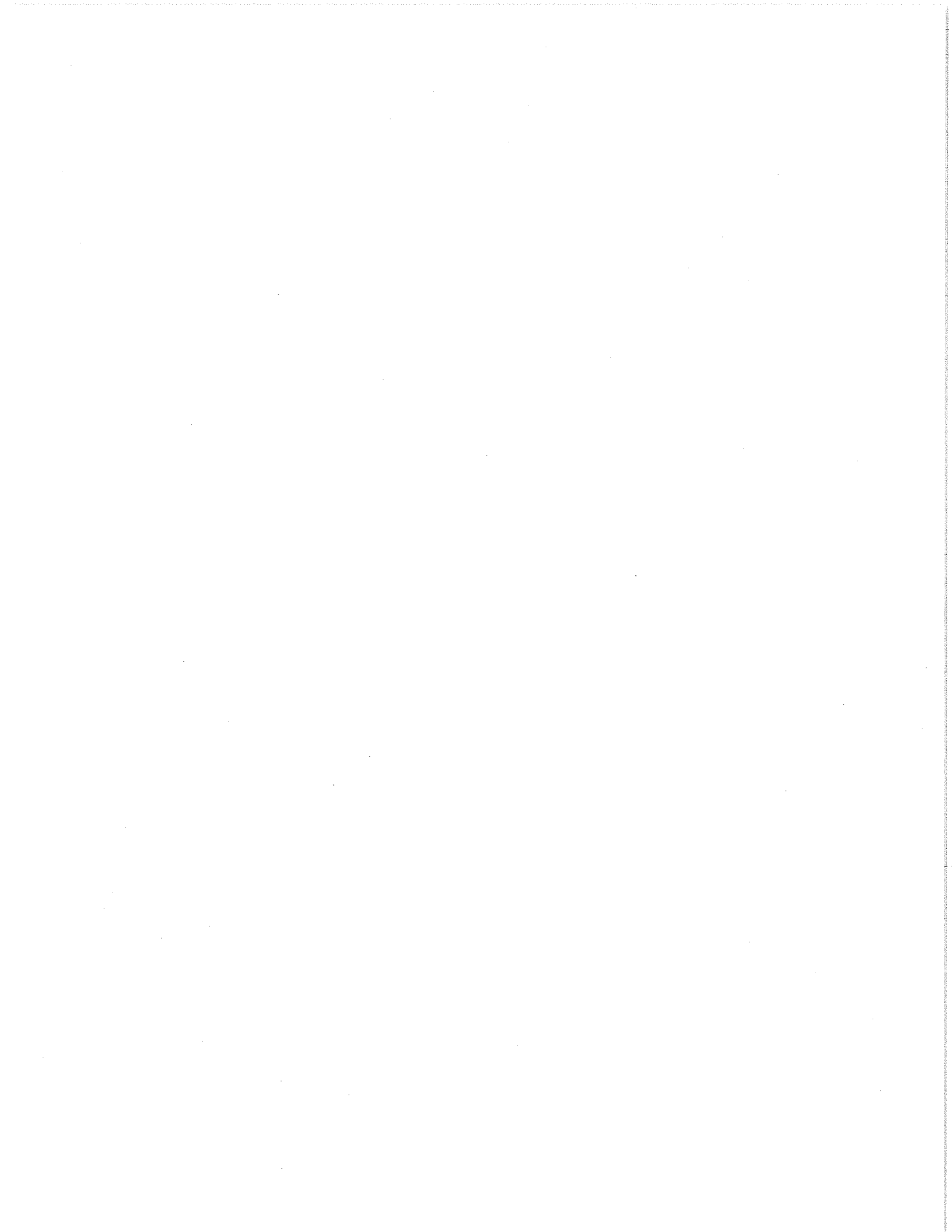
In 1987, SCRARRA and CRRA contracted with American Ref-Fuel for the design, construction, start-up, performance testing, operation and ownership of a 690 tons per day mass-burn Resource Recovery Facility in Preston, Connecticut (the “Facility”). CRRA also became the conduit issuer of the bonds issued for the Facility.

In early summer 2010, the respective Boards of Directors of SCRARRA and CRRA each adopted resolutions to proceed with the process to refund the outstanding maturities of the previously issued Resource Recovery Revenue Bonds (American Ref-Fuel Company of Southeastern Connecticut Project) 1998 Series A Bonds. Salient features of the proposed refunding:

- Southeast Project has 18 year facility track record of solid waste processing
- Backed by Full Faith & Credit pledge of 12 Southeast Connecticut towns (lowest rating is “A1”)
- Fixed rate electricity prices through 2017 at rates substantially higher than market
- Well-maintained and operated facility by the operator (Covanta), which will become the owner of the facility in 2015
- SCRARRA Board to infuse \$4.5 million of available cash to reduce borrowing amount
- Reduces requirement for SCRF amount from State from \$7.9 million to \$5.9 million
- Results in present value savings of \$2.6 million
- Short final maturity of November 15, 2015
- Significant additional security provide by agreements with Covanta in addition to underlying project

On September 8, 2010, the SCRARRA Board of Directors adopted a resolution authorizing the issuance of the refunding bonds and also authorized the use of \$4.5 million from its Future Use Reserve for use in the bond sizing, thereby lowering the amount of the refunding bonds to be issued.

To proceed with the refunding, the CRRA Board must now authorize the issuance of the refunding bonds and also authorize the Findings of Self-Sufficiency, which is a statutory requirement of the Special Capital Reserve Fund (“SCRF”) request from the State Treasurer.



**SOUTHEASTERN CONNECTICUT REGIONAL
RESOURCES RECOVERY SYSTEM**

**RESOLUTION AUTHORIZING THE ISSUANCE OF
RESOURCE RECOVERY REVENUE REFUNDING BONDS
COVANTA SOUTHEASTERN CONNECTICUT
COMPANY PROJECT – 2010 SERIES A**

WHEREAS, the Connecticut Resources Recovery Authority (the “Authority”), in furtherance of the Southeastern Connecticut Regional Resources Recovery System (the “System”) has authorized the issuance of bonds to finance costs of the System pursuant to an Indenture of Mortgage and Trust, dated as of December 1, 1988 (as amended and supplemented to the date hereof, the “Indenture”); and

WHEREAS, the Authority has previously issued under the Indenture, among other bonds, its \$87,650,000 aggregate principal amount of Resource Recovery Revenue Bonds (American REF-FUEL Company of Southeastern Connecticut Project – 1998 Series A) (the “Prior Bonds”); and

WHEREAS, the Indenture authorizes the Authority, subject to the conditions set forth therein, to issue additional bonds under the Indenture to refund bonds previously issued and outstanding under the Indenture; and

WHEREAS, the Authority has determined that it is in the best interests of the Authority and the System to refund and defease the entire outstanding balance of the Prior Bonds, currently \$39,855,000; and

WHEREAS, in furtherance of such refunding, the Authority has prepared or caused to be prepared the documentation to implement the refunding through the issuance of additional bonds under the Indenture (the “Refunding Bonds”), including, among other documents, (i) a 2010 Series A Supplemental Indenture of Mortgage and Trust, between the trustee under the Indenture (the “Trustee”) and the Authority (the “2010 Series A Supplemental Indenture”), (ii) Amendment No. 4 to Lease Agreement, between Covanta Southeastern Connecticut Company (the “Company”) and the Authority (“Amendment No. 4 to Lease Agreement”), (iii) Amendment No. 4 to Lessee Guaranty and Security Agreement, from the Company to the Trustee (“Amendment No. 4 to Lessee Guaranty and Security Agreement”), (iv) Amendment No. 3 to SCRRRA Pledge and Security Agreement, from the Southeastern Connecticut Regional Resources Recovery Authority (“SCRRRA”) to the Trustee (“Amendment No. 3 to SCRRRA Pledge and Security Agreement”); (v) Amendment No. 3 to Open-End Mortgage and Security Agreement, from the Company to the Trustee (“Amendment No. 3 to Mortgage”), (vi) Continuing Disclosure Agreement, among the Authority, SCRRRA, and the Trustee (the “Continuing Disclosure Agreement”), (vii) a Bond Purchase Agreement relating to the delivery of and payment for the Refunding Bonds, between Citigroup Global Markets Inc., as representative of the underwriters, the Authority, SCRRRA and the Company (the “Bond Purchase Agreement”), (viii) an Official Statement relating to the offering and sale of the

Refunding Bonds (in preliminary form, the "Preliminary Official Statement" and in final form, the "Official Statement"), (ix) a Tax Regulatory Agreement Among the Authority, the Company and the Trustee (the "Tax Regulatory Agreement") and (x) an Escrow Agreement between the Authority and the Trustee providing for the defeasance of the Prior Bonds (the "Escrow Agreement"); and

WHEREAS, the Authority, the Company and Covanta ARC, LLC (the "Parent"), in connection with the issuance of the Refunding Bonds, have agreed that the Parent shall have the right, but not the obligation, to terminate the existing Equity Contribution Agreement (which supports the Parent's obligations under the Company Support Agreement and Parent Undertaking, as defined below) at any time while the Refunding Bonds are outstanding if, and only if, at or prior to such termination, the Parent delivers a direct pay, irrevocable letter of credit to the Authority and/or the Trustee that (i) is in an amount at least equal to the outstanding principal and interest due on the Refunding Bonds (subject to reduction as principal and interest on the Refunding Bonds are paid), (ii) will remain effective until the Refunding Bonds are no longer outstanding, (iii) is issued by a commercial bank with at least \$10,000,000,000 of combined capital and surplus and a credit rating from Standard & Poor's of at least A+, and (iv) provides the Authority and/or the Trustee the right to draw on such letter of credit upon any debt service shortfalls on the Refunding Bonds (the "Qualified Letter of Credit"); and

WHEREAS, in connection with the issuance of the Refunding Bonds, the Authority will request the Company to enter into (i) a new Company Support Agreement, among the Company and the Parent (the "Company Support Agreement") to replace the existing company support agreement relating to the Prior Bonds, and (ii) a new Parent Undertaking, among the Company and the Parent (the "Parent Undertaking") to replace the existing parent undertaking relating to the Prior Bonds; and

NOW THEREFORE, it is

RESOLVED: That the Authority hereby determines that the issuance, sale and delivery of the Refunding Bonds, as hereinafter described, for the purposes herein described, is in the best interests of the Authority and the System; and

FURTHER RESOLVED: That in order to accomplish the purposes of the Connecticut Solid Waste Management Services Act, constituting Public Act No. 73-459 of the General Assembly of the State of Connecticut, codified as Chapter 446e, as amended and supplemented to the date hereof (the "Act"), the issuance and sale of Refunding Bonds is hereby authorized in an aggregate principal amount not to exceed \$40,000,000, subject to the provisions of the Indenture and the 2010 Series A Supplemental Indenture, and subject to approval of the Treasurer of the State of Connecticut; and

FURTHER RESOLVED: That the Authority adopts the attached Findings of Self-Sufficiency for the System pursuant to Connecticut General Statutes Section 22a-272, so as to enable the establishment of a special capital reserve fund for the Refunding Bonds, as provided for by such statute, which will be pledged as security for the Refunding Bonds; and

FURTHER RESOLVED: That any of the Chairman, the President or the Chief Financial Officer of the Authority, or any person acting in any of the foregoing capacities, are each hereby authorized to seek approval from the Treasurer of the State of Connecticut with respect to the issuance of the Refunding Bonds and the establishment of a special capital reserve fund for the Refunding Bonds; and

FURTHER RESOLVED: That at least two of the following Authority officials, the Chairman, the President and the Chief Financial Officer of the Authority, or anyone acting in any of the foregoing capacities, are hereby delegated the power of this Board to determine the principal amounts of each maturity of the Refunding Bonds, the aggregate principal amount of the Refunding Bonds provided such amount does not exceed \$40,000,000, the interest rates for each maturity for the Refunding Bonds, the maturities of the Refunding Bonds, the sinking fund installments, if any, of the Refunding Bonds, and all other terms and particulars of the Refunding Bonds, including, but not limited to any bond insurance, other credit enhancement, and redemption schedules; and

FURTHER RESOLVED: That the Refunding Bonds shall be sold on a negotiated basis pursuant to the Bond Purchase Agreement at the prices and upon the terms set forth in the Bond Purchase Agreement; and

FURTHER RESOLVED: That any of the Chairman, the President or the Chief Financial Officer of the Authority, or any person acting in any of the foregoing capacities, are each hereby authorized to execute on behalf of the Authority (i) the 2010 Series A Supplemental Indenture, (ii) Amendment No. 4 to Lease Agreement, (iii) the Official Statement, (iv) the Bond Purchase Agreement, (v) Continuing Disclosure Agreement, (vi) the Escrow Agreement and (vii) the Tax Regulatory Agreement, similar in form and containing comparable terms and conditions as discussed at this meeting, but with such changes and additions as are, in the opinion of the person executing such agreement (upon the advice of bond counsel to the Authority), necessary or desirable in order to complete and execute the same, and the approval of this Board with respect to each such agreement shall conclusively be determined by the signature of any one of such persons thereon; and

FURTHER RESOLVED: That any of the Chairman, the President or the Chief Financial Officer of the Authority, or any person acting in any of the foregoing capacities, are each hereby authorized to consent on behalf of the Authority, to the extent required by any agreement, to (i) the Company Support Agreement, (ii) the Parent Undertaking, (iii) the issuance of the Qualified Letter of Credit, (iv) Amendment No. 3 to SCRRRA Pledge and Security Agreement, (v) Amendment No. 4 to Lessee Guaranty and Security Agreement, and (vi) Amendment No. 3 to Mortgage, similar in form and containing comparable terms and conditions as discussed at this meeting, but with such changes and additions as are, in the opinion of the person executing such document (upon the advice of bond counsel to the Authority), necessary or desirable in order to complete and consent to the same, and the approval of this Board with respect to each such document shall conclusively be determined by the signature of any one of such persons thereon; and

FURTHER RESOLVED: That there is hereby approved the distribution of the Preliminary Official Statement and the Official Statement for the Refunding Bonds and that any of the Chairman, the President or the Chief Financial Officer of the Authority, or any person acting in any of the foregoing capacities, are each hereby authorized to execute on behalf of the Authority such Preliminary Official Statement and the Official Statement for the Refunding Bonds, similar in form and containing comparable terms and conditions as discussed at this meeting, but with such changes and additions as are, in the opinion of the person executing such document (upon the advice of bond counsel to the Authority), necessary or desirable in order to complete and execute the same, and the approval of this Board with respect to each such document shall conclusively be determined by the signature of any one of such persons thereon; and

FURTHER RESOLVED: That proceeds of the Refunding Bonds, together with funds of or available to the Authority and other amounts available under the Indenture shall be deposited with the Trustee pursuant to the Escrow Agreement and applied to refund the entire outstanding balance of the Prior Bonds; and

FURTHER RESOLVED: To the extent needed, that the Authority shall direct the Trustee to seek such consent of the holders of the bonds issued and outstanding under the Indenture as is required under the Indenture for those matters authorized under this Resolution that may require bondholder consent (as determined by the Chairman, the President or the Chief Financial Officer of the Authority or any person acting in any of the foregoing capacities, upon the advice of bond counsel to the Authority); and

FURTHER RESOLVED: That any of the Chairman, the President or the Chief Financial Officer of the Authority, or any person acting in any of the foregoing capacities, are each hereby authorized to take all such further actions and execute and deliver such further documents, certificates, schedules and agreements on behalf of the Authority to accomplish the issuance, sale and delivery of the Refunding Bonds and the redemption of the Prior Bonds as contemplated hereby, and as otherwise may be necessary and appropriate under the terms and conditions of all the aforesaid documents.

This Resolution shall take effect immediately.

Adopted: September __, 2010

ACTIVE/68305.21/MANDREANA/2163151v5

DRAFT – SUBJECT TO CHANGE

**FINDINGS OF SELF-SUFFICIENCY FOR THE SOUTHEASTERN
CONNECTICUT REGIONAL RESOURCES RECOVERY SYSTEM
BY THE
CONNECTICUT RESOURCES RECOVERY AUTHORITY’S
BOARD OF DIRECTORS**

September 23, 2010

Introduction and Background

Section 22a-272(b) of the Connecticut Resources Recovery Authority’s (“CRRA”) enabling act (the “Act”) requires as a condition to the issuance of any bonds of CRRA backed by a Special Capital Reserve Fund (“SCRFF”) that the Board of Directors of CRRA determine that the total revenues of a project will be sufficient to pay all the costs of a project, including debt service.

Specifically, Section 22a-272(b) of the Act provides that no bonds secured by a SCRFF authorized by the Act shall be issued to pay a project’s costs “unless the Authority [CRRA] is of the opinion and determines that the revenues to be derived from the project shall be sufficient

- (i) to pay the principal and interest on the bonds issued to finance the project,
- (ii) to establish, increase, and maintain any reserves deemed by the Authority [CRRA] to be advisable to secure the payment of the principal of and interest on such bonds,
- (iii) to pay the cost of maintaining the project in good repair and keeping it properly insured, and
- (iv) to pay other costs of the project as may be required.”

CRRA proposes to issue its Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series A) in a principal amount not to exceed \$40,000,000 (the “Refunding Bonds”) to provide, together with other funds of or available to CRRA and funds available under the Indenture, an amount sufficient to refund the outstanding principal balance of the 1998 Series A Bonds (the 1998 Series A Bonds to be refunded and defeased are hereinafter referred to as the “Prior Bonds”) that were initially issued to provide financing for the SCRRA solid waste disposal project in Preston, CT (the “Project”).

Findings of Self-Sufficiency

Finding 1. The Project's revenues have been more than sufficient to pay all of its costs and expenses, including debt service, since it began operations in 1992. The following table shows the financial results for the Project for the preceding five years. These results show debt service coverage ranging from 3.28 times to 3.94 times.

Revenues and Expenses					
Fiscal Years ending June 30					
<i>(dollars in thousands)</i>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:					
Tip Fees (Participating Municipalities)	10,888	11,146	10,583	9,475	9,587
Tip Fee (Covanta Spot)	4,005	4,386	4,666	5,028	5,044
Other Revenues	353	426	601	760	445
Energy Sales	20,365	21,947	23,051	23,736	27,567
Total Deposits to Revenue Fund:	35,611	37,905	38,901	38,999	42,643
Expenses (Base Operating Cost):	9,391	9,792	10,290	10,467	11,345
Net Revenues Available for Debt Service:	26,220	28,113	28,611	28,532	31,298
Debt Service:	7,984	7,972	7,963	7,955	7,945
Debt Service Coverage:	3.28	3.53	3.59	3.59	3.94
Other Subordinated Operating Costs:*	7,182	7,213	9,091	9,639	8,738
Total Coverage - All Expenses:	2.38	2.62	2.45	2.38	2.84

* paid after debt service

Source: CRRRA and Trustee Revenue Fund statements.

Finding 2. The following table shows projections provided by SCRRRA for the following five years, at which time the Refunding Bonds will be fully repaid. These projections are consistent with the financial results shown in the preceding table and show that the Project will be more than self-sufficient. Debt service coverage ranges from 5.10 times to 7.05 times.

Revenues and Expenses - PROJECTIONS
 Fiscal Years ending June 30
 (dollars in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:					
Tip Fees (Participating Municipalities)	9,330	9,528	9,708	9,900	10,092
Tip Fee (Covanta Spot)	4,990	5,100	5,200	5,280	5,310
Other Revenues	130	133	137	141	145
Energy Sales	28,018	29,007	30,757	32,512	34,393
Total Deposits to Revenue Fund:	<u>42,468</u>	<u>43,768</u>	<u>45,802</u>	<u>47,833</u>	<u>49,940</u>
Expenses (Base Operating Cost):	10,644	11,019	11,404	11,800	12,212
Net Revenues Available for Debt Service:	31,824	32,749	34,398	36,033	37,728
Debt Service:	6,238	6,225	6,197	6,188	5,355
Debt Service Coverage:	<u>5.10</u>	<u>5.26</u>	<u>5.55</u>	<u>5.82</u>	<u>7.05</u>
Other Subordinated Operating Costs:*	7,624	7,625	7,843	8,113	8,355
Total Coverage - All Expenses:	<u>3.88</u>	<u>4.04</u>	<u>4.29</u>	<u>4.51</u>	<u>5.49</u>

* paid after debt service
 Source: CRRRA

These projections assume:

- reasonable inflation adjusted increases in operating and maintenance costs,
- similar tonnages of waste delivered to the facility by the SCRRA towns and by Covanta Southeastern Connecticut Company (the "Company") from other waste suppliers on the spot market similar to those delivered during the previous five years,
- increases in electric revenues reflecting price increases called for under the Electric Power Purchase Contract with Connecticut Light & Power ("CL&P") and energy production similar to that achieved in the previous five year period and
- Levelized tipping fees, both for the SCRRA towns and for spot waste deliveries.

These assumptions are consistent with the results of previous years and are similar in manner with the normal practice in the municipal bond industry for evaluating the financial feasibility of projects to be financed. The projections show that the revenues from the Project will be more than self-sufficient to pay the principal and interest on the Refunding Bonds.

Finding 3. The other parties on whose contractual compliance the financial results of the Project depend are all eminently capable of performing under those contracts.

- The SCRRRA member municipalities that deliver waste and pay for its disposal are all highly rated financially and are capable of paying the Service Fee payments that are required of them. Their ratings are shown on the following table. Moreover, they are receiving disposal service from the Project at a reasonable and competitive cost.

Town	Moody's	S&P
East Lyme	Aa2	-
Griswold	-	AA-/Stable
Groton	Aa2	AA/Stable
Ledyard	Aa2	-
Montville	Aa2	-
New London	A1	A+/Stable
North Stonington	A1	-
Norwich	Aa2	AA-/Stable
Preston	A3	A+/Stable
Sprague	A1	-
Stonington	Aa1	-
Waterford	Aa2	-

- CL&P, the energy purchaser under the Electric Power Purchase Contract, is capable of buying and paying for the electricity as required under the Electric Power Purchase Contract. CL&P is a large electric utility and is rated “Baa1” and “BBB” by Moody’s Investor Services and Standard & Poor’s, respectively.
- The Company is capable of operating the Project at its contractual commitments of boiler availability, electric production, emissions and cost. The Company has performed under its contracts (primarily, the Service Agreement). There is no evidence suggesting that this will change in the next five years. When the Refunding Bonds are paid in full, the Company has the option to acquire the Project. This provides substantial incentives, above its contractual requirements, for the Company to continue to operate and maintain the Project.

Finding 4. There are a number of additional sources of security for the Refunding Bonds provided by various Covanta companies and subsidiaries, including the Company, that provide support for the repayment of the Refunding Bonds from sources external to the economics and cash flows of the Project.

- The Lease
The Lease requires that the Company make lease rental payments sufficient to pay principal and interest on the Refunding Bonds as they become due.
- The Company Support Agreement (“CSA”)
The CSA requires the parent of the Company, Covanta ARC (the “Parent”), to provide funds to the Company if the Company is unable to make payments, such as debt service, as required under the various Project documents. The Parent is not rated but is a very substantial company with total assets of almost \$2.6 billion and equity of over \$1.9 billion. Its net income in 2009 was over \$110 million.
- Equity Contribution Agreement (“ECA”)
The ECA requires that REF-FUEL Corp. and MSW Energy Holdings LLC each provide up to \$50 million (total \$100 million) to Covanta ARC to enable it to make payments that are required of it under a number of project agreements with its subsidiaries, including the CSA. In addition, because both of the two corporate parents are not rated at least “BBB”, each company must provide a letter of credit for \$50 million (total \$100 million) to ensure its ability to make the payments required of it under the ECA.

CRRA will, as part of the Refunding Bond issue, provide that the Parent may terminate the ECA in the future on the condition that it must provide the Authority with a letter of credit from a bank that will pay debt service on the Refunding Bonds as it becomes due. The bank that provides the letter of credit must have at least \$10 billion of equity and be at least rated “A+”.

Finding 5. The current debt service reserve fund (backed by the State’s SCRF) is currently fully funded to its required minimum. The Refunding Bonds will reduce the amount of reserves required, which in turn will reduce the State’s exposure on the Refunding Bonds.

DETERMINATION

The Board finds that the revenues of the Southeast Project will be more than self-sufficient to provide for the repayment of the Refunding Bonds and that the reserve funding amounts are adequate.

Attached hereto as Exhibit A are copies of letters from CRRA’s investment banker (Citi) and economic advisor (Environmental Capital) relating to these Findings.

LETTERS FROM CITI & ENVIRONMENTAL CAPITAL



Jim Bolduc
Chief Financial Officer
Connecticut Resource Recovery Authority
100 Constitution Plaza – 6th Floor
Hartford, CT 06103

Dear Jim,

Citigroup Global Markets Inc. (“Citi”) is serving as senior managing underwriter for Connecticut Resource Recovery Authority’s (“CRRA” or the “Authority”) Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project - 2010 Series A), currently expected to price during the week of November 1, 2010. As part of Citi’s role as senior manager, CRRA has asked that Citi review a draft of the Findings of Self-Sufficiency dated September 23, 2010 (the “FOS”). Based on the information provided to us in the FOS, it is our understanding that the Connecticut General Statutes Section 22a-272(b) requires the Authority to prepare findings of self-sufficiency in order to issue bonds secured by a special capital reserve fund (“SCRF”). Specifically, the Authority is required to determine that total revenues of a project will be sufficient to pay all the costs of a project including debt service. Further, the Authority must determine that the SCRF will assist in the marketing of the bonds by providing a credit structure and associated bond ratings that are more favorable than could be obtained without the SCRF.

Citi has reviewed “Finding 1” and “Finding 2” of the FOS which together detail the historical calculations of debt service coverage for the fiscal years 2006 through 2010, the projected debt service coverage for the years 2011 through 2015 and identifies the final maturity of the proposed refunding bonds as 2015.

Assuming the project’s revenues and expenses perform as projected by the Authority, it appears that the net revenues projected by CRRA reflected in Finding 2 should be sufficient to pay debt service. Be advised however that in providing this letter Citi has assumed and relied, without assuming any responsibility for independent verification, upon the Authority’s revenue and expense estimates and is not in a position to opine on whether these estimates are reasonable. Additionally, Citi notes that (i) the projections are subject to the assumptions detailed on page 7 and actual results may differ significantly given a variety of factors; and (ii) the debt service estimates in Finding 2 are preliminary and remain subject to change depending on market conditions at the time of pricing.

If you have any questions concerning this letter, do not hesitate to contact me.

Sincerely,

Kristen Johanson
Managing Director



September 21, 2010

James Bolduc
Chief Financial Officer
Connecticut Resources Recovery Authority
100 Constitution Plaza
Hartford, CT 06103-1722

Dear Mr. Bolduc:

You have asked for our Opinion on the self-sufficiency of the proposed refinancing of certain outstanding CRRA bonds, those being the Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series A) (the “Refunding Bonds”). This letter provides that Opinion.

The Refinancing

We understand that CRRA proposes to issue its Refunding Bonds to provide, together with other funds of or available to CRRA and funds available under the Indenture, an amount sufficient to refund all or a part of the outstanding principal balance of the 1998 Series A Bonds (the 1998 Series A Bonds to be refunded and defeased are hereinafter referred to as the “Prior Bonds”) that were initially issued to provide financing for the Southeastern Connecticut Regional Resources Recovery Authority (“SCRRA”) solid waste disposal project in Preston, CT (the “Project”).

The Basis of Our Opinion

In forming our Opinion, we have relied on certain financial information that was supplied by you and taken from your books and records. We have not undertaken to independently confirm that information, but have relied on its accuracy. We have reviewed the agreements and contracts that comprise the legal elements of the Project. In certain cases, we have relied on document summaries that are a part of the original project disclosure documents. In our analysis of certain financial aspects of the Project, e.g., the prices and terms of the Electric Power Purchase Contract, we have relied upon information supplied by you concerning those prices and terms. We have reviewed the audited financial statements of Covanta ARC, the parent company of the Company. In addition, any projections are subject to change due to changes in the Project’s circumstances. Finally, the actual results of operating the Project may vary from the assumptions that we have made in formulating our Opinion. Such variation could have caused us, had we known those actual results, to reach a different conclusion than that expressed herein.

Findings of Self-Sufficiency

Finding 1. The Project's revenues have been more than sufficient to pay all of its costs and expenses, including debt service, since it began operations in 1992. The following table shows the financial results for the Project for the preceding five years. These results show debt service coverage ranging from 3.28 times to 3.94 times.

Revenues and Expenses
Fiscal Years ending June 30
(dollars in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:					
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Total Deposits to Revenue Fund:	<u>35,611</u>	<u>37,905</u>	<u>38,901</u>	<u>38,999</u>	<u>42,643</u>
Expenses (Base Operating Cost):	9,391	9,792	10,290	10,467	11,345
Net Revenues Available for Debt Service:	26,220	28,113	28,611	28,532	31,298
Debt Service:	7,984	7,972	7,963	7,955	7,945
Debt Service Coverage:	<u>3.28</u>	<u>3.53</u>	<u>3.59</u>	<u>3.59</u>	<u>3.94</u>
Other Subordinated Operating Costs:*	7,182	7,213	9,091	9,639	8,738
Total Coverage - All Expenses:	<u>2.38</u>	<u>2.62</u>	<u>2.45</u>	<u>2.38</u>	<u>2.84</u>

* paid after debt service

Source: CRRRA and Trustee Revenue Fund statements.

Finding 2. The projections that you have made for the remaining five years of the Project's life are also more than adequate to pay all of its costs and expenses, including debt service on the Refunding Bonds. The following table shows projections provided by SCRRRA for the following five years, at which time the Refunding Bonds will be fully repaid. These projections are consistent with the financial results shown in the preceding table and show that the Project will be more than self-sufficient. Debt service coverage ranges from 5.10 times to 7.05 times.

Revenues and Expenses - PROJECTIONS
Fiscal Years ending June 30
(dollars in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
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* paid after debt service

Source: CRRRA

These projections assume:

- reasonable inflation adjusted increases in operating and maintenance costs,
- similar tonnages of waste delivered to the facility by the SCRRA towns and by Covanta Southeastern Connecticut Company (the “Company”) from other waste suppliers on the spot market similar to those delivered during the previous five years,
- increases in electric revenues reflecting price increases called for under the Electric Power Purchase Contract with Connecticut Light & Power (“CL&P”) and energy production similar to that achieved in the previous five year period and
- Levelized tipping fees, both for the SCRRA towns and for spot waste deliveries.

In our Opinion, these assumptions are consistent with the results of previous years and are made in manner that is consistent with the normal practice in the municipal bond industry for evaluating the financial feasibility of projects to be financed. The projections show that the revenues from the Project will be more than self-sufficient to pay the principal and interest on the Refunding Bonds.

Finding 3. The other parties on whose contractual compliance the financial results of the Project depend are all eminently capable of performing under those contracts.

- The SCRRA member municipalities that deliver waste and pay for its disposal are all highly rated financially and are capable of paying the Service Fee payments that are required of them. Their ratings are shown on the following table. Moreover, they are receiving disposal service from the Project at a reasonable and competitive cost.

Town	Moody's	S&P
East Lyme	Aa2	-
Griswold	-	AA-/Stable
Groton	Aa2	AA/Stable
Ledyard	Aa2	-
Montville	Aa2	-
New London	A1	A+/Stable
North Stonington	A1	-
Norwich	Aa2	AA-/Stable
Preston	A3	A+/Stable
Sprague	A1	-
Stonington	Aa1	-
Waterford	Aa2	-

- CL&P, the energy purchaser under the Electric Power Purchase Contract, is capable of buying and paying for the electricity as required under the Electric Power Purchase Contract. CL&P is a large electric utility and is rated “Baa1” and “BBB” by Moody’s Investor Services and Standard & Poor’s, respectively.
- The Company is capable of operating the Project at its contractual commitments of boiler availability, electric production, emissions and cost. The Company has performed adequately under its contracts (primarily, the Service Agreement). There is no evidence suggesting that this will change in the next five years. When the Refunding Bonds are paid in full, the Company has the option to acquire the Project. This provides substantial incentives, above its contractual requirements, for the Company to continue to operate and maintain the Project.

Our Opinion regarding the Company is based on the results achieved to date and discussions that we have had with various CRRA personnel and with SCRRRA executives.

Finding 4. There are a number of additional sources of security for the Refunding Bonds provided by various Covanta companies and subsidiaries, including the Company, that provide support for the repayment of the Refunding Bonds from sources external to the economics and cash flows of the Project under the various Project Agreements the various Project Agreements discussed below.

- The Lease
The Lease requires that the Company make lease rental payments sufficient to pay principal and interest on the Refunding Bonds as they become due.
- The Company Support Agreement (“CSA”)
The CSA requires the parent of the Company, Covanta ARC (the “Parent”), to provide funds to the Company if the Company is unable to make payments, such as debt service, as required under the various Project documents. The Parent is not rated but is a very substantial company with total assets of almost \$2.6 billion and equity of over \$1.9 billion. Its net income in 2009 was over \$110 million. We have obtained this information from a review of the audited financial statements of Covanta ARC.
- Equity Contribution Agreement (“ECA”)
The ECA requires that REF-FUEL Corp. and MSW Energy Holdings LLC each provide up to \$50 million (total \$100 million) to Covanta ARC to enable it to make payments that are required of it under a number of project agreements with its subsidiaries, including the CSA. In addition, because both of the two corporate parents are not rated at least “BBB”, each company must provide a letter of credit for \$50 million (total \$100 million) to ensure its ability to make the payments required of it under the ECA. We have relied on representations from the Company that these letters of credit are in place.

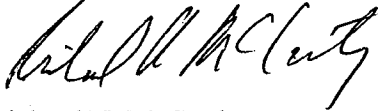
CRRA will, as part of the Refunding Bond issue, provide that the Parent may terminate the ECA in the future on the condition that it must provide CRRA with a letter of credit from a bank that will pay debt service on the Refunding Bonds as it becomes due. The bank that provides the letter of credit must have at least \$10 billion of equity and be at least rated "A+".

Finding 5. The current debt service reserve fund (backed by the State's SCRF) is currently fully funded to its required minimum. The Refunding Bonds will reduce the amount of reserves required, which in turn will reduce the State's exposure on the Refunding Bonds.

OPINION

In our Opinion, the revenues of the Southeast Project, including any that may become available under the terms of the various Project Agreements will be self-sufficient to provide for the repayment of the Refunding Bonds.

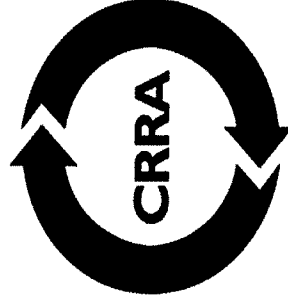
Sincerely,



Richard N. McCarthy
President

Presentation to the Office of the State Treasurer

Proposed 2010 Series A Bonds
(Southeast Project Refunding)
CONNECTICUT RESOURCES RECOVERY AUTHORITY



September 16, 2010

Introductions

Jim Bolduc – CRRA CFO

Jerry Tyminski – SCRRRA Executive Director

John Stafstrom, Esq. – Pullman & Comley

Rick McCarthy – President, Environmental Capital

Kristen Johanson – Citi

Benjamin Cooper - Citi

Overview

- CRRRA previously issued \$87.6 million Resource Recovery Revenue Bonds 1998 Series A that were SCRF-backed on behalf of the Southeastern Connecticut Regional Resources Recovery Authority (“SCRRRA”)
- 1998 Series A Bonds currently outstanding: \$39.8 million
- Refunding the outstanding bonds would provide over \$2.4 million in present value savings (7.09% of refunded bonds)
- Connecticut General Statutes 22a-269(c) requires State Treasurer approval of CRRRA bonds
- CRRRA must also request SCRF from the State Treasurer

CRRA

- Established in 1973 pursuant to CGS Chapter 446e (Solid Waste Management Act)
- Successfully financed, developed and managed four waste-to-energy facilities since 1988:
 - **Bridgeport:** 2,250 Tons per day (operations commenced 1988)
 - **Mid-Conn:** 2,850 Tons per day (operations commenced 1988)
 - **Wallingford:** 420 Tons per day (operations commenced 1989)
 - **Southeast:** 690 Tons per day (operations commenced 1992)

CRRA's Regional Solid Waste

Operations

Mid-Connecticut Project

- > Waste processing facility, refuse-derived fuel trash-to-energy plant, recyclables processing facilities, and CRRA Trash Museum in Hartford
- > Transfer stations in Essex, Ellington, Torrington and Watertown
- > Canaan, Durham, Lyme, Old Lyme, Middlefield and Tolland deliver trash but not recyclables. Residents may take advantage of Mid-Connecticut Project electronics recycling collections.

Southwest Division

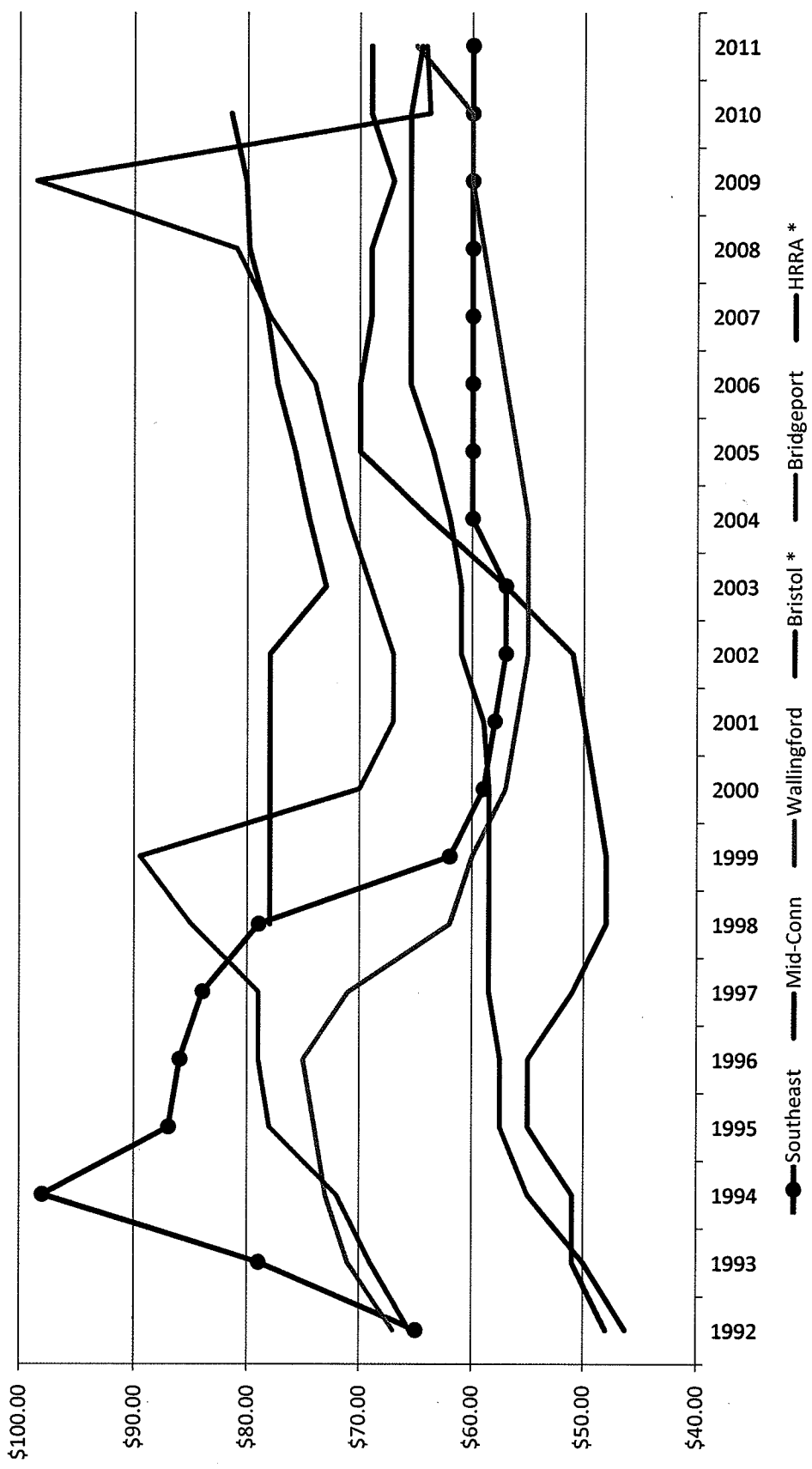
- > CRRA contracts for towns to deliver trash to mass-burn trash-to-energy plant in Bridgeport
- > Recycling processing center and Garbage Museum in Stratford
- > Greenwich, East Haven deliver recyclables but not trash; Bethany delivers trash but not recyclables

Southeast Project

- > Mass-burn trash-to-energy facility in Preston



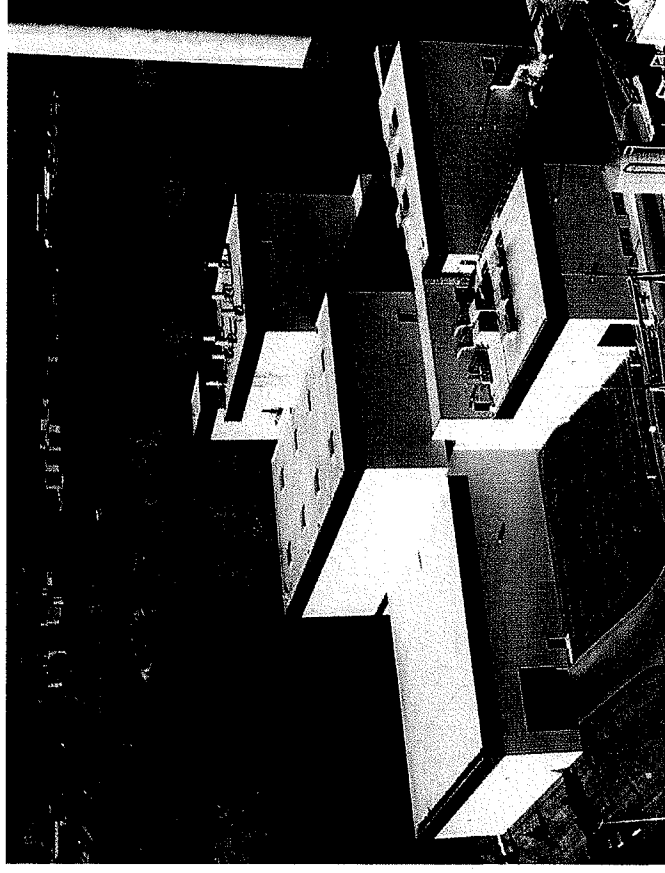
Historical Public Entity Tipping Fees in Connecticut



* not CRRA facilities

SCRRRA

- Established in 1985 pursuant to CGS Chapter 103b (Municipal Resource Recovery Authorities)
- 12 member Board of Directors
- Linked to CRRRA through Bridge & Management Agreement
 - Together, CRRRA and SCRRRA contracted with American Ref-FUEL in 1987 to design, construct, start-up and operate the mass burn facility
- Executive Director Jerry Tyminski hired in 1995



The Southeast Project

- **The System:**
 - 690 tons per day mass burn facility
 - Montville Landfill (closed in 2000); Ash now being delivered to private operator in Putnam, CT
 - Recycling capacity
- Facility operated by Covanta Southeastern Connecticut Company (the "Company") (an LLC indirectly owned by Covanta Holding Corp) located at 132 Military Highway, Preston, CT
- Serves 12 towns in Southeastern Connecticut
- Facility began operation in February 1992
- Very favorable energy contract with prices escalating through February 2017
- **Highly successful facility:**
 - Boiler availability much higher than industry standard: 95.3% in FY08, 94.9% in FY09; 98.2% in FY10
 - Earned OSHA Voluntary Protection Program Gold Star Among Star Awards: 2002-2010
 - Winner of the American Society of Mechanical Engineers Large Plant of the Year: 2006
 - 100+ continuous months without employee accidents
- CRRRA owns the facility and leases to the Company
- Company will own the facility in 2015

Solid Waste Deliveries

TOWN	RATINGS (Moody's/ S&P)	Minimum Tonnage Commitment	FY 2007 Actual Tons Delivered	FY 2008 Actual Tons Delivered	FY 2009 Actual Tons Delivered	FY 2010 Actual Tons Delivered
East Lyme	Aa2 / -	7,249	13,581	12,411	12,043	11,540
Griswold	- / AA-	5,259	6,197	5,670	5,777	5,127
Groton	Aa2 / AA	29,481	31,553	31,195	29,676	28,493
Ledyard	Aa2 / -	7,029	8,448	7,388	6,865	7,085
Montville	Aa2 / -	9,109	21,593	21,139	19,849	18,886
New London	A1 / A+	14,873	24,643	25,166	22,648	21,900
No. Stonington	A1 / -	2,159	2,866	2,795	3,201	3,387
Norwich	Aa2 / AA-	23,366	32,580	29,719	25,423	24,292
Preston	A3 / A+	0	2,836	1,733	1,358	1,372
Sprague	A1 / -	2,808	1,657	1,642	1,419	1,175
Stonington	Aa1 / -	10,149	13,352	12,511	11,965	12,204
Waterford	Aa2 / -	16,432	17,119	15,497	13,736	14,246
Town TOTALS	n/a	127,919	176,422	166,866	153,960	149,707
TOTAL Tons Processed	n/a	n/a	268,727	263,792	268,890	274,916

Historical Cash Coverage Ratios

Revenues and Expenses
Fiscal Years ending June 30
(dollars in thousands)

	2006	2007	2008	2009	2010
Revenues:					
Tip Fees (Participating Municipalities)	10,888	11,146	10,583	9,475	9,587
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Source: CRRRA and Trustee Revenue Fund statements.

Projected Cash Coverage Ratios

Revenues and Expenses - PROJECTIONS

Fiscal Years ending June 30

(dollars in thousands)

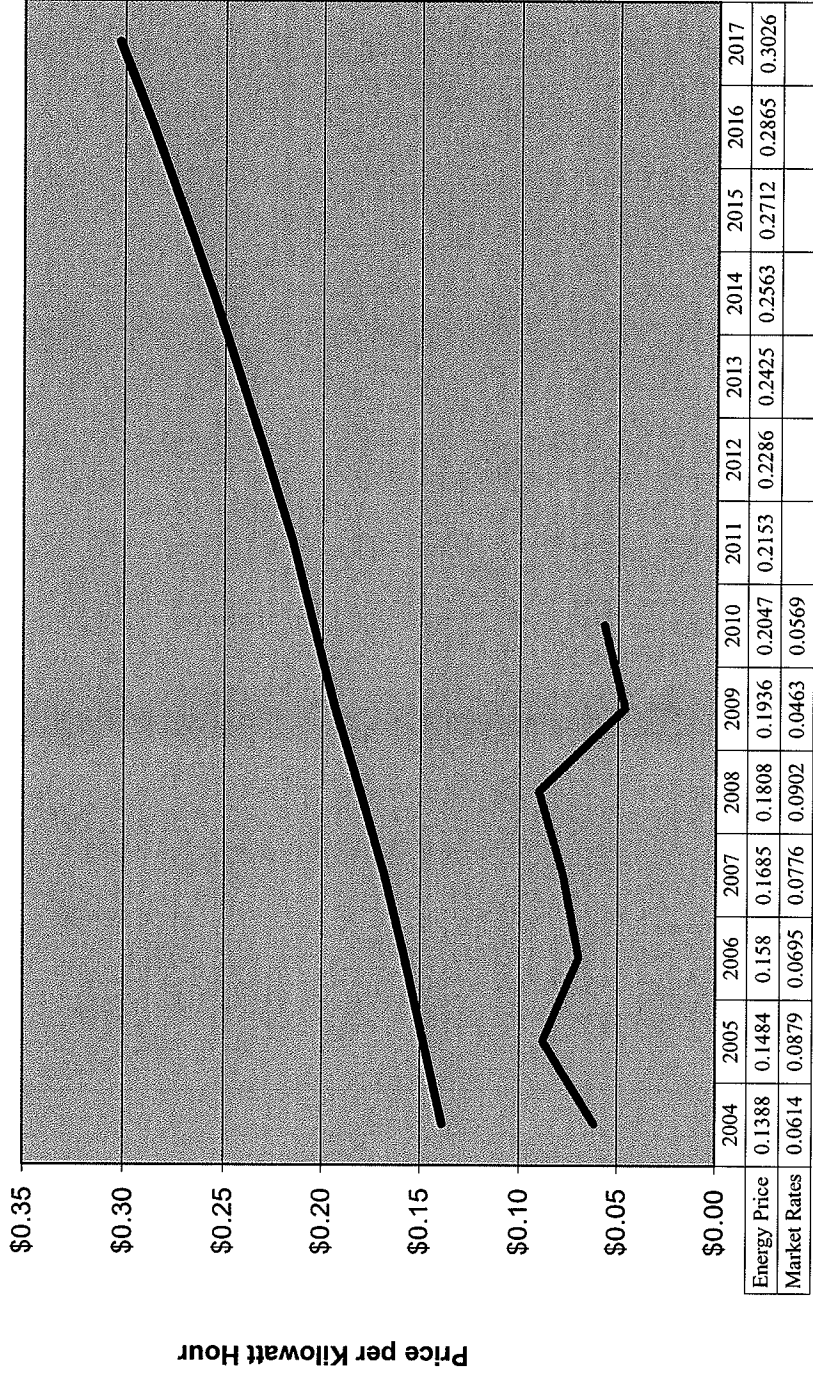
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:						
Tip Fees (Participating Municipalities)	9,330	9,528	9,708	9,900	10,092	10,290
Tip Fee (Covanta Spot)	4,990	5,100	5,200	5,280	5,310	5,400
Other Revenues	130	133	137	141	145	150
Energy Sales	28,018	29,007	30,757	32,512	34,393	36,336
Total Deposits to Revenue Fund:	42,468	43,768	45,802	47,833	49,940	52,176
Expenses (Base Operating Cost):	10,644	11,019	11,404	11,800	12,212	12,641
Net Revenues Available for Debt Service:	31,824	32,749	34,398	36,033	37,728	39,535
Debt Service:	6,238	6,225	6,197	6,188	5,355	-
Debt Service Coverage:	5.10	5.26	5.55	5.82	7.05	n/a
Other Subordinated Operating Costs:*	7,624	7,625	7,843	8,113	8,355	8,642
Total Coverage - All Expenses:	3.88	4.04	4.29	4.51	5.49	n/a

* paid after debt service

Source: CRAA

Very Favorable and Escalating Energy Prices

Southeast Project Energy Prices (blended)



History of Southeast SCRF Bonds

Issue:	Series:	Final Maturity:	Par Issued (\$000)	Status:	Currently Outstanding:
Resource Recovery Revenue Bonds (American Ref-FUEL Company of Southeastern Conn. Project)	1988 Series A	11/15/2015	\$102,630	Refunded by 1998 Series A Bonds	\$ 0
Resource Recovery Revenue Bonds (American Ref-FUEL Company of Southeastern Conn. Project)	1998 Series A	11/15/2015	\$87,650	Proposed to be refunded by 2010 Series A	\$39,855
Resource Recovery System Municipal Service Fee Revenue Bonds (Landfill Bonds)	1988 Series A	11/15/2001	\$17,855	Matured	\$ 0
Resource Recovery Revenue Bonds (American Ref-FUEL Company of Southeastern Conn. Project)	1989 Series A	11/15/2011	\$3,935	Called in full in 2005	\$ 0

Security for the Bonds

- All Project Revenues:
 - All tipping fees
 - Electric revenues – electric prices fixed through February 2017
 - All other revenues (i.e. sales of scrap steel)
- Municipal Service Agreements (“MSA”)
 - Full Faith & Credit of the 12 towns
 - Towns must deliver all solid waste generated in their borders that is under their control
 - Towns billed at greater of actual or minimum commitment basis
 - Service Payments cover Base Operating Cost (Company operating and maintenance costs) and pass-throughs plus debt service minus other revenues (less Company share of other revenues)
- Bridge and Management Agreement
 - Provides nexus between SCRRA towns and the project through CRRRA
 - Provides CRRRA with power to enforce MSA payment of service fees
- Electric Power Purchase Contract (with CL&P)
 - Requires CL&P to purchase all output of the Facility
 - Power purchase price is pre-determined and escalating
- Service Agreement with Company
 - Requires Company to operate and maintain the Facility at an essentially fixed price with inflation escalators and pass-throughs
 - Provides guaranty of operating costs
 - Requires CRRRA to make service fee payments to Company to cover Base Operating Cost and pass-throughs plus debt service
- Lease Agreement with Company
 - Requires Company to pay debt service on the Bonds

Additional Security from Covanta

The Company's Parent - Covanta ARC, LLC – is obligated by:

Company Support Agreement

- Covanta ARC required to provide funds to the Company for debt service and any operating expenses greater than the Base Operating Cost

Equity Support Agreement

- The two Covanta subsidiaries that own Covanta ARC (MSW Energy Holdings, LLC and Ref-Fuel Corp.) are each required to provide funds to Covanta ARC of up to \$50 million (\$100M total) to meet its obligations
 - *Currently, these entities have provided two \$50 million Letters of Credit (\$100M total) issued by JP Morgan*
- Covanta ARC will have the option – subsequent to bond closing – to terminate the Equity Support Agreement ***only if*** it provides a Letter of Credit in an amount sufficient to cover the remaining principal and interest on the proposed refunding bonds

Refunding Bonds

(rates as of September 14, 2015)

- SCRRRA Board to contribute \$4.5 million of available reserves to principal amount of bonds
- \$2.4 million net present value savings *
- 7.09% present value savings (as % of refunded bonds) *
- 2.26% Arbitrage Yield; 2.45% True Interest Cost *

	Current Debt Service:	Proposed Debt Service:	Gross Savings:	Cumulative:
11/15/11	\$ 7,924,562	\$ 6,237,857	\$ 1,686,705	\$ 1,686,705
11/15/12	7,914,000	6,225,000	1,689,000	3,375,705
11/15/13	7,886,238	6,197,000	1,689,238	5,064,943
11/15/14	7,873,250	6,187,500	1,685,750	6,750,693
11/15/15	7,858,094	5,355,000	2,503,094	9,253,787

	Current:	Proposed:	Savings:
SCRF Requirement:	\$ 7,924,562	\$ 6,237,867	\$ 1,686,695
Total Gross Debt Service:	39,456,144	30,202,357	9,253,787

* Preliminary, Subject to change

** Reflects application of current Debt Service Fund amounts

Summary

- **Solid 18 year facility track record** of waste-to-energy facility
- Backed by **Full Faith & Credit** pledge of 12 Southeast Connecticut towns (lowest rating "A3")
- **Fixed electricity prices** through 2017 at rates **substantially higher than market**
- **Very well-maintained** and operated facility by the Company, which will become the owner of the facility in 2015
- **Cash Coverage Ratios** projected in excess of 5.00X
- **NPV Savings** of \$2.4 million or 7.09% of refunded bonds* (refunded par: \$34.0M)
- **\$4.5 million contribution** to bond financing from SCRRRA
- **Very short final maturity** of November 15, 2015
- **Significant security provided by Covanta** in addition to underlying project strength

* Preliminary, subject to change.

Timetable

Date:	Event:
Sept. 16	Treasurer presentation
Sept. 22	Treasurer SCRF approval and preliminary approval of bond issue
Sept. 30	CRRA Board meeting to authorize bond issue and approve Findings of Self-Sufficiency
Week Oct. 11	Rating Agency conference call
Oct. 25	Receive rating
Nov. 3	Print POS
Nov. 9/10	Price
Nov. 23	Close

SOUTHEASTERN CONNECTICUT REGIONAL RESOURCES
RECOVERY AUTHORITY

RESOLUTION AUTHORIZING THE REFINANCE OF
1998 SERIES A RESOURCE RECOVERY REVENUE BONDS

WHEREAS, this Authority ("SCRRRA" or "Authority") supports the issuance of bonds described as the Connecticut Resources Recovery Authority ("CRRA") Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series A) (the "Refunding Bonds") and application of the proceeds of the Refunding Bonds to provide for the defeasance and redemption of the CRRA Resource Recovery Revenue Bonds (American REF-FUEL Company of Southeastern Connecticut Project – 1998 Series A) (the "Prior Bonds"); and

WHEREAS, this Authority has determined that it is the best interests of the Authority to defease and redeem the entire outstanding balance of the Prior Bonds, currently \$39,855,000.00; and

WHEREAS, in furtherance of such funding, the Authority will prepare certain documentation necessary to implement the refunding through the issuance of Refunding Bonds, including among other documents, (i) Amendment No. 3 to SCRRRA Pledge and Security Agreement from this Authority to the Trustee ("Amendment No. 3 to SCRRRA Pledge and Security Agreement"), (ii) a Continuing Disclosure Agreement among CRRA, this Authority, Covanta ARC, LLC (the "Parent") and the Trustee (the "Continuing Disclosure Agreement"), (iii) the Official Statement relating to the Refunding Bonds, (iv) the Bond Purchase Agreement relating to the Refunding Bonds and (v) a SCRRRA Representation Agreement to be dated the date of the sale of the Refunding Bonds, by and among this Authority, Covanta Southeastern Connecticut

Company (the "Company"), Citigroup, as underwriter, and CRRA and this Authority will participate through its staff and counsel in the preparation of other documents related to the issuance of the Refunding Bonds; and

WHEREAS, it is in the best interests of this Authority to secure the execution of the above-referenced documents to make possible the issuance and sale of the Refunding Bonds.

NOW THEREFORE, BE IT RESOLVED THAT:

The issuance of the Refunding Bonds, as hereinafter described, are approved; and


FURTHER RESOLVED that the Authority hereby approves and adopts and the President and/or the Executive Director of the Authority be and are hereby authorized and directed to execute, (i) Amendment No. 3 to SCRRA Pledge and Security Agreement, (ii) the Continuing Disclosure Agreement, (iii) the Official Statement relating to the Refunding Bonds, (iv) the Bond Purchase Agreement relating to the Refunding Bonds and (v) the SCRRA Representation Agreement substantially in the form and containing the terms and provisions reviewed by this Authority with such changes as are, in the opinion of the President and/or the Executive Director with the advice of the Authority's legal counsel necessary or desirable in order to complete and execute the same, and with the approval of this Authority shall be conclusively determined from his signature upon execution copies thereof; and

FURTHER RESOLVED that the President and/or the Executive Director of this Authority be and are hereby authorized and directed to take all such further actions and execute and deliver all such further agreements, documents, certificates and consents on behalf of this Authority as they shall deem necessary and appropriate under the terms and

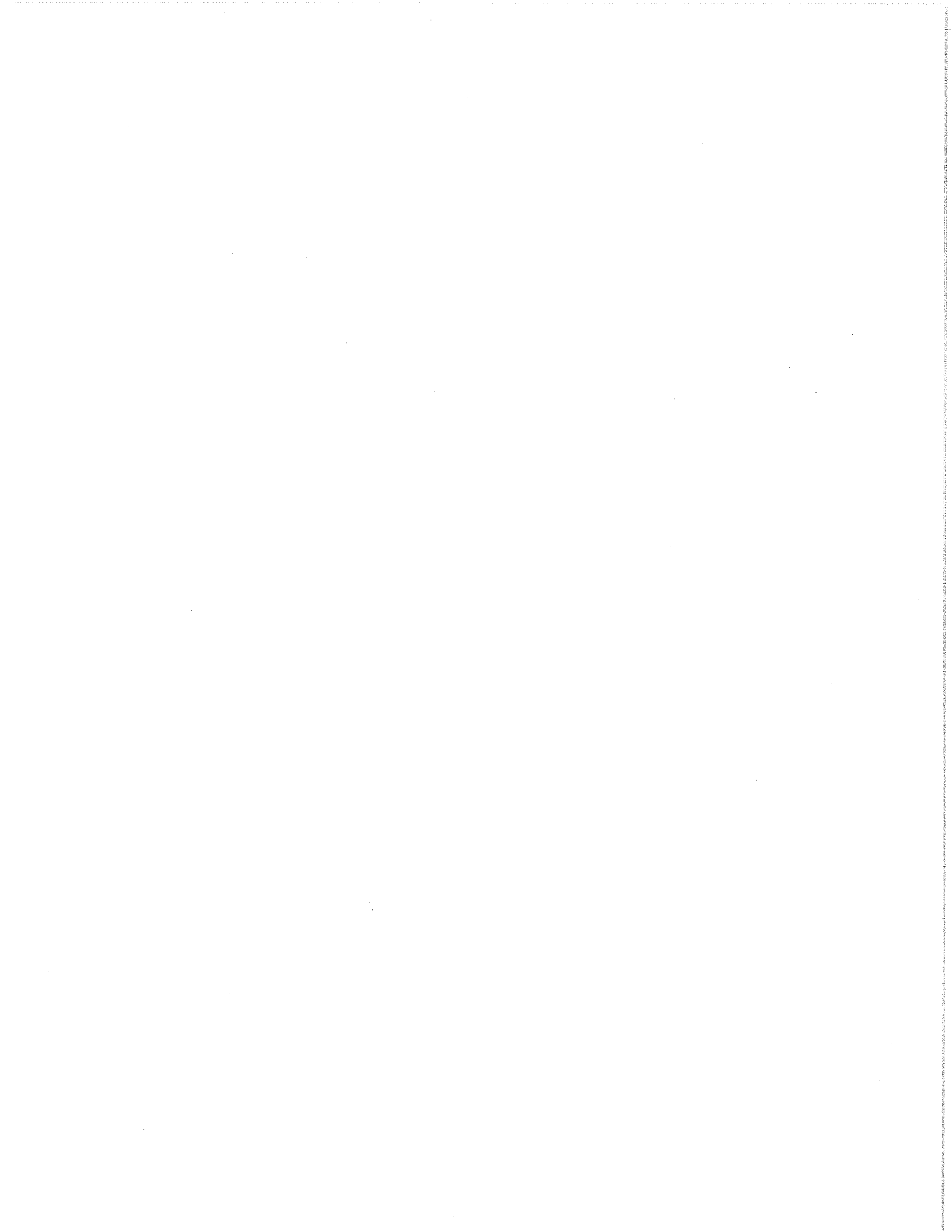
conditions of all such agreements, documents, certificates and consents to bring about the issuance of Refunding Bonds, and all actions taken and agreements, documents, certificates and consents executed by said President and/or the Executive Director prior to the date of this Resolution which are authorized by this Resolution are hereby ratified and approved.

This Resolution shall take effect immediately.

ATTEST: This is a true copy of the Resolution adopted by the Board of Directors of the Southeastern Connecticut Regional Resources Recovery authority on this 8th day of September, 2010.



Gary Schneider, Secretary
Southeastern Connecticut Regional
Resources Recovery Authority



SOUTHEASTERN CONNECTICUT REGIONAL RESOURCES
RECOVERY AUTHORITY

BOARD OF DIRECTORS' RESOLUTION
REGARDING UTILIZATION OF RESERVES
TO PAY DOWN 1998 SERIES A BONDS

WHEREAS, in connection with the refunding of the 1998 Series A Bonds issued by CRRA which refunding Bonds are the subject of a separate Directors' Resolution of even date herewith; and

WHEREAS, the current outstanding balance of the 1998 Series A Bonds is \$39,855,000.00; and

WHEREAS, it has been brought to the Board's attention by the Executive Director and CRRA representatives that the Authority would benefit financially if it were able to utilize some of its reserves to provide an equity contribution to the proposed refunding as more particularly shown on the attached comparison; and


WHEREAS, based upon such further projected financial savings, it is in the best interests of the Authority to utilize such reserves for such equity contribution;

NOW THEREFORE, based upon the foregoing, it is hereby RESOLVED that:

1. The President and/or the Executive Director be, and are hereby authorized, to take those steps necessary to utilize the sum of \$4,500,000.00 from the Authority's Future Needs Reserves to be utilized as an equity contribution in the proposed refunding of such outstanding 1998 Series A Bonds. Should it ultimately be determined by this Board that such refunding/refinancing of the 1998 Series A Bonds is not in the

best financial interests of the Authority, then the use of the reserves for
this purpose shall not occur.

ATTEST: This is a true copy of the Resolution adopted by the Board of Directors of the
Southeastern Connecticut Regional Resources Recovery Authority on this 8th day of
September, 2010.

A handwritten signature in black ink, appearing to read 'G. Schneider', written over a horizontal line.

Gary Schneider
Secretary
Southeastern Connecticut Regional
Resources Recovery Authority

CONFIDENTIAL
September 2, 2010

SCRRRA Refunding Bonds - Analysis of Equity Contribution

A. Cash Option

Cash Available as of August 31, 2010: (Future Needs Reserve)	\$ 6,500,000
Cash Retention for Major Capital Expenditures (e.g. LN installation)	\$ (2,000,000)
Cash Infusion Available:	<u>\$ 4,500,000</u>

B. Return Options (market data as of Sept. 1, 2010)

	Rate:	Compound Interest Income (thru FY2015)
STIF rate (July 2010):	0.24%	\$ 54,260
U.S. Treasuries - 5 year Note:	1.41%	\$ 326,323
Debt Reduction Option:	2.14%	\$ 502,554

SOUTHEASTERN CONNECTICUT REGIONAL RESOURCES
RECOVERY AUTHORITY

BOARD OF DIRECTORS' RESOLUTION AUTHORIZING
AN AMENDMENT TO THE EQUITY CONTRIBUTION AGREEMENT
BETWEEN CRRA AND COVANTA

WHEREAS, by Agreement dated April 1, 2001 (the "Agreement") by and among Connecticut Resources Recovery Authority ("CRRA"), American Re-Fuel Company, LLC ("Re-Fuel"), American Re-Fuel Company of Southeastern Connecticut ("Re-Fuel Southeast") and State Street Bank and Trust Company, as Trustee under an indenture of mortgage and trust dated as of December 1, 1988, as amended (the "Indenture"), between CRRA and State Street Bank and Trust Company, as the Trustee (the "Trustee"), in connection with the re-capitalization of Re-fuel Southeast and a restructuring of the credit support for Re-Fuel Southeast relating to solid waste services at the Southeastern Connecticut Resources Recovery System (the "System"); and

WHEREAS, said Agreement provides for, among other things, that CRRA and Trustee shall each independently have the right to direct Re-Fuel to enforce Re-Fuel's rights against Duke Capital Corporation ("Duke Capital") and UAE under the Equity Contribution Agreement dated as of _____ and Re-Fuel shall, to the extent set forth in and pursuant to the terms of the Equity Contribution Agreement, diligently pursue its rights against Duke Capital and UAE if so directed by either CRRA or the Trustee and in connection therewith, if the amounts available to Re-Fuel under the Equity Contribution Agreement are insufficient to provide the support necessary for each of the Re-Fuel projects needing support, Re-Fuel shall not use the funds provided under the

Equity Contribution Agreement in a manner that would materially and adversely affect CRRA, the Bondholders or the Trustee; and

WHEREAS, American Re-Fuel Company, LLC has changed its name to Covanta, ARC, LLC ("Covanta ARC"), and American Re-Fuel Company of Southeastern Connecticut has changed its name to Covanta Southeastern Connecticut Company ("Covanta Southeast"); and

WHEREAS, in connection with the refunding of the Project's 1998 Series A Bonds, it has been proposed that the Agreement be amended in certain respects including the elimination of the parent support obligation under certain conditions including the providing by Covanta ARC of a qualified letter of credit that CRRA or the Trustee may draw upon in the event of a short fall in the debt service account of the Refunding Bonds or on any interest or principal payment date in the amount of the short fall in interest or principal.

NOW THEREFORE, be it RESOLVED that:

This Authority consents to and approves the amendment of the Agreement substantially as proposed, and as more particularly set forth on the attached email dated September 2, 2010, i.e., to permit Covanta ARC to substitute the obligations of the Equity Contribution Agreement with a Letter of Credit as may ultimately be approved and determined by CRRA to be in its best interest of both it and this Authority.

ATTEST: This is a true copy of the Resolution adopted by the Board of Directors of the
Southeastern Connecticut Regional Resources Recovery Authority on this 8th day of
September, 2010.

A handwritten signature in black ink, appearing to read 'G. Schneider', written over a horizontal line.

Gary Schneider, Secretary
Southeastern Connecticut Regional
Resources Recovery Authority

Jerry Tyminiski

From: Andreana, Michael J. [MAndreana@pullcom.com]
Sent: Thursday, September 02, 2010 12:37 PM
To: Bily,Kirk; Diaz,Stephen
Cc: Jim Bolduc; Bettina Ferguson; Jerry Tyminiski; Richard N. McCarthy; Richard L. Barger; Stafstrom, John F.
Subject: CRRA Refunding Bonds

Kirk and Steve,

John and I spoke with CRRA, SCRRA, CRRA's financial advisor, and SCRRA's counsel yesterday regarding our final proposal for the credit structure on the refunding bonds. We expect that the structure works for everyone subject to the approval of the State Treasurer. The critical points of the proposal are as follows:

- no surety policy for the refunding bonds
- existing Equity Contribution Agreement and its current terms remain in place until Covanta ARC delivers a Qualified Letter of Credit (described below)
- solely upon delivery of the Qualified Letter of Credit, the Equity Contribution Agreement may be terminated (right to terminate Equity Contribution Agreement will **not** be dependent upon any rating upgrades of Covanta ARC or any other Covanta entity)
- once delivered, Qualified Letter of Credit must remain in place until refunding bonds are paid in full.
- the Qualified Letter of Credit will contain the following terms:
 - letter of credit will be initially sized to equal the amount of unpaid principal and interest on the refunding bonds (current size of the Qualified Letter of Credit is estimated to be \$36,000,000) and as principal and interest are paid on the refunding bonds, size of letter of credit will be reduced to equal remaining unpaid portion of principal and interest on the refunding bonds
 - letter of credit will be direct pay and irrevocable and provide the Authority/Trustee the right to draw on the letter of credit if there exists a shortfall in the Debt Service Account for the refunding bonds on any interest or principal payment date
 - draw under the letter of credit will equal the amount of the shortfall
 - letter of credit will be issued by a commercial bank with at least \$10,000,000,000 of combined capital and surplus and a credit rating from Standard & Poor's of at least A+

Because SCRRA is going ahead with its approval for the refunding bond issue at its Board meeting on Wednesday, September 8th, we will need to hear back from you regarding your decision on the proposal by **no later than Tuesday, September 7th at noon**. Time is truly of the essence. We have all spent way too much time negotiating the particulars of the credit structure for the refunding bonds. If Covanta cannot agree to this proposal, we will move forward with the refunding bonds transaction on September 8th without any changes to the current credit structure except for the elimination of the MBIA surety policy which expires upon the defeasance of the outstanding 1998 bonds. While market conditions are still favorable, we do not want to lose the refunding opportunity and negatively impact the SCRRA towns. Regardless of Covanta's decision on the final credit structure, we are planning to meet with the State Treasurer the week of September 13th to discuss the State's backing of the special capital reserve fund for the refunding bonds.

We look forward to your response on September 7th or any earlier date.

Mike Andreana

Michael J. Andreana
 Attorney

9/7/2010

TAB 5

RECOMMENDED DRAFT RESOLUTION FOR CRRA BOARD OF DIRECTORS

**RESOLUTION REGARDING REQUEST FOR SERVICES FOR
DEVELOPMENT OF EDUCATIONAL COMPUTER TOOLS FOR USE WITH
EDUCATIONAL PROGRAMS FUNDED BY THE CONNECTICUT ENERGY
EFFICIENCY FUND AND THE U.S. INSTITUTE OF MUSEUM & LIBRARY
SERVICES**

RESOLVED: That the President is hereby authorized to approve a Request for Services with The Pita Group LLC for services associated with the development of educational computer tools for use with educational programs funded by the Connecticut Energy Efficiency Fund and the U.S. Institute of Museum & Library Services.

Connecticut Resources Recovery Authority

Summary for RFS entitled Development of Educational Computer Tools for Use with Educational Programs Funded by the Connecticut Energy Efficiency Fund and the U.S. Institute Of Museum & Library Services

Presented to the CRRA Board of Directors on: September 30, 2010

Vendor/contractor(s): The Pita Group LLC

Effective date: May 2, 2008

Contract type/subject matter: Media, Marketing, Advertising, and Public Relations Services

Contract term: May 2, 2008, through April 30, 2013

State contract number: 08PSX0068BL

Facility(ies) affected: The CRRA Garbage Museum and the CRRA Trash Museum

RFS dollar value: \$50,000

RFS term: September 30, 2010, through April 30, 2011

Scope of services: Video design and production, video pre-production, video recording, post-production and video editing, graphic design, game animation and programming and related services for the creation of educational computer tools that will support programs provided at the Garbage Museum and the Trash Museum.

Connecticut Resources Recovery Authority

Development of Educational Computer Tools for Use with Educational Programs Funded by the Connecticut Energy Efficiency Fund and the U.S. Institute Of Museum & Library Services

September 9, 2010

EXECUTIVE SUMMARY

CRRA's educational programs and facilities, the Garbage Museum in Stratford and the Trash Museum in Hartford, requested and received a letter ruling from the IRS in 2009 that "contributions made to (CRRA) to be used exclusively in connection with the (Garbage Museum and Trash Museum) and their respective education programs are for public purposes and will qualify as charitable contributions." This ruling made CRRA's educational programs eligible for state, federal and corporate grants (without which the Garbage Museum, no longer funded by CRRA or any of its Projects, would have closed several months ago).

Grant-making entities are reluctant to provide funds for operations but are more willing to provide support for specific programs and products. CRRA has secured two grants that will help fund the development of educational tools that support and reinforce programs offered through the Museums:

- The "Recycle-o-meter" project is an application that will calculate energy saved through recycling efforts. It will be used as a classroom tool and follow-up to the museum programs. The amounts of energy saved through recycling will be illustrated with engaging graphics and "kid-friendly" language.
- The interactive tool – which will be given a name prior to its introduction – will take users inside the recycling processes. Through real video footage and animation, participants will sort recyclables through the same technology used in CRRA's state-of-the-art single-stream recycling processing center. The objective of the interactive tool is to learn the recycling processes and enhance and reinforce concepts learned at the museums. The "Recycle-o-meter" will also be integrated into the interactive tool.

Development of the Recycle-o-meter and the interactive tool have been approved by the U.S. Institute of Museum & Library Services (IMLS), which in 2009 awarded CRRA a two-year, \$86,000 grant for targeted recycling education programs, and the Connecticut Energy Efficiency Fund (EEF), which in March awarded a \$137,000 grant for increasing the amount of energy-conservation information included in our education programs. The Department of Public Utility Control (DPUC), which oversees the EEF, directed The United Illuminating Company (UI) and Connecticut Light & Power (CL&P) to direct some of their energy-conservation management funds to our grant. (Included here is a package of documents, including details of the program and a timeline for its implementation, CRRA submitted to DPUC in August at the request of the EEF board.)

Neither IMLS nor EEF would fund the entire cost of developing these tools, which is not uncommon in grant programs. Requiring the grantee to raise matching funds is more typical for activities such as ours.

EEF in particular became interested in recycling when we brought to their attention the amount of energy recycling saves. For example, the 83,000 tons recycled by Mid-Connecticut Project towns saved the energy equivalent of 5.6 million gallons of gasoline – or the same amount of energy as taking 10,000 cars off the road for a full year.

CRRA's education staff began developing the Recycle-o-meter and the interactive tool two years ago, but those efforts stopped when the initial cost estimates ranged from \$80,000 to \$100,000, well beyond what the Museums could fund out of their own budgets. When we applied for the IMLS and EEF grants, we sought and received partial funding (with the remainder fitting into our budgets) for scaled-back versions of these tools.

CRRA's education staff is working with a broad spectrum of other people and entities in the creation and deployment of these tools, including

- IMLS and EEF;
- UI and CL&P and their "eesmarts" programs;
- the Connecticut Department of Environmental Protection; and
- the science curriculum coordinator of the Stratford public school district.

It is important to note that all CRRA's education programs are aligned with federal and state science education curriculum standards, and CRRA's education staff will work to ensure that these new tools and programs meet those same criteria.

As stated in the RFS, CRRA's education staff is responsible for providing all the information, images and key educational messages for use in these tools. In addition, CRRA's education staff will thoroughly test these tools before accepting delivery and deploying them.

This is to request approval of the CRRA Board of Directors for the President to approve a Request for Services for completing the Recycle-o-meter and the interactive tool so they can be deployed at the Museums. Because the value of this RFS passes the \$50,000 threshold set forth in Section 5.9 of CRRA's "Procurement Policies and Procedures" Board approval is required.

The remaining work is expected to cost \$50,000. We expect the funding sources will reimburse about \$39,000, with the remainder coming from other fund-raising activities and from budget items 35-001-508-52418 (Garbage Museum Education Exhibits & Maintenance) and 41-001-621-52418 (Trash Museum Education Exhibits & Maintenance).

The Pita Group LLC, under a contract awarded by the state Department of Administrative Services (Contract No. 08PSX0068BL), will work with CRRA's education staff on development of the Recycle-o-meter and the interactive tool. CRRA's education staff will provide the information used in these tools.

DISCUSSION

CRRA's "Procurement Policies and Procedures" requires that under this contract any RFS, "together with all other change orders or similar amendments to such Contracts, exceeds \$50,000 over the original contract price, shall be prior authorized only by the two-thirds (2/3) vote of the full Board." The dollar value of this RFS is \$50,000. The Pita Group has received RFS No. 09011614 for Public Relations and Related Services dated July 1, 2010, under contract No. 090116 awarded by CRRA January 1, 2009, af-

ter a competitive procurement process. Because CRRA has not awarded a contract for the specific services related to computer animation and educational software development, management is using the "Government Approved Vendors" language in Section 4.4.2 of the CRRA Procurement Policies & Procedures allowing it to use a vendor contracted by the state Department of Administrative Services.

This RFS was approved by the Policies & Procurement Committee at its meeting on September 16, 2010.

Financial Summary

We expect the U.S. Institute of Museum & Library Services and the Connecticut Energy Efficiency Fund to will reimburse about \$39,000 of the cost of this RFS, with the remainder available in Mid-Connecticut Project budget line 41-001-621-52418 "Trash Museum Education Exhibits & Maintenance" and Garbage Museum budget line 35-001-508-52418 "Garbage Museum Education Exhibits & Maintenance." We also expect continued fund-raising activities to defray some or all of the remainder of these costs.



100 Constitution Plaza, 6th Floor
Hartford, CT 06103
Telephone: 860-757-7700 Fax: 860-727-4141

September 30, 2010

Ms. Kim Sirois Pita, Managing Principal
Pita Group LLC
40 Cold Spring Road
Rocky Hill, CT 06067

RE: Public Relations Services Agreement
State DAS Contract No. 08PSX0068BL, Media, Marketing, Advertising and Public Relations
Request for Services No. _____

Dear Ms. Pita:

This request will authorize you to provide the Services described below in accordance with the terms and conditions of the Contract for the Purchase of Media, Marketing, Advertising and Public Relations awarded May 2, 2008, by the State of Connecticut Department of Administrative Services, Contract No. 08PSX0068BL.

The Scope of Services, Estimated Time of Performance and Estimated Costs set forth below will become part of the above-referenced Agreement and will be incorporated therein, as an amendment, upon your acceptance of this Request, to be indicated below. The Scope of Services is the product of consultation between CRRA and you and the Estimated Time of Performance and Estimated Costs have been provided by you and deemed acceptable by CRRA.

ITEM I - SCOPE OF SERVICES

To demonstrate recycling's state-of-the-art technology, teach players about the process of recycling, create awareness that prompts and perpetuates recycling and reinforce recycling concepts learned in school or at the CRRA Garbage Museum in Stratford and the CRRA Trash Museum in Hartford, Pita Group will develop for CRRA:

1) An interactive computer tool that incorporates each of the five recycling processes (deck screens, eddy current, optic sorter, magnetic belt, glass-breaker system), combining an introductory educational video with animation within the games to create an interactive, educational and entertaining experience for students in Grades 3 through 6. The entire length of the game, including the introductory video, would be approximately 30 minutes.

Introductory Video

Overview: Video of dump truck dumping recyclables at the recycling center, followed by an overview of each of the five recycling processes (deck screens, eddy current, optic sorter, magnetic belt, glass breaker system). The introductory video will be run for approximately three to four minutes.

Education: This video will educate the player on the different recycling processes and recyclables, and the player will apply this knowledge to successfully complete the game.

Game

Overview: A conveyer belt containing various recyclables (plastic, aluminum, paper, etc will be symbolically represented) and trash will begin moving, carrying the items down the belt. Above the belt will be five tools symbolically representing the five recycling processes. Using the keyboard or the mouse (the exact method will be determined), the player will have to select the correct tool used to recycle (or, if garbage, discard) each item on the belt. A horn will blow to indicate to the player that the belt is about to speed up, increasing the difficulty of the game. Each level would have a predetermined time limit, so players will be racing against the clock to accurately recycle as much as they can. At the end of the game, the total amount of recycled material will be displayed as energy/resources saved (for example, 30 aluminum cans recycled equals one tree).

Education/Skill: The player has to apply what he or she learned in the introductory video to match the correct tool to the correct recyclable/non-recyclable. The difficulty will increase as the belt speeds up.

2) The Recycle-o-meter, a tool that shows the environmental benefits derived from recycling glass, plastic, metal and paper. School classes, students and individuals will be able to enter quantities of recyclables in the Recycle-o-meter's on-line application. The application will calculate the environmental benefits (e.g. energy savings) based on each material entered.

The Recycle-o-meter will keep track of an overall total that CRRA can access to display in the Museums.

CRRA will be responsible for providing all calculations, conversions, key educational messages and any existing video and still photography.

ITEM II – COST OF SERVICES

Video design and production

\$25,000

Includes:

- Video Pre-Production
- Video Shoot
 - One-day shoot at CRRA's recycling center
 - One-day green-screen shoot of game spokesperson at Pita Group studios
- Post-Production/Video Editing
- Graphic design
 - Incorporate name, brand, copy into 'skins' for the video/audio component and game segment

Game Animation and Programming

\$25,000

Includes:

- Animation of game
- Programming
- Testing
- Development

Ms. Kim Sirois Pita
Page 3
September 30, 2010

Outside Expenses: These include any expenses outside of what is outlined in this proposal, including, but not limited to, photography licensing, vendor management, design options beyond one option, creative revisions beyond two rounds of edits.

ITEM II - ESTIMATED TIME OF PERFORMANCE

The estimated time of performance of this RFS is from September 30, 2010, through April 30, 2011.

ITEM III - ESTIMATED COSTS

The estimated cost to perform the above services is \$50,000.00.

These costs are not to be exceeded without CRRA's prior written consent. CRRA shall not pay for any services rendered or expenses incurred by Consultant in excess of those included in this Request unless specifically authorized in advance and in writing by CRRA.

Very truly yours,

CONNECTICUT RESOURCES RECOVERY AUTHORITY

By: _____

Title: _____

Accepted under the terms of the
State DAS Contract No. 08PSX0068BL, Media, Marketing, Advertising and Public Relations
Request for Services No. _____

By: _____

Title: _____



**CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY**

CONNECTICUT'S RECYCLING LEADER

100 Constitution Plaza, 6th Floor
Hartford, CT 06103

Telephone: 860-757-7771 Fax: 860-727-4141

August 2, 2010

Ms. Kimberley J. Santopietro
Executive Secretary
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 09-10-03, DPUC Review of The Connecticut Light and Power Company and The United Illuminating Company Conservation and Load Management Programs for 2010

Docket No. 08-10-02, DPUC Review of the Connecticut Gas Utilities Forecast of Demand and Supply 2009-2013 and Joint Conservation Plan

Dear Ms. Santopietro:

In the Department of Public Utility Control's ("DPUC") final decision (the "Decision") dated March 17, 2010, in the above-referenced dockets on pages 73-74, the Connecticut Resources Recovery Authority ("CRRA") was asked to work with the Energy Efficiency Board, The Connecticut Light and Power Company ("CL&P") and The United Illuminating Company ("UI") to establish an energy conservation educational program and upgrade exhibits related to energy conservation at its two museum locations: the Trash Museum in Hartford and the Garbage Museum in Stratford.

The DPUC requested that CRRA work with the Energy Efficiency Board and utility staff in establishing an educational project plan. CRRA has worked, and will continue to work, closely with these entities in the planning, design and implementation of its energy conservation educational program to assure it aligns with other Energy Efficiency Fund-related activities, specifically the *eesmarts*TM and Museum Partnerships programs.

Enclosed please find CRRA's proposed detailed plan, budget request for \$137,000, and timetable for the DPUC's approval.

If you have any questions regarding this filing, please contact Paul Nonnenmacher at 860-757-7771 or Sotora Montanari at 860-757-7764.

Very truly yours,

Paul Nonnenmacher
Director of Public Affairs
Connecticut Resources Recovery Authority

Sotora Montanari
Education Supervisor
Connecticut Resources Recovery Authority

Attachment: CRRA/Energy Efficiency Fund Energy Education Project

C: CRRA Chrono file

Connecticut Resources Recovery Authority
Garbage Museum and Trash Museum
CRRRA/Energy Efficiency Fund Energy Education Project: \$137,000

Project Scope

I. Project Overview:

The Energy Efficiency Fund will sponsor an Energy Education Project with the Connecticut Resource Recovery Authority (CRRRA) from August 2010 through Spring 2011. Approximately \$137,000 from the Energy Efficiency Fund will be used to fund the Project's following three components:

1. Integration of energy conservation components into school and scout programs at the CRRRA Trash Museum in Hartford and CRRRA Garbage Museum in Stratford. Beginning in September 2010, energy conservation lessons from the Energy Efficiency Fund's *eesmarts*[™] program will be incorporated into CRRRA curriculum as an on-going teaching component.
2. Introduction and development of the "Recycle-o-meter," an on-line computer educational tool that automatically converts the amount of recycling to the amount of energy saved. Plans to introduce in Fall 2010.
3. Upgrades to energy exhibits currently located at respective museums. Plans are underway to complete installation in Fall 2010/Winter 2011.
4. Follow-up, including compilation and analysis of feedback from program participants and periodic reports to the Energy Efficiency Board.

1. Integration of Energy Conservation Component

Together, both the CRRRA Trash Museum and the CRRRA Garbage Museums (Museums) provide educational programs to approximately 57,000 people annually. Since 1993, the Garbage Museum and the Trash Museum have been teaching people from across the state and around the world about recycling and solid-waste management concepts. Their 90-minute educational programs align with Connecticut State Science Standards and incorporate kid-friendly information. CRRRA educators conduct programs at the Museums and on-site at schools, fairs and other events.

One of the main benefits of recycling is the conservation of natural resources that results in energy conservation. In Fall 2010, the Museums' staff will work with representatives of *eesmarts*, the SmartLiving[™] Center and Wesleyan University's Project to Increase Mastery of Mathematics and Science (PIMMS) to identify curriculum components that will be integrated into the Museums' programs. The Museums' educators will help school and scout groups make the connection between recycling and source reduction to energy conservation and savings.

Additionally, activities and crafts that demonstrate energy conservation will be included in the Museums' programs. Pre- and post-visit Museum lessons will be provided to teachers and scout leaders to enhance programs. Beginning in September 2010, Museum educators will deliver and present the energy conservation component to approximately 1,000 classes and 400 scouts.

After the energy conservation component is integrated into programs, assessed and modified as necessary, the energy conservation addition will become an on-going teaching element at the Museums.

2. Introduction of Recycle-o-meter:

The introduction of the "Recycle-o-meter" is the second part of the CRRRA/Energy Efficiency Fund Education project. The Recycle-o-meter will show the environmental benefits derived from recycling glass, plastic, metal and paper. School classes, students and scouts will enter the amounts of these materials they recycled into the Recycle-o-meter's on-line application. The Recycle-o-meter will calculate the environmental benefits (such as energy savings) from those amounts of recycled materials. The Recycle-o-meter will keep track of an overall total that CRRRA can access to display in the Museums.

Connecticut Resources Recovery Authority
Garbage Museum and Trash Museum
CRR/Energy Efficiency Fund Energy Education Project: \$137,000

The on-line educational tool will convert the amount of recycling to energy conserved. The tool will be accessible from the CRRA website and will be utilized as a follow-up to the new energy conservation lessons instituted at the museum and during outreach programs. The Energy Efficiency Fund's *eesmarts* program will be allowed to link directly from its website (www.eesmarts.com) to the Recycle-o-meter data.

The educational tool will be developed by the Pita Group of Rocky Hill, Conn., with funding from the CRRA/Energy Efficiency Fund Energy Education Project. The Recycle-o-meter will display a visual in the form of a graph and/or kid-friendly conversion. The Museums will calculate each annual amount of energy saved and will recognize classroom totals. The aggregate amount will be tallied and displayed at the Museums. The educational tool will be developed and introduced as a follow-up to the Energy Conservation component beginning in late fall 2010.

3. Exhibit Upgrades:

The project's third component is upgrading the Museums' existing exhibits. The Museum staff will work closely with senior-year visual communication design students from the University of Hartford under the direction of Assistant Professor Santanu Majumdar. Professor Majumdar, whose extensive experience includes the design and development of exhibits at museums, will challenge four teams of students to create the design modifications. This opportunity offers these students practical experience in a real-life project.

In addition, CRRA will work with the SmartLiving Center and Museum Partnerships program staff from the Energy Efficiency Fund as content reviewers and approvers for the new exhibit designs, fabrication and signage.

Trash Museum (Hartford, Conn.)

At the Trash Museum, an exhibit entitled "*Scaling Back the Energy*" features a calibrated scale large enough for an entire class to stand on. The students weigh themselves as aluminum cans and see how much energy they would save by recycling their weight in aluminum.

Upgrades to this exhibit will include new signage to reflect energy saved and a comparison of the usage between incandescent, compact fluorescent light bulb (CFL) and light-emitting diode (LED) lights. Additional modifications will include re-calibrating the scale and installing a recycled aluminum fence surrounding the scale. New LED lights will be installed around the new signage to draw attention to the exhibit.

The exhibit's existing panels will be re-designed to reflect verbiage and graphics that demonstrate energy saved by recycling a variety of materials. Also, a new "Re-Think" area to display innovative products that use less energy will be created.

A LCD monitor displaying the Recycle-o-meter will be encompassed in a kiosk made from re-used or recycled material. It will also be accessible to the public and used as an interactive and engaging tool.

Garbage Museum (Stratford, Conn.)

At the Garbage Museum, the "Energy Cone" exhibit will display new signage to reflect the comparisons of energy usage between incandescents, CFLs and LEDs. Also, a new "Re-Think" area to display innovative products that use less energy will be created.

An ENERGY STAR® LCD monitor displaying the Recycle-o-meter will be encompassed in a kiosk made from re-used or recycled material. It will also be accessible to the public and used as an interactive and engaging tool.

Connecticut Resources Recovery Authority
Garbage Museum and Trash Museum
CRRRA/Energy Efficiency Fund Energy Education Project: \$137,000

4. Follow-Up:

For many years, education staff has collected post-visit evaluation/feedback forms from teachers and group leaders. We have used the information gleaned from the thousands of forms we have collected to modify and enhance our programs and facilities. We will add to these forms questions specifically about the energy-conservation components, then compile this input and periodically report the results to the Energy Efficiency Fund Board.

II. Project Plan/Timeline:

A. The energy conservation components will be integrated into the school and scout programs as follows:

1. (July/August 2010) Museums' staff will work with representatives of *eesmarts*, the SmartLiving Center and PIMMS to identify curriculum components to be integrated into each Museum's 90-minute educational programs.
2. (August/September 2010 & Ongoing) A portion of the new energy conservation lessons and activities will be used as pre- and post-visit lessons provided to teachers and scout leaders.
 - i. *eesmarts* will be referenced, in name and logo, on all energy conservation lessons, as source material and as a leading programming sponsor.
3. (August/September 2010) Museums' educators will select lesson plans, activities and crafts to integrate into the programs and how to best accomplish this. Final lesson plans will be reviewed by *eesmarts* staff.
4. (September 2010) Museums' educators will be trained regarding *eesmarts* components of new lessons.
5. (September 2010) Museums' educators will determine how best to integrate new components into outreach programs.
6. (August/September 2010) Museums' educators will practice the new components with pilot groups before implementing with all groups.
7. (Mid-September 2010. Programs will be instituted beginning in mid-September 2010.
8. (Ongoing) Museums' educators will use the exhibits and the adjacent recycling processing centers (each facility has a "sky-box" walkway overlooking its recycling processing center) as educational tools to explain recycling, re-use and source reduction. Kid-friendly energy-conservation components will be infused into the programs and throughout each Museum. Information will be age-appropriate. (On-going)
9. (Ongoing) Teachers and group leaders will assess the new programs and Museums' educators will modify the programs as needed based on the assessments.
10. (Ongoing) Number of classes, students and scouts that will be affected by program will be reviewed by Museums' staff. (The table below shows the number of classes, students and scout already scheduled and also includes estimates based on previous years' totals).

Month	# of classes	# of students	# of scouts*
September 2010	50	1,000	
October 2010	100	2,000	
November 2010	100	2,000	200
December 2010	50	1,000	
January 2011	50	1,000	100
February 2011	50	1,000	100
March 2011	150	3,000	
April 2011	200	4,000	
May 2011	200	4,000	
June 2011	50	1,000	
Totals	1,000	20,000	400

* Scout groups are not included in student or class totals.

B. The Recycle-o-meter on-line conversion tool will be developed and implemented as follows:

Connecticut Resources Recovery Authority
Garbage Museum and Trash Museum
CRRA/Energy Efficiency Fund Energy Education Project: \$137,000

1. (May-July 2010) Discussed parameters and project criteria with developer.
2. (June 2010) Determined whether proposal aligns with project scope.
3. (June 2010) Selected Pita Group to develop Recycle-o-meter.
4. (August-October 2010) Pita Group will develop and install on-line application of the Recycle-o-meter.
5. (October 2010) Train Museums' educators on use of the Recycle-o-meter.
6. (October 2010) Museums' educators staff practice using the Recycle-o-meter and develop ideas on how to institute its use with teachers and students.
7. (October 2010) Develop written instructions for using the Recycle-o-meter that will be provided to teachers and scout leaders in teacher packets.
8. (October-November 2010) Begin using the Recycle-o-meter as a follow-up to Museums' educational programs.
 - i. Physical Recycle-o-meter will feature name of "Energy Efficiency Fund," in name or logo, acknowledging the Energy Efficiency Fund as a leading sponsor.
 - ii. Online Recycle-o-meter site will reference name of "Energy Efficiency Fund," in name or logo, acknowledging the Energy Efficiency Fund as a leading sponsor.
9. (Ongoing) Track and tally school and classroom recycling and energy conservation totals.
10. (November/December 2010) Determine how to display these totals.
11. (Ongoing) Promote the Recycle-o-meter to teachers and scout leaders.

C. Upgrades to exhibits will be designed and installed in the following manner:

1. (July 2010) Work with University of Hartford design professor to establish parameters for exhibit upgrades.
2. (September 2010) Discuss design scope with students.
3. (November 2010) Students present their designs to Museums' educators and Energy Efficiency Fund's SmartLiving Center/Museum Partnerships staff.
4. (December 2010) Museums' educators and Energy Efficiency Fund's SmartLiving Center/Museum Partnerships staff select exhibit designs.
5. (November/December 2010) Museums' staff contacts exhibit fabricator/installer to discuss features and specifics of exhibit upgrades.
6. (December 2010) CRRA staff determines budget and establishes date of installation.
7. (December 2010/January 2011) CRRA staff plans exhibit re-opening.
8. (December 2010) Museums' educators determine how to incorporate newly upgraded exhibits into Museums' programs.
9. (December 2010) Establish re-opening date to align with Museums' schedules.
10. (February 2011) CRRA staff plans for opening of new exhibits.
11. (Spring 2011) Museums' educators incorporate new exhibits into Museums' existing educational programs. New educational programming will be reviewed by Energy Efficiency Fund's *eesmarts* staff to ensure content is still appropriate and approved.
12. (Ongoing) CRRA promotes new exhibits. Promotions to explain funding through Energy Efficiency Fund Board.
 - i. All exhibits will feature name of "Energy Efficiency Fund," in name or logo, acknowledging the Energy Efficiency Fund as a leading sponsor.
 - ii. All exhibit materials (travel guides, educational lessons, etc.) will include reference to "Energy Efficiency Fund," in name or logo, acknowledging the Energy Efficiency Fund as a leading sponsor.

Connecticut Resources Recovery Authority
Garbage Museum and Trash Museum
CRRA/Energy Efficiency Fund Energy Education Project: \$137,000

D. Follow-Up:

1. (Ongoing) Education staff will collect feedback from teachers and group leaders participating in these programs and modify and enhance the programs and exhibits as appropriate.
2. (Ongoing) Results of teachers' and group leaders' post-visit evaluations will be compiled and reported to Energy Efficiency Fund Board.

III. Budget

Total CRRA/Energy Efficiency Fund Energy Education Project is \$137,000. This project will be administered by The Connecticut Light & Power Company (CL&P) and The United Illuminating Company (UI) as administrators of the Energy Efficiency Fund.

- o CL&P will provide eighty percent (80%) of the \$137,000 equaling \$109,600.
- o UI will provide twenty percent (20%) of the \$137,000 equaling \$27,400.

Total Budget: \$137,000

A. Program cost per class = \$225 per class

- Each 90-minute program will devote about 30 minutes, or one-third of the program, to energy conservation
 - o 1,000 classes x \$75.00 (one-third of per-class) = \$75,000

B. Development and installation of Recycle-o-meter = \$25,000

C. Exhibit Upgrades = \$37,000

- Individual components:
 - o 2 ENERGY STAR-rated LCD monitors – \$5,000 (Rockwell Communications)
 - o Signage upgrades – \$15,000
 - o Fence – \$2,000
 - o Exhibit upgrades and modifications/repairs to existing exhibits/display energy savings calculated from Recycle-o-meter – \$5,000
 - o 2 kiosks made from recycled or re-used materials – \$10,000

Energy Efficiency Fund-Connecticut Resources Recovery Authority Project Milestones

	Milestones	Energy Efficiency Fund Payment	CL&P 80%	UI 20%
Phase I (August 2010)				
	Development of Recycle-o-meter. CRRA must have met all requirements in project scope document.	\$ 15,000.00	\$ 12,000.00	\$ 3,000.00
	Incorporate <i>eemarts</i> lessons into energy conservation programming at Museums. Ongoing energy conservation programming. CRRA must have met all requirements in project scope document.	\$ 25,000.00	\$ 20,000.00	\$ 5,000.00
Phase II (October 2010)				
	Installation of Recycle-o-meter. CRRA must have met all requirements in project scope document.	\$ 10,000.00	\$ 8,000.00	\$ 2,000.00
	Ongoing energy conservation programming. CRRA must have met all requirements in project scope document.	\$ 25,000.00	\$ 20,000.00	\$ 5,000.00
Phase III (November/December 2010)				
	Ongoing energy conservation programming. CRRA must have met all requirements in project scope document.	\$ 25,000.00	\$ 20,000.00	\$ 5,000.00
	Exhibit Upgrades. CRRA must have met all requirements in project scope document.	\$ 37,000.00	\$ 29,600.00	\$ 7,400.00
(Ongoing)				
	Education staff will collect feedback from teachers and group leaders participating in these programs and modify and enhance the programs and exhibits as appropriate.			
	Results of teachers' and group leaders' post-visit evaluations will be compiled and reported to Energy Efficiency Fund Board			
CRRA/Energy Efficiency Fund Program Totals		\$ 137,000.00	\$ 109,600.00	\$ 27,400.00

TAB 6

**RESOLUTION REGARDING CONSTRUCTION OF A NEW
JET-FUEL TANK FOR THE JET TURBINE FACILITY AT
THE SOUTH MEADOWS SITE**

RESOLVED: That the President is hereby authorized to enter into a contract with TMC Services, Inc. to construct a new jet-fuel storage tank at the South Meadows Jet Turbine Facility, substantially as discussed and presented at this meeting.

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Construction of a New Jet Fuel Tank for the Jet Turbine Facility at the South Meadows Site

Presented to the CRRA Board on: September 30, 2010

Vendor/ Contractor(s): TMC Services, Inc.

Effective date: Upon Execution

Contract Type/Subject matter: Public Bid / Construction

Facility(ies) Affected: Mid-Connecticut – South Meadows Site, Jet Turbine Facility.

Original Contract: None (this is the initial contract)

Term: New Tank to be In-Service Within 245 Days from Notice to Proceed
Decommissioning and Demolition of Existing Tank to be Completed within 150 Days from In-Service Date of New Tank

Contract Dollar Value: \$1,996,800.00
(Note: this contract dollar value includes costs to clean, decommission and demolish the existing tank).

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: Construct new tank and containment on a Ramped Aggregate Pier and ringwall foundation system;
Clean and decommission the existing tank;
Demolish the existing tank.

Other Pertinent Provisions: N/A

**Connecticut Resources Recovery Authority
Mid-Connecticut Project – South Meadows
Construction of a New Jet Fuel Tank for the Jet Turbine
Facility**

September 30, 2010

Executive Summary

A recent inspection of the jet fuel tank associated with the Jet Turbine Facility (JTF) at the South Meadows site identified an area of the tank that is corroded. At its September 2009 meeting CRRA's Board of Directors authorized the expenditure of funds to replace this tank.

This is to request approval of the CRRA Board of Directors for the President to enter into an agreement with TMC Services, Inc. (TMC) to construct a new tank and containment on a Rammed Aggregate Pier and ringwall foundation system; clean and decommission the existing tank; and demolish the existing tank.

Discussion

Background

During an external inspection of the JTF fuel tank conducted by a qualified contractor in June 2009 for NGS (CRRA's contracted operator of the JTF), it was identified that the chime area of the tank is corroded back to the bottom-to-shell tank wall weld. The last external inspection, performed in 2004 did not reveal this chime corrosion.

The chime area is essentially an extension of the floor bottom past the outer shell tank wall where both the floor and shell wall meet and are seam welded (seam weld is inside and outside the tank shell wall). The chime area extends past the outside shell wall roughly about an inch and half to two inches. The corroded part of the chime is approximately 8 feet long on the perimeter of the tank. The June 2009 external inspection found no substantive structural findings. Based on the chime corrosion it was determined by CRRA and NGS that an internal robotic inspection of the jet fuel tank should be performed.

The internal robotic inspection of the jet fuel tank was performed during the week of August 17th, 2009. The inspection included an external (under tank bottom) inspection of the affected chime area, a dye penetrant inspection of the welds in the affected area, and a robotic internal inspection with special attention to the affected area.

Based on the finding from the inspections, it appears that the jet fuel tank is not in imminent danger of failure, but the tank has experienced significant corrosion and is reaching the end of its service life. Given the difficulty in predicting exact corrosion rates and given the age of the tank, InTANK, LLC, the firm that provided the internal inspection, recommended that the tank be removed from service and inspected and repaired within 2 years from this date (removed from service no later than August 2011).

CRRA intends to replace the existing tank, which was constructed in 1945 and has a 5.5 million gallon capacity, with a much smaller 550,000 gallon (working capacity) tank equipped with its own secondary containment structure (essentially a tank within a tank). Based on discussions with NGS (the operator) and with Select Energy (the power purchaser), a 550,000 gallon tank will provide adequate capacity to serve the "Black Start" capability of the facility.

Prompt replacement of the tank is important for two reasons. First, although the inspection report indicated that there is not an imminent danger of tank failure, it is prudent to eliminate the risk of a release of jet fuel from the tank as soon as possible. Second, in the event the tank failed and had to be taken out of service, the revenues CRRA receives from this facility would be jeopardized. CRRA receives payments on a monthly basis from Select Energy. These payments totaled \$6,370,032 in fiscal year 2010; monthly revenues range from approximately \$200,000 to \$1.5 million. Additionally, in the event the JTF lost its revenue generating ability, CRRA might be found liable for losses incurred by Select Energy.

Geotechnical Issues and Tank Foundation Design

During the spring of 2010, TRC Engineers, Inc. (TRC) completed a geotechnical investigation to determine subsurface conditions at the project site. The investigation included the advancement of four geotechnical test borings and collection of soil samples for further evaluation by an accredited soil mechanics laboratory. This investigation and laboratory evaluation ultimately identified a subsurface stratum between 10 to 35 feet below grade that would not be able to provide sufficient bearing capacity to support the new tank and its containment. TRC concluded that, in the absence of subgrade remediation, settlement of the silt stratum may approach 2 feet.

Based upon its geotechnical evaluation, TRC recommended installation of a system of "rammed aggregate piers" beneath the proposed tank and its containment structure. "Rammed aggregate piers" are vertical columns of aggregate, placed in lifts and

mechanically-tamped in augered, temporarily cased holes. These aggregate columns serve to stiffen and reinforce the composite soil matrix and reduce settlement. Based on the geotechnical evaluation and the anticipated loading conditions, TRC ultimately recommended installation of 170 “rammed aggregate piers” across the foundation area, with each pier installed to a depth of approximately 27 feet below grade. TRC noted that the total magnitude of settlements following tank construction on the rammed aggregate pier supported foundation could still approach four inches.

At CRRA’s request, TRC also developed a foundation design that incorporated driven piles and a reinforced concrete slab in lieu of the “rammed aggregate piers.” Based on the geotechnical evaluation and the anticipated loading conditions, TRC’s design called for the installation of 76 piles across the foundation area, with each pile driven to a depth of approximately 80 feet below grade. While the total magnitude of settlements following tank construction on a driven pile and reinforced concrete slab foundation would be negligible, TRC did express concern that construction-induced vibrations (such as those generated as a result of pile driving in very dense substrata) could adversely affect nearby structures and equipment, including the current jet fuel storage tank. TRC therefore recommended that a pre-construction survey to document the condition of existing structures be completed, and that vibration monitoring be conducted during all pile driving activities to ensure safety and the continued serviceability of nearby structures.

Request for Bids Process

On July 21, 2010, CRRA published a public notice requesting bids from qualified contractors to furnish all tools, materials, labor, supervision, equipment, and incidentals thereto to construct a new 550,000-gallon, welded-steel, aboveground jet fuel storage tank with its own containment structure; clean and decommission the existing 5.5 million-gallon tank; and, at CRRA’s sole and absolute discretion, demolish the existing 5.5 million-gallon tank. Bidders were requested to provide prices for construction of the new tank and its containment structure both on a “rammed aggregate pier and ringwall foundation” (alternative 1), and on a “pile-supported reinforced concrete slab foundation system” (alternative 2).

This RFB was published in the following seven (7) newspapers:

- Hartford Courant
- Waterbury Republican-American
- New Haven Register
- LaVoz Hispania de Connecticut
- Connecticut Post
- Northeast Minority News
- Manchester Journal Inquirer

In addition to the newspaper publications, the RFB was also posted on the State of Connecticut Department of Administrative Services’ website.

On July 21, 2010, CRRA also posted all Contract Documents on the World Wide Web at <http://www.crra.org> under the "Business Opportunities" page for prospective bidders to review and download free of charge. Copies of the Contract Documents were also available at CRRA's headquarters for prospective bidders to pick-up for a fee of \$25.00 if prospective bidders so chose.

On August 4, 2010, CRRA conducted one mandatory pre-bid conference and site tour for all prospective bidders, as specified in the public notice. A total of fifteen persons, representing thirteen different companies, attended the mandatory pre-bid meeting and site tour. CRRA issued a total of three addenda to answer questions posed by prospective bidders at the mandatory pre-bid conference and site tour or submitted in writing to CRRA by the deadline specified in the RFB.

A total of three (3) sealed bids were received by the 3:00 pm submission deadline on September 1, 2010. The bids were opened privately at 3:15 p.m. that day. A list of the bidders and their associated bid prices are presented in the tables below, along with TRC's estimated project costs.

Bidder	Task 1: Construct New Tank and Containment		Task 2: Clean and Decommission Existing Tank	Task 3: Demolish Existing Tank
	Alternative 1 - With Rammed Aggregate Pier and Ringwall Foundation System	Alternative 2 - With Pile- Supported Reinforced Concrete Slab Foundation System		
TMC Services, Inc.	\$1,903,400	\$2,190,000	\$21,000	\$24,500
Manafort Brothers Incorporated	\$2,253,000	\$2,377,650	\$260,340	\$110,000
Thielsch Engineering, Inc.	\$2,875,000	\$3,075,000	\$25,000	\$180,000
TRC ESTIMATE	\$1,817,894	\$1,895,055	\$100,200	\$85,500

In addition to the lump sum bid prices presented in the table above, each bidder also provided unit prices to load and transport excavated soil to the Hartford Landfill, if necessary, and to remove, transport and dispose of non-useable fuel, sludge, and tank bottom material. The unit prices, and the estimated total costs based on estimated quantities of soil and fuel/sludge/tank bottom material that may be generated, are presented below:

Bidder	Per Ton Cost for Soil Loading and Transportation	Estimated Soil Loading and Transportation Costs for 300 tons	Per Gallon Cost to Remove, Transport and Dispose Fuel/Sludge/ Tank Bottoms	Estimated Removal, Transport and Disposal Costs for 70,000 Gallons Fuel/Sludge/ Tank Bottoms
TMC Services, Inc.	\$8.00	\$2,400	\$0.65	\$45,500
Manafort Brothers Incorporated	\$11.50	\$3,450	\$3.72	\$260,400
Thielsch Engineering, Inc.	\$13.50	\$4,050	\$1.10	\$77,000

The total bid price for each bidder, including the lump sum items and the estimated unit cost items summarized above, are presented below for each of the two tank foundation options:

Total Bid Price for Task 1-Alternative 1, Task 2, and Task 3	
TMC Services, Inc.	\$1,996,800.00
Manafort Brothers Incorporated	\$2,887,190.00
Thielsch Engineering, Inc.	\$3,161,050.00
TRC Estimate =	\$2,003,594.00

Total Bid Price for Task 1-Alternative 2, Task 2, and Task 3	
TMC Services, Inc.	\$2,283,400.00
Manafort Brothers Incorporated	\$3,011,840.00
Thielsch Engineering, Inc.	\$3,242,100.00
TRC Estimate =	\$2,080,755.00

Each of the three bids was found to be administratively complete. Pursuant to its engineering agreement with CRRA, TRC, as well as CRRA, reviewed the bid pricing associated with each bid. Based on those reviews, both CRRA staff and TRC noted that the costs associated with one item, "Demolish Existing Tank," in the TMC Services, Inc. bid required further confirmation by the bidder. Additionally, it was noted that TMC had listed two potential subcontractors for certain work, including the tank fabrication and installation, and CRRA was also seeking confirmation of which subcontractors TMC would select for the project.

On September 8, 2010, CRRA staff and TRC interviewed TMC Services, Inc. at CRRA headquarters regarding its bid in general and those items listed above in particular. Also in attendance at the meeting was a representative of CBI Services, Inc., which is one of the two tank fabrication and installation subcontractor that TMC is considering

employing if TMC is awarded the contract. Based on its extensive experience with similar tank installations, CBI Services, Inc. was prequalified by TRC during RFB development for this project, and a representative of CBI Services, Inc. did attend the bid walk and site tour that was conducted on August 4, 2010.

During the interview, TMC confirmed its bid price for the tank demolition, noting that TMC assumed a certain scrap value for the steel from the tank and applied that scrap value as a credit toward the estimated costs of the demolition. There was also considerable discussion regarding the overall project schedule, installation of Rammed Aggregate Piers, tank construction, and tank settlement and monitoring.

Following the September 8, 2010 meeting, TMC contacted CRRA and requested that CRRA meet again with TMC and with Witherup Fabrication & Erection, Inc. (Witherup), the second of the two tank fabrication and installation subcontractors that TMC is considering employing if TMC is awarded the contract. Based on its extensive experience with similar tank installations, Witherup was also prequalified by TRC during RFB development for this project, and a representative of Witherup did attend the bid walk and site tour that was conducted on August 4, 2010. On September 20, 2010, CRRA staff and TRC met at CRRA headquarters with TMC and Witherup.

In addition to the interview, TRC staff also checked the three references provided by TMC Services as part of its bid. All three references spoke positively regarding their experiences dealing with TMC. Both TRC and CRRA staff also contacted two additional owners/designers of other representative projects that TMC had listed in its bid. Both of these owners/designers indicated that there were some issues during construction regarding overall project management and submittals, but that TMC ultimately delivered good quality work, and that both owners/designers would be willing to work with TMC on future projects.

It is CRRA staff's understanding that TMC is still negotiating with its two potential tank fabrication and installation subcontractors (CBI Services and Witherup). Given that each of these potential subcontractor has already been pre-qualified for this project by TRC because of their extensive experience with similar projects, and based on the understanding of the project that each firm expressed during the interviews that were conducted, both CRRA staff and TRC are confident that both subcontractors are capable of fabricating and installing the new tank.

After careful review of the bid price submitted by the low bidder, TMC Services, Inc., by both TRC and CRRA environmental and operations staff, and after interviewing TMC and checking references and experience, CRRA staff recommend award of the bid to TMC, including construction of the new tank on a rammed aggregate pier and ringwall foundation system, and cleaning, decommissioning and demolishing the existing tank.

Financial Summary

Funds for this expenditure will come from the Mid-Connecticut Jets/EGF Reserve. The Board of Directors has previously approved a total of \$1,600,000 from this reserve account for installation of a new jet fuel tank (\$1,200,000 was approved in September 2009 following identification of the need to replace the tank, and an additional \$400,000 was approved as part of the FY11 capital project budget). This reserve contains sufficient funds for this expenditure.

The request for an additional \$396,800 beyond the previously approved \$1,600,000 is primarily due to the need to provide the tank with a specialized foundation to address subsurface conditions that would otherwise be unacceptable for supporting the new tank and its containment structure, but this increased cost also includes cleaning, decommissioning and demolition of the existing tank.

This project complies with the State of Connecticut Prevailing Wage Law administered by the Wage and Workplace Standards Division of the Department of Labor.

TAB 7

**RESOLUTION REGARDING THE AUTHORIZATION OF
CONSTRUCTION ENGINEERING AND INSPECTION
SERVICES TO SUPPORT CONSTRUCTION OF A NEW JET-
FUEL TANK FOR THE JET TURBINE FACILITY AT THE
SOUTH MEADOWS SITE**

RESOLVED: That the President is hereby authorized to enter into a Request for Services with TRC Environmental Corporation to provide construction engineering and inspection services associated with construction of a new jet-fuel storage tank for the Jet Turbine Facility at the South Meadows Site, substantially as discussed and presented at this meeting.

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Request for Services for Construction Engineering and Inspection Services Jet Turbine Facility South Meadows Site

Presented to the CRRRA Board on: September 30, 2010

Vendor/ Contractor(s): TRC Environmental Corporation

Effective date: Upon Execution

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

For Administrative and Engineering Support Services; Inspection/Construction Quality Assurance Services; and Special & Independent Monitoring and Testing Services associated with construction of a new jet-fuel storage tank for the Jet Turbine Facility at the South Meadows Site.

Facility (ies) Affected: Mid-Connecticut – South Meadows Site, Jet Turbine Facility

Original Contract: 3 Yr Eng Services Agreement No. 110116

Term: Upon completion of services, currently estimated to be August 30, 2011

Contract Dollar Value: \$142,101.74

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: TRC Environmental Corporation will provide construction inspection, documentation, and quality assurance services during the construction and demolition phases of the project. Tasks include, but may not necessarily be limited to, review and approval of shop drawings and submittals, responding to contractor requests for variance, vibration and settlement monitoring, concrete testing, and preparation of "as-built" drawings.

Other Pertinent Provisions: N/A

**Connecticut Resources Recovery Authority
Mid-Connecticut Project – Jet Turbine Facility
Construction Engineering and Inspection Services to
Support Construction of a New Jet-Fuel Tank**

September 30, 2010

Executive Summary

This is to request that the CRRRA Board of Directors authorize the President to execute a Request for Services with TRC Environmental Corporation to provide construction engineering and inspection services associated with construction of a new jet-fuel storage tank for the Jet Turbine Facility at the South Meadows Site.

Discussion

CRRRA management has requested that the Board of Directors approve a resolution to construct a new jet-fuel storage tank for the Jet Turbine Facility at the South Meadows Site.

Separate from the contract to construct the tank, this resolution is to request that the CRRRA Board of Directors authorize the President to execute a Request for Services (RFS) with TRC Environmental Corporation to provide construction engineering and inspection services associated with the construction of the new jet-fuel storage tank.

The construction engineering and inspection services to be provided include, but may not necessarily be limited to, the following:

- Coordinate and review shop drawings, equipment submittals and other materials furnished by the contractor to ensure conformance with the contract drawings and technical specifications;
- Review requests for payment issued by the contractor to ensure that the claims for payment are consistent with the actual work completed and materials/equipment properly stored on the project site;
- Following coordination with CRRRA, respond to requests for information, clarification, or variance issued by the contractor;
- Assist CRRRA with the review and assessment of any Change Order requests made by the contractor;

- Document all construction and testing activities to ensure compliance with the Contract Documents, reviewed shop drawings and other submittals;
- Prepare daily inspection reports and take digital photographs at key stages of the work to document the progress and site conditions;
- Prepare a final set of “As-Built” drawings, which will include copies of the final approved foundation and tank drawings furnished by the contractor;
- Attend construction site meetings, other meetings with CRRA and agencies, and provide consultation on an as-needed basis; and,
- During the progress of the rammed aggregate pier and reinforced concrete ring wall foundation construction TRC and its sub-consultant DeCarlo & Doll will:
 - Provide specialized engineering and construction representatives to monitor vibration on the existing Tank No. 6;
 - Check settlement of existing Tank No. 6 and the new tank outer shell,
 - Perform pre-construction and post-construction structural surveys of existing Tank No.6;
 - Inspect the reinforced concrete work; and
 - Collect/test concrete cylinders for compressive strength.

TRC has estimated that a total of 1,226 man-hours of labor will be necessary to provide the construction engineering and inspection services through project completion. TRC has agreed to discount its labor billing rates by 5% from the labor rates that are included in Engineering Services Agreement number 110116. TRC has proposed minimal use of sub-consultants for certain, specialized work. During the course of the project, TRC will provide a senior engineering project manager to coordinate and review all of the above activities and provide assistance to CRRA during the course of the construction project.

Pursuant to CRRA purchasing procedures and Connecticut statute, CRRA can award this work to TRC as a Request for Services under the existing three year engineering and consulting services agreement, which agreement was established through a public solicitation process. Of those firms with which CRRA has engineering consulting agreements, TRC is the best qualified firm to undertake the construction engineering and inspection services associated with this project. TRC is a large, Connecticut headquartered engineering and environmental consulting firm with the depth and breadth to successfully manage this project. Under a previous RFS, TRC completed a geotechnical evaluation of the site soils where the tank will be constructed, and subsequently developed the project plans and specifications that CRRA utilized for public solicitation of bids for the tank construction. Therefore, any field changes or issues with the design plans will be most efficiently and economically addressed because TRC is the designer of the project. Additionally, pursuant to site-wide remediation activities that TRC has been conducting under the South Meadows Exit Strategy contract between CRRA and TRC, TRC has an intimate familiarity with the South Meadows site in terms of the subsurface environment and site-wide utility layout and configuration, and also has a seasoned working relationship with CRRA’s on-site

operating contractors (Covanta, MDC, and NGS), as well as Northeast Utilities/CL&P which has electric distribution related easements on the site.

Financial Summary

CRRA would pay TRC on a time-and-materials basis not to exceed a total project cost of \$142,101.74.

Funds for this expenditure will come from the Mid-Connecticut Jets/EGF Reserve. The board previously approved a total of \$1,600,000 from this reserve account for installation of a new jet fuel tank (\$1,200,000 was approved in September 2009 following identification of the need to replace the tank, and an additional \$400,000 was approved as part of the FY11 capital project budget). This reserve contains sufficient funds for this expenditure.

TAB 8

**RESOLUTION REGARDING THE INSTALLATION OF A NEW
JANSEN OVERFIRE AIR SYSTEM ON UNIT 11 AT THE
MID-CONNECTICUT POWER BLOCK FACILITY**

RESOLVED: That the President is hereby authorized to direct Covanta Mid-Conn, Inc. to install a new overfire air system manufactured by Jansen Combustion and Boiler Technologies, Inc. on Unit 11 at the Mid-Connecticut Power Block Facility, substantially as presented and discussed at this meeting.

Connecticut Resources Recovery Authority
Contract Summary for Contract entitled

Installation of a New Jansen Overfire Air System in Unit 11 at the Mid-Connecticut Power Block Facility

Presented to the CRRA Board: September 30, 2010

Vendor/ Contractor(s): Covanta Mid-Conn Inc. (Jansen Combustion and Boiler Technologies, Inc.)

Contract Type/Subject Matter: Existing Contract

Facility(ies) Affected: Mid-Connecticut Power Block Facility

Original Contract: Amended and Restated Agreement for Operation and Maintenance of the Power Block Facility (December 22, 2000) between Resource Recovery Systems of Connecticut, Inc. (Covanta) and CRRA

Term: May 31, 2012

Contract Dollar Value: \$1,100,000 (not to exceed)

Scope of Services: Install a new, proprietary Jansen overfire air system in Unit 11 of the PBF during the scheduled January – March 2011 major boiler outages

Other Pertinent Provisions: The installation of the Jansen overfire air system in Unit 11 will be performed pursuant to the existing agreement between CRRA and Covanta for the operation and maintenance of the PBF with Covanta subcontracting the overfire air system to Jansen Combustion and Boiler Technologies, Inc.

Connecticut Resources Recovery Authority

Installation of Overfire Air System at the Mid-Connecticut Power Block Facility

September 30, 2010

Executive Summary

This is to request approval of the CRRA Board of Directors for the President to direct Covanta Mid-Conn, Inc. to install a new overfire air system manufactured by Jansen Combustion and Boiler Technologies, Inc. on Unit 11 at the Mid-Connecticut Power Block Facility, substantially as presented and discussed at this meeting.

Discussion

The Mid-Connecticut Power Block Facility (the "PBF") has three boilers in which refuse-derived fuel ("RDF") is combusted and the heat produced by the combustion of the RDF is used to generate steam. The steam is used in the Electricity Generating Facility (the "EGF") to generate electricity. The three steam boilers in the PBF are designated Units 11, 12 and 13.

The steam is produced by circulating water under pressure through banks of metal tubes placed at various locations in the boiler (e.g., water wall tubes, screen tubes, etc., which are collectively referred to as pressure parts). Because the water is under pressure, it can be heated to temperatures well above 212°F before it boils and turns into steam. In recent years, CRRA has spent a considerable amount of money on repairing/refurbishing/replacing many of these tubes.

Recently the screen tubes have become a critical maintenance component of the Units that could affect boiler reliability. Among the options to improve the reliability of the screen tubes is replacement of the screens with equal or upgraded material, or complete removal of the screens.

CRRA and Covanta decided to jointly fund a study of the options for the screen tubes. Covanta retained the services of Jansen Combustion and Boiler Technologies, Inc. ("Jansen"), of Kirkland, Washington to undertake the study. Jansen collected boiler operating data during October 2009. This data was used by Jansen to evaluate current boiler operation and to project boiler operation if the screen tubes were removed.

Jansen concluded that the boilers could generate steam at design temperature and pressure without the screen tubes. Jansen also concluded that the existing overfire air system was producing non-uniform flue gas temperature and flow profiles in the boiler.

An overfire air system injects air into the boiler above the grate. The air is injected into the boiler to complete combustion of the RDF.

To deal with both the removal of the screen tubes and the deficiencies in the existing overfire air system, Jansen recommended replacing the existing overfire air system with a Jansen proprietary overfire air system. Jansen predicted that its overfire air system would result in steam pressure and temperature returning to design specifications of 231 Klb/hour and 825°F, respectively. Jansen also concluded that the existing 200 horsepower overfire air system booster fan would no longer be needed.

For your information, included with this memorandum is 1) a schematic drawing depicting the configuration of the boiler, including the location of the existing overfire air system, and 2) a drawing depicting a view of the proposed Jansen system.

Jansen is a very well respected firm in the industry and its proprietary overfire air system has been installed in a wide variety of steam boilers, including at least 12 that are the same model as the boilers in the PBF. While none of these installations have been on RDF-fueled boilers, they have been on coal- and other biomass-fueled boilers. These installations have successfully addressed the conditions identified by Jansen in the PBF boilers. In addition, Jansen is currently under contract to install its overfire air system in the boilers of the waste-to-energy facility in Portsmouth, Virginia that was recently purchased by Wheelabrator. The Portsmouth facility is a sister RDF facility to the Mid-Conn Facility.

CRRA engaged M.I. Holzman & Associates (Holzman) to perform an evaluation of whether the proposed upgrade of the overfire air system in the No. 11 RDF boiler triggers any air permitting requirements, with specific attention paid to Connecticut New Source Review (NSR) and federal New Source Performance Standards (NSPS). Holzman reviewed the proposal of Jansen Combustion and Boiler Technologies, Inc. (Jansen) to install the new overfire air system as well as Jansen's engineering evaluation of the screen tube panel removal in the three RDF boilers. Holzman evaluated the overfire air installation in terms of

- a) the potentially applicable sections of the Regulations of Connecticut State Agencies (RCSA) Sections 22a-174-1 (Definitions), 22a-174-3a (Permits to Construct and Operate Stationary Sources) and 22a-174-38 (Municipal Waste Combustors) and
- b) 40 CFR Part 60.51b (Subpart EB—Standards of Performance For Large Municipal Waste Combustors For Which Construction Is Commenced After September 20, 1994 Or For Which Modification Or Reconstruction Is Commenced After June 19, 1996, Definition of "modification or modified municipal waste combustor unit" as referenced in RCSA section 22a-174-38(a)(17).

Holzman concluded that the proposed overfire air system upgrade does not constitute a “modification” as that term is defined in the above cited regulations and therefore does not trigger any requirement for modification of any air permits under those regulations. Holzman confirmed this conclusion in a discussion with the DEP permitting engineer who wrote the Mid-Connecticut RRF Title V Air Operating Permit.

CRRRA has included \$3.3 million in the Capital Improvement Budget for FY 12 for refurbishment/replacement of the screen tubes in the three PBF boilers (approximately \$1.1 million per unit). Jansen estimated that the installation of its overfire air system would cost approximately \$1 million per unit (\$500,000 in equipment and \$500,000 in installation costs), for a total of \$3 million.

For several years the performance of Unit 11 has lagged behind that of Units 12 and 13. For example, for the period from March 13, 2010 (the day after the end of the last major outage for the three steam boilers during which outages significant work was conducted in each of the boilers on various pressure parts) through August 17, 2010, the three units achieved the following:

Unit	Klb of Steam per Hour On-Line
11	205.68
12	219.99
13	227.35
Design	231.00

Unit 11’s steam generation has been restricted by carbon monoxide (CO) emission limits. Installation of the Jansen system in other facilities has successfully dealt with situations in which steam generation is restricted by CO emission limits. In fact, the Jansen system has, in most instances, reduced CO emissions by 50%.

The amount of electricity produced at the EGF and sold into the grid is directly related to the amount of steam produced in the three boilers. When one of the boilers is performing at only 89% of its design capacity as is the case with Unit 11, revenues from the sale of electricity are significantly impacted. Unit 11’s 89% of design capacity compares very unfavorably to Unit 13’s 98% of design capacity.

According to the Jansen study, the removal of the screen tubes from Unit 11 and the replacement of the current overfire air system with the proprietary Jansen overfire air system will allow Unit 11 to function at or near design parameters.

Cost Analysis

CRRA staff performed a cost analysis on the replacement of the current overfire air system with the Jansen system.

Electric Revenues

If the Jansen overfire air system performs as predicted (or nearly so), Unit 11 should produce more steam which would, in turn, produce more electricity to be sold. Currently, Unit 11 can be expected to produce approximately 1,621,600 Klb of steam per year (assuming Unit 11's current 205.68 Klb of steam per hour and 90% availability). With the new Jansen overfire air system, Unit 11 can be expected to produce approximately 1,813,300 Klb of steam per year (assuming 230.00 Klb of steam per hour and 90% availability). The increase in steam per year of approximately 191,700 Klb is equivalent to an increase in electric revenues of approximately **\$506,088** per year (assuming a continuation of the current conversion rate of 12.50 Klb of steam to produce one MWH of net electricity and a continuation of the current revenue rate for electricity of \$33.00 per MWH).

RDF/MSW Consumption

If the Jansen overfire air system performs as predicted on Unit 11, the Unit will be able to consume additional RDF produced from additional MSW from which CRRA would generate additional tip fee revenue. Under design conditions, Unit 11 consumes 28.1 tons of RDF per hour at 231.00 Klb of steam per hour. At 230 Klb of steam per hour (the amount assured to result from the Jansen system), the Unit would consume 28.0 tons of RDF per hour. Unit 11, under existing conditions of 205.68 Klb of steam per hour, consumes 25.0 tons of RDF per hour. Installation of the Jansen overfire air system would increase the amount of RDF that could be consumed by 3.0 tons per hour (equivalent to 23,324 tons of RDF per year, which is equivalent to 27,440 tons of MSW per year). At the current tip fee of \$69.00 per ton, the increase of 3.0 tons per hour of RDF is equivalent to an increase in tip fee revenue of \$1,893,400 per year. However, there would be additional processing cost for the additional MSW tonnage. CRRA's marginal rate for each additional ton of MSW processed is approximately \$40, which would result in an additional expense of \$1,097,600 to process the MSW. The net increased revenue would be approximately **\$795,700**.

Screen Tube Refurbishment/Replacement

CRRA has included approximately \$1,100,000 in the Capital Improvement Budget for FY 12 for refurbishment/replacement of the screen tubes in Unit 11. If the Jansen overfire air system performs as predicted on Unit 11, the screen tubes will be removed from the Unit and the funds would not be expended for refurbishment/replacement of the screen tubes. This will result in a savings of approximately **\$1,100,000**. (CRRA management recommends that the amount

saved be reallocated to perform additional repair/replacement work for other pressure parts in the Units, particularly for water wall tubes.)

Other Factors

CRRA staff examined other factors that would have an impact on the economics of replacing the current overfire air system with the Jansen system, but all of them resulted in savings or increased revenue of less than \$100,000 per year and, while savings/increased revenues of this magnitude might be important in other analyses, they are dwarfed in this analysis by the increased electric and tip fee revenues and the screen tube replacement savings.

Some of the savings/increased revenues would be offset by increased costs/payments, but the aggregate of these is less than \$25,000 and would have essentially no impact on the economics of the overfire air system.

Summary

It would cost approximately \$1,150,000 to install the Jansen proprietary overfire air system on Unit 11.

If the Jansen proprietary overfire air system were installed on Unit 11 and if it performed close to predictions, CRRA would realize approximately \$506,088 per year in increased revenue from increased electricity sales, approximately \$795,700 per year in increased revenue from increased tip fees and approximately \$1,100,000 in savings from not refurbishing/replacing the screen tubes. The total positive impact of replacing the current overfire air system with the Jansen system is approximately \$2,401,788 in the first year.

The payback period for the cost of installing the Jansen overfire air system would be approximately **five months**.

Recommendation

Based on the analysis above, CRRA management recommends the following:

- (1) Installation of a Jansen overfire air system in Unit 11 during the January – March 2011 outage cycle. Covanta should be directed to undertake this activity since it already has a contract with Jansen and it would be able to make arrangements for the installation and incorporate the installation in planning for the 2011 outages.
- (2) CRRA monitor the performance of Unit 11 with the new overfire air system during the next six to twelve months and, if the Unit performs as predicted, CRRA then remove the screen tubes from Unit 11.

- (3) If the Jansen overfire air system performs as predicted in Unit 11, CRRA proceed with installing the system on Units 12 and 13 (in that order) in the FY 13 and 14 time frame. Since Units 12 and 13 currently perform better than Unit 11, the payback period would be longer for them, but would, in management's opinion, still be worth the investment because, among other things, the savings in not repairing/replacing the screen tubes would still be realized.
- (4) If, after installation of the Jansen overfire air system, Unit 11 does not perform as predicted, undertake a new analysis to determine whether or not CRRA should proceed with the removal of the screen tubes. The existing overfire air system will remain in place, even with the installation of the Jansen system, and can be reactivated if necessary.
- (5) If the Jansen overfire air system does not perform as predicted in Unit 11, continue with the existing overfire air systems (which will remain in place) in Units 12 and 13 and perform the refurbishment/replacement work required for the screen tubes in both units.

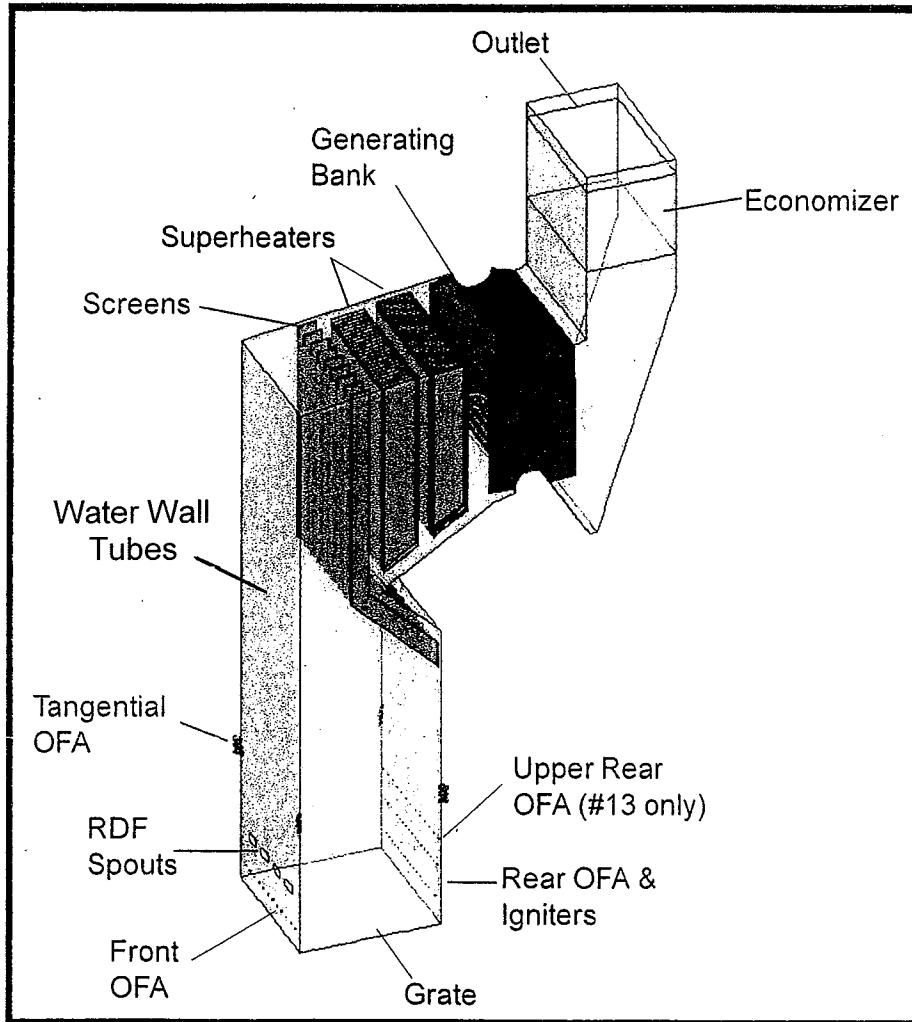
While CRRA management is making all five of these recommendations, the only one that is the subject of this resolution is the first.

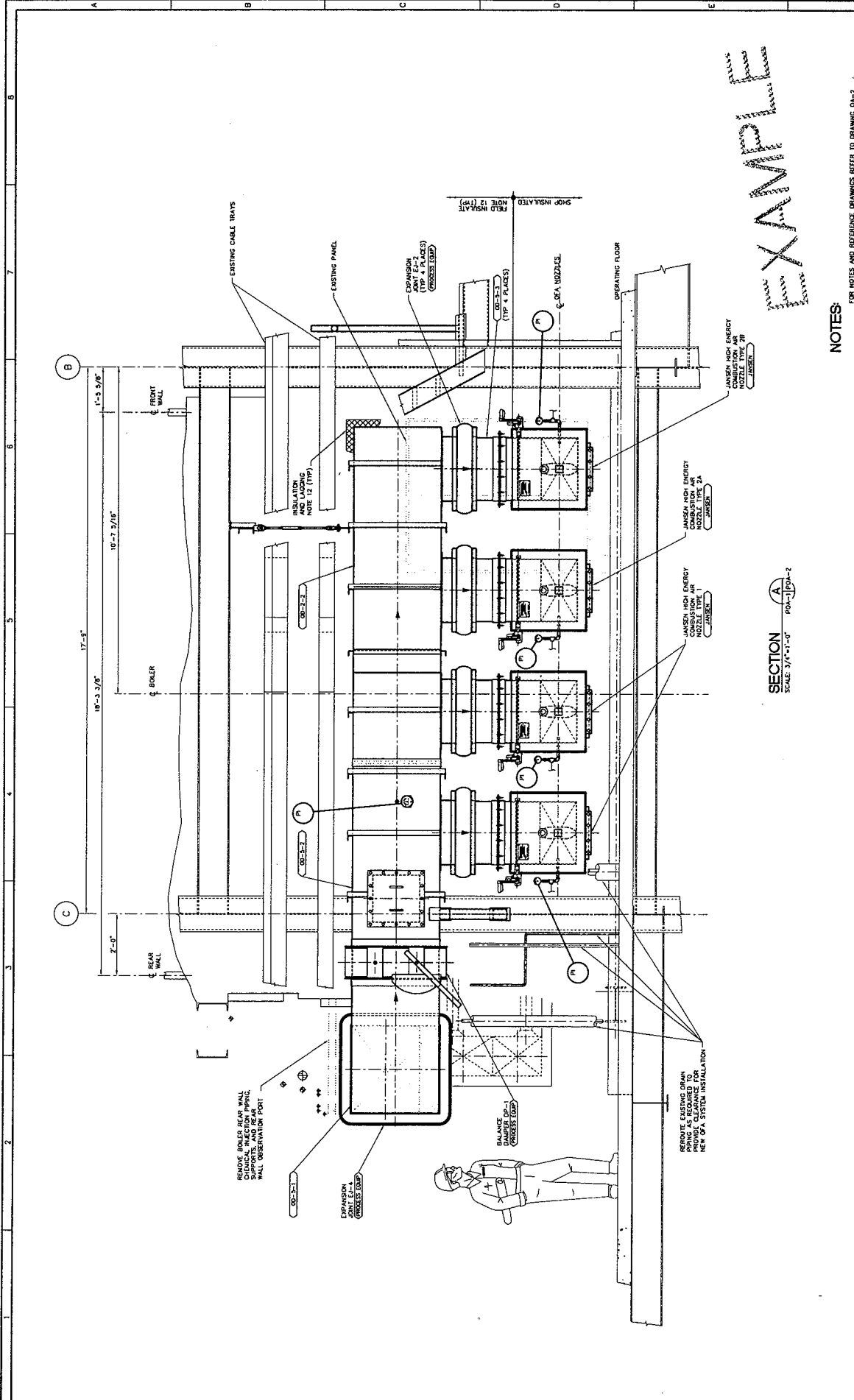
Even if CRRA were to undertake the installation of the Jansen overfire air system itself, the installation would qualify under the exception to the competitive procurement process for goods and services for which the contractor has proprietary rights (CRRA Procurement Policies and Procedures Section 3.1.2.3). In addition, based on CRRA staff research and knowledge of the capabilities of firms operating in this market, the installation would also qualify under the exception for goods and services provided by a contractor that has special capability and unique experience (Procurement Policies and Procedures Section 3.1.2.5).

Financial Summary

There is \$1 million included in the Capital Improvement Plan for the PBF for the overfire air system, but it projects the installation of the system in FY 12. CRRA management recommends that the \$1 million be expended in FY2011, supplemented with an additional \$100,000 from the Facility Modification Reserve.

Schematic Depiction of Boiler, Locating Water Wall Tubes, Screen Tubes, Superheaters, and existing Overfire Air System (OFA).





NOTES:
FOR NOTES AND REFERENCE DRAWINGS REFER TO DRAWING DA-2.

SECTION
SCALE 3/4" = 1'-0"
JOB: J100-2

PROJECT NO. 16 DRAWING NO. POA-2 REV. A		DATE 07/27/03 DRAWN BY J. JENSEN CHECKED BY J. JENSEN APPROVED BY J. JENSEN		EXAMPLE BOILER OF A UPGRADE OVERFIRE AIR SYSTEM LEFT SIDE WALL ELEVATION	
ORIGINAL ORIGINAL COPY		SYN A A ISSUED FOR INFORMATION ONLY		FOR INFORMATION ONLY JANSEN Combustion and Boiler Technologies, Inc. Customized Engineering Solutions	
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TAB 9

**RESOLUTION REGARDING INSTALLATION OF
GREENHOUSE GAS MONITORS AT THE CRRA MID-CT
RESOURCE RECOVERY FACILITY**

RESOLVED: That the President is hereby authorized to direct the Power Block Facility operating contractor, Covanta Mid-Conn, Inc. to install greenhouse gas monitoring equipment on each of the three municipal waste combustor units, substantially as discussed and presented at this meeting.

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Greenhouse Gas Monitors at the CRRA Mid-Connecticut Resource Recovery Facility

Presented to the CRRA Board:	September 30, 2010
Vendor/ Contractor(s):	Covanta Mid-Conn Inc.
Contract Type/Subject Matter:	Existing Contract
Facility(ies) Affected:	Mid-Connecticut Power Block Facility
Original Contract:	Amended and Restated Agreement for Operation and Maintenance of the Power Block Facility (December 22, 2000) between Resource Recovery Systems of Connecticut, Inc. (Covanta) and CRRA
Term:	May 31, 2012
Contract Dollar Value:	\$287,004
Scope of Services:	Install three new continuous emission monitoring systems for greenhouse gases on the three boilers at Mid-Conn RRF.
Other Pertinent Provisions:	In addition to the greenhouse gas monitors, there will be moisture and flow monitors installed on new supporting steel structures. This work is to be done pursuant to the existing agreement between CRRA and Covanta for the operation and maintenance of the PBF.

Connecticut Resources Recovery Authority Mid-Connecticut RRF

Installation of Greenhouse Gas Monitors at the CRRA Mid- Connecticut Resource Recovery Facility

September 30, 2010

Executive Summary

Effective December 29, 2009, the US EPA promulgated a regulation to require reporting of greenhouse gas emissions from many different sources, including certain municipal waste combustors. By virtue of its size (>250 tons per day), age and current Continuous Emissions Monitoring System (“CEMS”) capability, the Mid-Connecticut RRF is required to utilize Tier IV Calculation Methodology. This requires the installation of stack flow and Carbon Dioxide (“CO₂”) CEMS for each of the three combustor units. These units must be installed by 1/1/2011.

This is to request that the CRRA Board of Directors authorize the President to direct Covanta Mid-Connecticut to install greenhouse gas monitoring equipment on each of the three municipal waste combustor units, substantially as discussed and presented at this meeting.

Discussion

In 2007, the US Congress passed the Consolidated Appropriations Act, which, among other things, directed US EPA to require mandatory reporting of greenhouse gas (GHG) emissions above appropriate thresholds from all sectors of the US economy. The US EPA promulgated such a regulation at the end of 2009. The regulation provides different levels for rigor for the quantification of emissions from different types of GHG sources. Based on the characteristics of the Mid-Connecticut RRF such as capacity, hours of operation since 2005, and the existing Continuous Emission Monitoring Systems (CEMS), the regulation requires the Mid-Connecticut RRF to install stack flow and CO₂ CEMS for each of the three combustor units by 1/1/2011.

Covanta, as operating contractor of the Mid-Connecticut RRF, is obligated to comply with the Mandatory GHG Reporting Rule. Further, Covanta is able to pass the cost of complying with the rule on to CRRA by virtue of “Change of law” provisions in the Amended and Restated Agreement for Operation and Maintenance of Power Block Facility” dated December 22, 2000.

Covanta estimates the costs associated with the required systems as follows:

<u>Number of Units</u>	<u>3</u>
<u>Monitors</u>	
Estimated cost, CO2 monitor	\$ 6,000
Estimated cost, moisture monitor	\$13,483
Estimated cost, flow monitor	<u>\$17,100</u>
Subtotal equipment per unit	\$36,583
<u>Installation</u>	
Estimated cost CO2 monitor installation	\$ 500
Estimated cost moisture monitor installation	\$7,000
Estimated cost flow monitor installation	<u>\$8,000</u>
Subtotal installation per unit	\$15,500
Total cost of equipment + installation, per unit	\$52,083
Total cost of equipment + installation, three units	\$156,249

Platform Construction

The monitors must be mounted such that the gas samples they will extract can be processed according to the EPA-approved method. This requires the construction of mounting platforms. Covanta estimates the cost of the required mounting platforms as follows:

Design of platform for Units 11 and 12	\$14,515
Design of platform for unit 13	\$12,605
Construction of platform for Units 11 and 12	\$53,635
Construction of platform for Unit 13	<u>\$50,000 (estimate)</u>
Total cost of platforms for three units	\$130,755
Total cost equipment, installation, and platforms:	\$287,004

The monitors will require electricity to operate and periodic service for calibration and maintenance. Covanta estimates the annual O&M cost as follows:

Annual O&M Costs	
CO2 monitor, per unit	\$1,000
Moisture monitor, per unit	\$2,100
Flow monitor, per unit	<u>\$2,975</u>
Subtotal O&M, per unit	\$6,075
Total annual O&M, three units	\$18,225

Financial Summary

Covanta estimates the total installed cost of the required monitors on the new platforms will be **\$287,004**, plus an annual cost to operate and maintain the monitors of \$18,225. The funds for this expense will come from the Mid-Connecticut Operating Budget.

TAB 10

**RESOLUTION REGARDING THE INSTALLATION OF TWO
BEDROCK GROUNDWATER MONITORING WELLS AT
SHELTON LANDFILL**

RESOLVED: That the Board of Directors authorizes the President to execute a Request for Services with GZA GeoEnvironmental, Inc. to install two bedrock groundwater monitoring wells at the Shelton Landfill, substantially as presented and discussed at this meeting.

Connecticut Resources Recovery Authority
Contract Summary for Contract entitled

Request for Services to Install Two Bedrock Groundwater Monitoring Wells at the Shelton Landfill

Presented to the CRRRA Board on: September 30, 2010

Vendor/ Contractor(s): GZA GeoEnvironmental, Inc.

Contract Type/Subject matter: Request for Services, pursuant to 3-year Agreement for Environmental Monitoring, Laboratory Analysis and Reporting Services – Shelton Landfill

Installation of two bedrock groundwater monitoring wells at the Shelton Landfill

Facility (ies) Affected: Shelton Landfill

Original Contract: 3-year Agreement for Environmental Monitoring, Laboratory Analysis and Reporting Services – Shelton Landfill, Agreement No. 113401

Term: September 30, 2010

Contract Dollar Value: \$59,821.00

Scope of Services: Install, develop and survey two bedrock groundwater monitoring wells, refurbish two bladder pumps and install the bladder pumps into the two new wells.

Other Pertinent Provisions: None

Connecticut Resources Recovery Authority

Installation of Two Bedrock Groundwater Monitoring Wells at Shelton Landfill

September 30, 2010

Executive Summary

This is to request approval of the CRRA Board of Directors to execute a Request for Services (RFS) to install two bedrock groundwater monitoring wells at the Shelton Landfill. An RFS for this work in the total amount of \$36,621 has already been executed by the President; however, this request for Board of Directors' approval is required because the estimated cost to complete these installations increased to \$59,821 when the driller encountered subsurface conditions which prevented two attempts at installing one of the monitoring wells.

Discussion

On September 16, 2009, the Connecticut Department of Environmental Protection (CT-DEP) issued Stewardship Permit No. DEP/HWM/CS-126-005 to CRRA to regulate and authorize post-closure care and "corrective action" at the Shelton Landfill. Section III.D.2 of the Stewardship Permit requires that CRRA install two new groundwater monitoring wells downgradient of the metal hydroxide sludge disposal cell. One of these new monitoring wells, MW-BR-18, is to be screened in the shallow portion of bedrock near the Housatonic River Lagoon, and the second new monitoring well, MW-BR-19, is to be installed approximately 25' deeper into the bedrock aquifer than the first monitoring well, adjacent to the sludge disposal cell. Per the Stewardship Permit, the two wells must be installed by September 16, 2010.

On July 30, 2010, CRRA entered into a Request for Services (RFS) with GZA GeoEnvironmental, Inc. (GZA) to install, develop, and survey the two new groundwater monitoring wells, and to equip these two wells with bladder pumps to begin groundwater monitoring in October 2010. The total estimated cost associated with the RFS was \$36,621. GZA mobilized to the site on August 13, 2010, and was able to install MW-BR-18 without incident or delay. GZA made two attempts to install MW-BR-19;

however, both attempts failed due to the driller's inability to advance 4" steel casing through an approximately 13-foot layer of debris that was deposited at the landfill when it was operational. Based on drill cuttings observed during the attempted well installations, it appears that the deposited debris includes the presence of reinforced concrete debris. Following the two unsuccessful attempts to install MW-BR-19, GZA re-evaluated potential drilling methods and ultimately recommended a telescoping method which will result in the installation of steel casings of three different diameters (8", 6", and 4").

(The attached memorandum dated September 1, 2010 provides additional technical detail regarding this matter for your information.)

The additional effort and materials required to complete MW-BR-19 with the telescoping method, combined with the time, effort and materials lost during the first two attempts to install MW-BR-19, has resulted in an estimated increase of approximately \$23,200 in the total project costs. The result of this estimated increase in project cost is that the total value of the RFS has increased to \$59,821, which exceeds the \$50,000 threshold requiring approval of the CRRA Board of Directors.

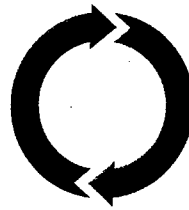
In order to ensure compliance with the Stewardship Permit deadline of September 16, 2010 for installation of the two monitoring wells, CRRA management directed GZA to proceed with the proposed telescoping method to complete installation of MW-BR-19.

The original RFS that was executed with GZA was not submitted to the Board of Directors because its value was less than \$50,000. CRRA management directed GZA to continue to proceed with installation of the second well because delaying the installation of MW-BR-19 until after the September 30, 2010 Board of Directors meeting would have resulted in non-compliance with the Stewardship Permit.


Financial Summary

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

Memorandum



CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY

To: Peter W. Egan - Director of Environmental Affairs and Development
From: Christopher R. Shepard - Environmental Engineer 
Date: September 1, 2010
Re: Additional Effort and Costs to Install MW-BR-19 at the Shelton Landfill

On July 30, 2010, CRRA entered into a Request for Services (RFS) with GZA GeoEnvironmental, Inc. (GZA) to install, develop, and survey two new groundwater monitoring wells, and to equip the two wells with bladder pumps to begin groundwater monitoring in October 2010. The RFS, with a total estimated cost of \$36,621, was executed under the environmental monitoring contract for the Shelton Landfill, which went into effect on July 1, 2010. As of the date of this memo, GZA has only been able to install one of the two monitoring wells, and has been unsuccessful in two attempts to install the second monitoring well due to subsurface conditions at the landfill. In order to successfully install the second monitoring well, GZA has proposed a different drilling method for the third attempt, which will ultimately result in an increase of approximately \$23,200 in project costs. The total estimated cost to complete this project has therefore increased to \$59,821.

Installation of these two monitoring wells is a condition of Stewardship Permit No. DEP/HWM/CS-126-005, which the CT-DEP issued to CRRA on September 16, 2009 to regulate and authorize post-closure care and "corrective action" at the Shelton Landfill. Section III.D.2 of the Stewardship Permit requires that CRRA install two new groundwater monitoring wells downgradient of the metal hydroxide sludge disposal cell. One of these new monitoring wells, MW-BR-18, is to be screened in the shallow portion of bedrock near the Housatonic River Lagoon, and the second new monitoring well, MW-BR-19, is to be installed approximately 25' deeper into the bedrock aquifer than the first monitoring well, adjacent to the sludge disposal cell. In order to comply with the terms and conditions of the Stewardship Permit, the two wells must be installed by September 16, 2010.

Under the RFS, GZA solicited price quotes from three well drilling firms, and subcontracted the lowest-cost well driller to install the two wells under GZA supervision. The drilling crew mobilized to the site on Friday, August 13, 2010, and was able to complete drilling associated with the shallower monitoring well, MW-BR-18, on Monday, August, 16, 2010.

On Tuesday, August 17, 2010, the crew began drilling activities associated with MW-BR-19, attempting to utilize the same methods that had been successfully employed on MW-BR-18 (advancing 6" hollow-stem augers to bedrock, advancing a 6" roller bit 5' into the bedrock, driving 4" steel casing through the 6" hole and into bedrock, and then core boring the remaining depth of the hole). The drilling crew, however, encountered a debris layer that prevented advancement of the hollow-stem augers past a depth of 37'. The 6" roller bit was utilized to open a hole through the debris layer, which was found to be approximately 13' thick, and the driller then attempted to drive the 4" casing through the roller bit opening. The driller was not able to drive the 4" casing through the debris, presumably because the debris shifted when the roller bit was removed. A second attempt was then made to drive and spin a thicker-walled 4" casing through the debris. This second attempt resulted in damage to the 4" casing, which prevented the 4" roller bit from passing through the casing. The driller then attempted to remove the 4" casing, but the bottom section of the casing broke off in the hole, rendering the hole unusable. The driller then abandoned the hole by backfilling with bentonite-cement grout.

Following the two unsuccessful attempts to install MW-BR-19, GZA has re-evaluated potential drilling approaches and has recommended a telescoping approach to installation of this well. Under this approach, the driller would advance 8¾" hollow-stem augers to refusal (anticipated on the debris layer at 37' to 40' below grade), and then use an 8" roller bit to open the boring to a depth of approximately 61' (6' into the bedrock). The driller would then install a 6" casing within the 8-inch borehole, grout the casing in place to create an environmental seal through the landfill into the weathered bedrock, and then spin a 4" casing to approximately 70' below grade. After grouting the 4" casing in place to seal the upper bedrock aquifer from the deeper bedrock aquifer, the borehole will be cored to 94' and the monitoring well will then be set and constructed in accordance with the specifications.

Please call me if you have any questions on the information contained in this memorandum.

TAB 11

**RESOLUTION REGARDING
ASH RESIDUE TRANSPORTATION AND DISPOSAL
SERVICES FOR THE MID-CONNECTICUT RESOURCE
RECOVERY FACILITY,
AND
ASH RESIDUE DISPOSAL SERVICES FOR THE PRESTON
RESOURCE RECOVERY FACILITY**

RESOLVED: That the President is hereby authorized to execute an extension of the agreement with Wheelabrator Technologies Inc. to provide transportation and disposal services for ash residue from the Mid-Connecticut Resource Recovery Facility, substantially as presented and discussed at this meeting; and

FURTHER RESOLVED: That the President is hereby authorized to execute an extension of the agreement with Wheelabrator Technologies Inc. to provide disposal services for ash residue from the Preston Resource Recovery Facility, substantially as presented and discussed at this meeting.

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

**Ash Residue Transportation and Disposal Services for the
Mid-Connecticut Resource Recovery Facility**

Presented to the CRRRA Board:	September 30, 2010
Vendor/Contractor(s):	Wheelabrator Technologies Inc.
Effective date:	January 1, 2012
Contract Type/Subject matter:	Request for Proposals; Ash residue transportation & disposal
Facility(ies) Affected:	Mid-Connecticut Resource Recovery Facility (Mid-Connecticut Project)
Original Contract Term:	Three-year base period (January 1, 2009 through December 31, 2011)
Term Extensions:	This is to exercise the five one-year extensions provided for in the contract.
Contract Dollar Value:	Contractor paid on a per-ton transported and disposed basis. First option year transportation and disposal charge of \$59.17/ton, with a fuel price surcharge. This represents a \$8.05 per ton reduction compared with the current first option year price (assuming CPI of 1.5%). This is equivalent to \$10,354,750 for the first extension year January 2012 through December 2012, with the price of diesel fuel at \$4.20/gallon ¹ .
Scope of Services:	Transport (by Willimantic Waste) and disposal (by Wheelabrator) of ash residue at Putnam Ash Residue Landfill (Putnam, Connecticut) or Shrewsbury, MA ash residue landfill.
Other Pertinent Provisions:	Performance Security equal to one half of the contract value for the Annual Service Fee required.

¹ \$4.20/ gallon - \$4.299 /gallon is the base diesel price in the contract. CRRRA pays/receives a \$0.20/ton increase (or decrease) for each \$0.10 increase (or decrease) in the price of diesel fuel. (note: currently, based on the July 2010 diesel price of \$3.10 per gallon, CRRRA receives a \$2.20/ton reduction off of the base transportation cost.)

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

**Ash Residue Disposal Services for the
Preston Resource Recovery Facility**

Presented to the CRRRA Board:	September 30, 2010
Vendor/ Contractor(s):	Wheelabrator Technologies Inc.
Effective date:	January 1, 2012
Contract Type/Subject matter:	Request for Proposals; ash residue transportation and disposal
Facility(ies) Affected:	Preston Resource Recovery Facility (Southeast Project)
Original Contract & Term:	Three-year base period (January 1, 2009 through December 31, 2011)
Term Extensions:	This is to exercise the extensions provided for in the contract through June 30, 2015.
Contract Dollar Value:	Contractor paid on a per-ton disposed basis. First option year disposal charge of \$41.87/ton. This is equivalent to \$2,302,850 for the first option year January 2012 through December 2012.
Scope of Services:	Disposal of ash residue at Putnam Ash Residue Landfill (Putnam, Connecticut).
Other Pertinent Provisions:	Performance Security equal to one half of the contract value for the Annual Service Fee required.

Connecticut Resources Recovery Authority

Mid-Connecticut Project: Ash Residue Transportation and Disposal Services for the Mid-Connecticut Resource Recovery Facility

Southeast Project: Ash Residue Disposal Services for the Preston Resource Recovery Facility

September 30, 2010

Executive Summary

CRRA contracts with Wheelabrator Technologies, Inc. (Wheelabrator) for transportation and disposal of ash residue generated at the Mid-Connecticut Resource Recovery Facility, and for disposal only for ash residue generated at the Preston (Southeast) Resource Recovery Facility (transportation services for ash residue from the Preston RRF are provided through a separate, contractual arrangement).

This is to request approval of the CRRA Board of Directors to exercise an extension of the contract with Wheelabrator for the five option years provided in the contract for Mid-Connecticut RRF ash residue transportation and disposal, at the price presented herein, and to exercise an extension of three and one-half option years for Preston RRF ash residue transportation and disposal, at the price presented herein.

Discussion

Ash residue from the Wallingford and Preston RRFs is currently disposed at the Wheelabrator Ash Residue Landfill in Putnam, Connecticut. During calendar year 2008 CRRA conducted a request for qualifications and subsequent request for proposals for ash residue transportation and disposal for the Mid-Connecticut RRF, and for ash residue disposal for the Preston RRF. At its September 2008 meeting CRRA's board of directors approved a contract with Wheelabrator for ash residue transportation and disposal services for these two facilities; Wheelabrator was the low cost bidder. The contract has a base term of three years: January 1, 2009 through December 31, 2011, and includes an option to extend for five, one year terms for Mid-Connecticut, and six one year terms for Preston.

Both a performance guarantee and an indemnity protecting CRRA for future environmental liability associated with the landfills are provided by the parent company of Wheelabrator (Waste Management, Inc.).

Pricing for extensions to the contract is based on a CPI index prescribed in the contracts. Wheelabrator has agreed to reduce the transportation and disposal price for the first option year (and therefore for each subsequent option year) as presented in the attached table. This is a significant reduction in the per ton cost, and CRRA management recommends that the contract be extended as presented. CRRA management has also consulted with Mr. Jerry Tyminski, Executive Director of SCRRA regarding extension of the contract with Wheelabrator for disposal of the ash generated at the Preston RRF. Mr. Tyminski has discussed this matter with the SCRRA Board of Directors, and they are supportive of extending the contract for the Preston facility as presented herein.

The contract provides CRRA a right to terminate the contract if CRRA is successful in siting a new ash residue landfill in Connecticut. The contract provides a provision for CRRA to terminate the contract if a technology to recycle ash residue becomes available. The contract includes a provision for CRRA to terminate the contract in the event CRRA no longer controls the ash residue. The contract includes the Shrewsbury, Massachusetts ash residue landfill as an alternate facility for ash residue from the Mid-Connecticut RRF.

Financial Summary

The attached table provides a summary of the proposed transportation and disposal pricing for the option years, and provides a comparison between the first option year as currently contemplated in the contract, and the new price that Wheelabrator has proposed.

TAB 12

BOARD 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 2011 projected legal fees; and

WHEREAS, CRRA expects to incur greater than authorized legal expenses for General Counsel 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 2011:

<u>Firm:</u>	<u>Amount:</u>
Halloran & Sage	\$350,000

CONNECTICUT RESOURCES RECOVERY AUTHORITY

Request regarding Authorization for Payment of Projected Additional Legal Expenses

September 30, 2010

Executive Summary

This is to request Board authorization of payment of additional projected fiscal '11 legal expenses.

Discussion:

At its May 2010 regular meeting, the Board of Directors expressed its preference for continuing to approve payment of fees for services rendered by the Authority's General Counsel, Halloran & Sage, on a quarterly basis. The board therefore authorized payment of approximately one-quarter of the projected annual total, and requested management to seek additional authorization every three months during the fiscal year.

We are now seeking board authorization to incur additional legal expenses on the terms set forth above for the second quarter of FY11.