

CONNECTICUT RESOURCES RECOVERY AUTHORITY

FOUR HUNDRED AND TWENTY-NINE

FEB. 23, 2012

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

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

Present from CRRA in Hartford:

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

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

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

VOTE TO MAKE DIRECTOR GRISWOLD TEMPORARY CHAIR

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

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

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

PUBLIC COMMENT PORTION

Chairman Griswold said the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

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

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

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

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

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

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

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

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

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

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

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

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

FINANCE COMMITTEE

RESOLUTION REGARDING APPROVAL OF THE PROPERTY DIVISION BUDGET

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RESOLUTION REGARDING APPROVAL OF THE MID-CONN PROJECT BUDGET

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

WHEREAS, the Connecticut Resources Recovery Authority (the “Authority”) is required by the Municipal Service Agreement (the “MSA”) with the Mid-Conn Project and Connecticut Solid Waste System, as referenced in the new MSA’s, towns to submit the next succeeding fiscal year budget on a timely basis (i.e., 120 days before the beginning of the next fiscal year); and

WHEREAS, the Mid-Conn Project’s Fiscal Year 2013 will be for the distinct period of July 1, 2012, through November 15, 2012, and the associated debt will be retired on November 15, 2012; and

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

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

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

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

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

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

NOW THEREFORE, it is

RESOLVED: That the proposed Fiscal Year 2013 Mid-Conn Project and Connecticut Solid Waste System budgets be adopted in the form presented and discussed at this meeting; and

FURTHER RESOLVED: That the following tip fees be adopted for the Fiscal Year 2013 operating budgets; and

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

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

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

FURTHER RESOLVED: That the President is hereby authorized to approve the use of funds from the necessary funds and reserves to pay for costs and fees incurred during Fiscal Year 2013 in accordance with the operating and capital budgets adopted pursuant hereto, as presented and discussed at this meeting, provided that all purchases of goods and services shall comply with the requirements of the Authority’s Procurement Policies and Procedures; and

FURTHER RESOLVED: That, while budgeting for RRF capital improvements as usual in Fiscal Year 2013, CRRA will limit actual investment in the Facility to those items necessary for short-term efficient operation until a long-term economic plan is clarified; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Director Painter suggested this discussion be revisited at each meeting.

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

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

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

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

WHEREAS, the Connecticut Resources Recovery Authority (the “Authority”) is required by the Municipal Service Agreement (the “MSA”) with the Mid-Conn Project and Connecticut Solid Waste System, as referenced in the new MSA’s, towns to submit the next succeeding fiscal year budget on a timely basis (i.e., 120 days before the beginning of the next fiscal year); and

WHEREAS, the Mid-Conn Project’s Fiscal Year 2013 will be for the distinct period of July 1, 2012, through November 15, 2012, and the associated debt will be retired on November 15, 2012; and

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

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

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

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

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

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

NOW THEREFORE, it is

RESOLVED: That the proposed Fiscal Year 2013 Mid-Conn Project and Connecticut Solid Waste System budgets be adopted in the form presented and discussed at this meeting; and

FURTHER RESOLVED: That the following tip fees be adopted for the Fiscal Year 2013 operating budgets; and

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

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

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

FURTHER RESOLVED: That the President is hereby authorized to approve the use of funds from the necessary funds and reserves to pay for costs and fees incurred during Fiscal Year 2013 in accordance with the operating and capital budgets adopted pursuant hereto, as presented and discussed at this meeting, provided that all purchases of goods and services shall comply with the requirements of the Authority’s Procurement Policies and Procedures; and

FURTHER RESOLVED: That, while budgeting for RRF capital improvements as usual in Fiscal Year 2013, CRRA will limit actual investment in the Facility to those items necessary for short-term efficient operation until a long term economic plan is clarified; and

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

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

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

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

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

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

POLICIES & PROCUREMENT COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOW THEREFORE, it is

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

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

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

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

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

PRESIDENT’S REPORT

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

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

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

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

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

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

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

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

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

EXECUTIVE SESSION

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

Tom Kirk
Jim Bolduc
Peter Egan
Laurie Hunt

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

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

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

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

ADJOURNMENT

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

Respectfully Submitted,

Moira Benacquista
Board Secretary/Paralegal