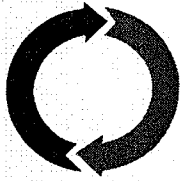


**CRRA  
BOARD MEETING  
SEPTEMBER 28, 2006**



**CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY**

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

## **MEMORANDUM**

**TO:** CRRRA Board of Directors  
**FROM:** Kristen Greig, Secretary to the Board/Paralegal  
**DATE:** September 22, 2006  
**RE:** Notice of Meeting

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There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, September 28, 2006 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  
September 28, 2006  
9:30 AM

I. Pledge of Allegiance

II. Public Portion

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

III. Minutes

1. Board Action will be sought for the approval of the July 27, 2006 Regular Board Meeting Minutes (Attachment 1).

IV. Resolution Recognizing an Outstanding Act of Courage (Attachment 2).

V. Finance

1. Board Action will be sought regarding the Purchase of Commercial General Liability, Umbrella Liability, Pollution Legal Liability, Commercial Automobile Liability and Workers Compensation/Employers Liability Insurance (Attachment 3).
2. Board Action will be sought regarding the Annual Financial Report for the Fiscal Year Ended June 30, 2006 (Attachment 4).

VI. Project Issues

A. Mid-Connecticut

1. Board Action will be sought regarding Amendment No. 1 to the Windsor-Bloomfield Landfill Standard Agreement for Landfill Disposal Services (Attachment 5).
2. Board Action will be sought regarding Ongoing Technical Support for the Revised Closure Plan for the CRRRA Hartford Landfill (Attachment 6).
3. Board Action will be sought regarding Purchase of an Articulating Boom "High Lift" for the Mid-Connecticut Waste Processing Facility (Attachment 7).
4. Board Action will be sought regarding Electric Power Market Professional Services (Attachment 8).

VII. Chairman's, President's and Committee Reports

A. Chairman's Report

B. President's Report

C. Policies & Procurement Committee

1. The Policies & Procurement Committee will report on its July 13, 2006 meeting.

a. Board Action will be sought regarding Ratification of Emergency Procurement Contracts (Attachment 9).

b. Board Action will be sought regarding Non-Member Waste Delivery Agreement for Mid-Connecticut Project (Attachment 10).

c. Board Action will be sought regarding Revisions to the CRRA Ethics Policy (Attachment 11).

d. Board Action will be sought authorizing Transfer of Excess NOx Discrete Emission Reduction Credits (Attachment 12).

e. Board Action will be sought regarding Review and Reduction of Sanctions (Attachment 13).

VIII. Executive Session

An Executive Session will be held to discuss pending litigation with appropriate staff.

# TAB 1

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRED AND FIFTH MEETING**

**JULY 27, 2006**

A Regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, July 27, 2006 at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors: Mark Cooper  
James Francis  
Edna Karanian  
Mark Lauretti (Present by telephone from 10:45 a.m. until 11:10 a.m.)  
Theodore Martland  
James Miron (Present beginning at 9:50 a.m.)  
Raymond O'Brien  
Timothy Griswold - Ad-Hoc, Mid-Connecticut Project

Present from the CRRA staff:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Floyd Gent, Director of Operations  
Laurie Hunt, Director of Legal Services  
Paul Nonnenmacher, Director of Public Affairs  
Michael Bzdyra, Government Relations Liaison  
Robert Constable, Controller  
Tom Gaffey, Enforcement/Recycling Director  
Michael Tracey, Operations Manager, Construction Management  
Alexandra Anweiler, Communications Intern  
Kristen Greig, Secretary to the Board/Paralegal

Also present were: Mike Calandra of CWPM, Bill Dunbar of Copes, Susan Hemenway of BRRFOC, Kathleen Henry of CCEJ, Stephen Hillyer of CCEJ, Allan Mercado of CCEJ, Dr. Mark Mitchell of CCEJ, John Pizzimenti of USA Hauling & Recycling.

Chairman Pace called the meeting to order at 9:40 a.m. and stated that a quorum was present.

**PLEDGE OF ALLEGIANCE**

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

## **PUBLIC PORTION**

Chairman Pace 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 people addressed the Board: Ms. Kathleen Henry, Mr. Stephen Hillyer, and Dr. Mark Mitchell.

Ms. Henry introduced herself as a member of the Hartford Environmental Justice Network and stated that the \$5,000,000 paid to Hartford as a host community is not enough for a city as large as Hartford. Ms. Henry stated that the benefit to Hartford should be increased and asked if and when there would be an increase.

Mr. Hillyer said that he is aware that there is a new fire suppression system nearly complete at the plant. Mr. Hillyer asked if the system would reduce the number of fire calls. Mr. Hillyer also asked if more sensors would be added, and if so, if that would increase the sensitivity of the system and require more calls. Mr. Kirk responded that he intended to give an update on the status of the fire suppression system during the President's report.

Mr. Hillyer noted that the move toward a living wage is gathering steam in Hartford and across the country. Mr. Hillyer stated that people at the bottom of the pay scale should make \$11.00 - \$12.00 per hour to ensure a decent quality of life.

Dr. Mitchell stated that if CRRA were paying taxes, those taxes would be approximately \$5,000,000. Dr. Mitchell said that the host community benefit should be more than that because of the costs associated with fire calls and road maintenance. Dr. Mitchell added that he is concerned about the known and unknown toxins that are released during fires and explosions. Dr. Mitchell stated that he is also concerned about the proposed expansion of the recycling facility because CRRA has not been concerned about Hartford. Dr. Mitchell asked why CRRA could not assist Hartford in achieving at least the state average rate for recycling. Dr. Mitchell noted that CRRA brings between 400 and 600 trucks into Hartford every year and said that the diesel emissions are also a concern. Dr. Mitchell said that there are relatively inexpensive filters that could substantially reduce emissions, which could be installed for approximately \$600 - \$1,200 per truck. Dr. Mitchell said that CRRA should require contractors who bring their trucks into CRRA facilities in Hartford to install the filters.

Chairman Pace responded that Dr. Mitchell's comment regarding CRRA's concern for Hartford could not be further from the truth. Chairman Pace noted that, over the last four years, the CRRA Board has demonstrated its commitment to Hartford. Chairman Pace pointed out that CRRA gives Hartford \$100,000 per year for recycling education. Chairman Pace also added that CRRA would be happy to work with the Mayor's Office or a designee to improve recycling rates in Hartford.

With no further comments from the public, Chairman Pace stated that the regular meeting would commence.

**APPROVAL OF THE MINUTES OF THE JUNE 22, 2006 REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the June 22, 2006 Regular Board Meeting. The motion was made by Director O'Brien and seconded by Director Cooper.

Director Martland stated that the minutes did not accurately represent his comments with regard to the resolution for additional legal fees for Pepe & Hazard.

Ms. Greig noted that Attorney Richard Goldstein of Pepe & Hazard was present in the Executive Session, but inadvertently omitted from the minutes.

The minutes as amended were approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Theodore Martland	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**RESOLUTION AUTHORIZING A CONTRACT FOR INDEPENDENT AUDITING SERVICES**

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

**RESOLVED:** That the President of the Authority be, and hereby is, authorized to enter into a contract with the auditing firm of Carlin, Charron & Rosen LLP as substantially presented at this meeting. This contract will commence August 1, 2006 and expire March 31, 2009. This timetable will allow management to obtain a new auditor five months before the fiscal year 2009 audit is due.

Director Francis seconded the motion.

Director Francis informed the Board that the Finance Committee interviewed the candidates for this agreement and had a substantial discussion on this matter. Director Francis noted that even though Carlin, Charron & Rosen was not the lowest bidder, both the firm's knowledge and performance as CRRA's existing auditor and the value of continuity was beneficial to CRRA, especially considering some of the significant issues that are expected to occur during the term of this agreement. In addition, another benefit is that CRRA staff would

only have to spend a limited amount of time with the auditors because of Carlin, Charron & Rosen's familiarity with CRRA.

Director Francis noted that Carlin, Charron & Rosen would not be eligible to bid on accounting services for CRRA after the term of this agreement expires because of the six-year limit on such service contracts. Director Francis stated that this would give CRRA some time to bring in other auditing firms on various other projects to develop other firms' familiarity with CRRA. Director Francis stated that the Finance Committee is recommending Carlin, Charron & Rosen for those reasons.

Director O'Brien pointed out that this contract expires at the end of March 2009 so a new auditor would be hired five months prior to the commencement of the fiscal year 2009 audit. Director O'Brien noted that, after the Finance Committee voted to recommend this firm, he learned that Carlin, Charron & Rosen is the auditor for the town of New Milford, where Director O'Brien is a member of the Town Council. Director O'Brien stated that the New Milford Town Council is not involved with the auditor or the selection of the auditor in any way. Director O'Brien said that he discussed this matter with Attorney Hunt and it was determined that there is no conflict.

The motion previously made and seconded was approved unanimously.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**PRESIDENT'S REPORT**

Mr. Kirk informed the Board the Mid-Connecticut inventory audit was nearing completion and requested that Mr. Bolduc give the Board an update. Mr. Bolduc stated that the Mid-Connecticut spare parts inventory maintained by MDC was valued at approximately \$2.5 million. Mr. Bolduc gave a thorough overview of the inventory audit process and explained that the inventory count was performed twice because the first audit had a 25% - 30% discrepancy rate. Mr. Bolduc stated that the results of the second count were acceptable and said that MDC has been very cooperative in accepting responsibility for the inventory and the audit process.

Director O'Brien asked if a list of critical spare parts is available and, if so, if those critical parts are available. Mr. Gent responded that MDC does have a list of critical spare parts, but it is not as extensive as CRRA thinks it should be. Mr. Gent said that there have been problems with the availability of spare parts in the past, but it is being addressed and there is an ongoing effort by MDC to improve in that area. Mr. Bolduc explained that the evaluation of necessary spares is all part of the ongoing process to address this issue.

Mr. Kirk said that CRRA did a three-year review of fire responses at the Mid-Connecticut Waste Processing Facility and reported that there have been an average of forty calls per year. Mr. Kirk said that this year there have been twenty-one alarms to date and one actual fire requiring fire department assistance. Mr. Kirk said the other alarms could be considered false alarms, but noted that the complicated and sensitive fire suppression system sounds investigative alarms that would normally indicate that the operator should check that location and manually call the fire department if necessary. Mr. Kirk stated that whenever one of the investigative alarms is triggered, the fire department is auto-dialed.

Mr. Kirk said that a significant investment has been made in updating and improving the system and it is now operative. Mr. Kirk said that CRRA would like to see the auto-dial feature removed, but that decision cannot be made by CRRA or MDC. CRRA has asked MDC to request an inspection by the fire department or fire marshal to see if the City would consider allowing the auto-dialer to be removed. Mr. Kirk said that would solve the problem of excessive fire calls without endangering the workers or the plant because there is a fire suppression system and skilled operators on site 24-hours per day.

Mr. Kirk informed the Board that CRRA management recently met with officials from the State of Connecticut Treasurer's Office department regarding CRRA's financial situation and to update them of CRRA's legal situation. Mr. Kirk stated that they were pleased with the progress CRRA has made and said there would be another meeting in the fall.

## **CHAIRMAN'S REPORT**

Chairman Pace stated that he has been discussing the Projects and the future of CRRA as a whole with management and added that he would like those discussions to continue with the Board at a strategic planning retreat. Chairman Pace said he would like the Board to spend a significant amount of time with management to discuss what will be happening with the Projects and the organization over the next several years. Chairman Pace stated that he would like the retreat to last for a full day because there is so much to be discussed.

Regarding the Solid Waste Management Plan, Director Griswold asked if CRRA should meet with the DEP to discuss the plan. Mr. Kirk stated that CRRA has worked very closely with the DEP throughout the process of updating the plan and reported that DEP has been very receptive to CRRA's input. Mr. Kirk reported that there are public meetings and hearings scheduled to take place regarding the plan and CRRA will continue providing comments at these hearings.

Chairman Pace said that State policy is a driving force behind CRRA's operations. Chairman Pace said that he is reviewing the Solid Waste Management Plan and how it will affect CRRA from a recycling, operational, and financial aspect. Chairman Pace pointed out that there is the potential for new business for CRRA in the plan and with that will be improvements for the citizens of the State. Director O'Brien noted that the deadline for submitting written comments is fast approaching and Mr. Kirk offered to submit any comments that Directors might have through CRRA.

Director Griswold asked if there was an effort to involve CRRA member towns in the response to the draft plan. Mr. Kirk said that CRRA has been communicating with the towns through their public works officials and organizations such as the Solid Waste Advisory Board. Director Griswold said that if there are certain focal issues to be addressed, Board members could speak to public officials in their area and rally support for those issues. Director O'Brien pointed out that there were several initiatives in the plan that require local funding and noted that municipalities may want to focus on some of those issues. Mr. Kirk noted that CRRA will also need support when the final plan is presented to the legislature and CRRA is given the job of implementing the plan.

Director Cooper urged management to consider sending a representative from CRRA to the COG forums to work in partnership with the towns and to highlight issues that may be of interest to them. This would make the towns aware of the potential impact of those issues and allow them to be better prepared to address them.

Chairman Pace noted that a special committee was formed by the Governor in reaction to the indictments of haulers. Chairman Pace stated that he attended a recent meeting and provided comments on CRRA's behalf.

**RESOLUTION REGARDING FY2007 PROJECTED DEVELOPMENT EXPENDITURES FOR THE WALLINGFORD PROJECT**

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

**WHEREAS**, the CRRA Board of Directors ("Board") and Wallingford Policy Board ("Policy Board") has approved the FY 2007 Operating and Capital Budgets; and

**WHEREAS**, CRRA acting as agent for the Policy Board will be performing certain future options development tasks including permitting of a regional transfer station;

**WHEREAS**, The Policy Board approved on July 11, 2006 the projected development expenditures to be funded from the Future Planning Reserve;

**WHEREAS**, CRRA considers a transfer station as an alternative but not in addition to the existing plant but acknowledges that planning is necessary now if it is to be a viable option;

**WHEREAS**, CRRA now seeks Board authorization for projected development expenditures during FY 2007;

**NOW THEREFORE, it is RESOLVED:** That the CRRA be authorized to use up to \$464,100 from the Future Planning Reserve to pay for projected out-of-pocket costs and fees to be incurred during fiscal year 2007 as substantially presented and discussed at this meeting, provided that all purchases of goods and services shall comply with the requirements of CRRA's Procurement Policy.

**BE IT FURTHER RESOLVED:** That CRRA commits to the Policy Board the continued operation of the existing waste to energy facility serving the five Project municipalities by extending the existing project agreements or the construction and operation of a transfer station serving the five Project municipalities and committing that only one of the two facilities will operate in the five town region.

Director Martland seconded the motion.

Mr. Gent noted that this matter was brought before the Policies & Procurement Committee. Mr. Gent explained that the resolution is asking the Board to approve a budget of \$464,100 for future development costs for the Wallingford Project.

Mr. Gent reported that the Wallingford Project agreements expire in 2010 and of the five towns served by the Project, none of the towns has a transfer station. If an extension of the existing agreement with Covanta cannot be negotiated and the waste has to be taken to another disposal site, a regional transfer station will be needed.

Mr. Gent explained that Covanta has indicated that they will not extend the agreement because they would be required to operate the facility under the existing service fee. Mr. Gent stated that over the last few years, Covanta has been operating at a loss. Mr. Gent said that if CRRA exercises its option to extend, the service fee increases to 125% of the operator's cost. Based on that figure, the new service fee would be almost twice as much as the current service fee. In addition, Wallingford enjoys a very favorable electric rate, and those revenues would decrease significantly while the service fee increased. Mr. Gent explained that CRRA has been working with the Wallingford Policy Board to review these scenarios and explore future options.

Mr. Gent stated that the Wallingford Policy Board approved two resolutions in July. The first was a resolution that states that CRRA is acting as an agent for the Policy Board to pursue future options and the second resolution approves the allocation of funds for pursuing future options, including the permitting of a regional transfer station.

Mr. Gent pointed out that there was a discrepancy in the dollar amount accrued by the Policy Board. Mr. Gent said that the amount approved by the Policy Board was \$444,500, which is lower than the amount that the CRRA Board is being asked to approve. Mr. Gent explained that the difference is accounted for through a separate resolution approved by the Wallingford Policy Board for an expenditure of over \$17,000 to study the origin and generation of waste.

There was a brief discussion regarding the terms of the existing agreement with Covanta in which Mr. Kirk explained that if the facility is not in operation, CRRA is obligated to offer the land back to the owner and the plant would have to be demolished.

Mr. Gent added that the Mayor of Wallingford was very concerned about having two solid waste facilities in his town. In response to his concern, CRRA assured him that CRRA will not move forward with the construction of a transfer station if the plant is going to be operational.

Director O'Brien noted that, on the surface, this resolution appears to be approving almost half a million dollars in expenditures and asked Attorney Hunt to state, for the record, why this resolution can be approved by a simple majority vote. Attorney Hunt stated that the requirement for a 2/3 majority attaches to contracts in excess of \$50,000 in any given annual period. Attorney Hunt pointed out that this resolution is not a contract for payment and noted that the resolution states that all purchases of goods and services pursuant to this matter will comply with the Procurement Policy. Therefore, any contract in excess of \$50,000 will come before the Board for approval.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING RATIFICATION OF EMERGENCY PROCUREMENT CONTRACTS**

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

**RESOLVED:** That the Authority Board of Directors ratifies the Emergency purchases as substantially presented and discussed at this meeting.

Director Cooper seconded the motion.

Director O'Brien pointed out that management instituted a review of procurement practices on their own initiative and commended management for their efforts. Director O'Brien noted that the Board had not been properly notified of certain emergency purchases and this resolution as recommended by the Policies & Procurement Committee satisfies that requirement.

Director Martland noted that some of the purchases are for single-source vendors so there are no other options available.

The motion previously made and seconded was approved unanimously.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING ADDENDUM TO AMENDED REGIONAL RECYCLING ACCESS AND SCALE USE AGREEMENT**

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

**RESOLVED:** That the President is hereby authorized to execute an addendum to the AMENDED REGIONAL RECYCLING, ACCESS AND SCALE USE AGREEMENT with Murphy Road Recycling, LLC and Murphy Road Realty, LLC substantially as presented at this meeting.

Director Cooper seconded the motion.

Mr. Gent stated that this amendment was reviewed by the Policies & Procurement Committee. Mr. Gent informed the Board that the initial agreement expires in January 2007 and provides for options to extend. Mr. Gent explained that the intervention of the DEP permitting for the expanded recycling facility, and the resulting delays in construction, make the utilization of the services necessary beyond January 2007.

Mr. Gent noted that the fee would increase from \$8.00 per ton to \$9.00 per ton, effective February 1, 2007. Mr. Gent stated that the \$9.00 fee would be effective for one year, and if the services were necessary after that date, the fee would increase with CPI. Mr. Gaffey added that

CRRA expects that the services will only be needed through the spring and after that the agreement would be terminated.

Chairman Pace asked for confirmation that these additional expenses were incurred because of the intervention in the permitting process. Mr. Gaffey confirmed.

Director O'Brien noted that there are funds in the budget to cover the additional expenses.

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

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING FIRST AMENDMENT TO AGREEMENT FOR DESIGN, RETROFIT, AND OPERATION/MAINTENANCE SERVICES FOR THE MID-CONNECTICUT REGIONAL RECYCLING FACILITY**

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

**RESOVLED:** That the President is hereby authorized to execute an amendment to the Agreement for Design, Retrofit, and Operation/Maintenance Services for the Mid-Connecticut Regional Recycling Facility with Casella Waste Systems, Inc. and FCR, Inc. substantially presented and discussed at this meeting.

Director Martland seconded the motion.

Mr. Gaffey explained that this amendment takes the existing agreement and bifurcates the work into two phases. Referring to the letter addressed to Mr. Egan from the DEP, Mr. Gaffey pointed out that the DEP agrees that CRRA can move forward with the modifications of the facility at 211 Murphy Road for the installation of container processing equipment and necessary building modifications. The second phase, transferring the fiber processing, would not proceed until permit approval is granted by the DEP.

Chairman Pace asked for an explanation of the liquidated damages detailed in the Financial Summary. Mr. Gent responded that CRRA made a commitment upon signing the initial agreement to pay liquidated damages if DEP permitting took more than six months. Mr. Gent stated that CRRA is paying seven weeks of liquidated damages in the amount of \$101,500.00.

Director O'Brien noted that there would not be an adverse effect on the budget because the higher revenues with the existing agreement offset the liquidated damages.

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

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
James Miron	X		
Theodore Martland	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING THE PURCHASE OF BROOM SWEEPER FOR THE MID-CONNECTICUT WASTE PROCESSING FACILITY**

A revised resolution was distributed to the Board.

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

**RESOLVED:** That the Board of Directors, in accordance, with the Connecticut Resources Recovery Authority's Procurement Policy, hereby approves the procurement of a New ELGIN Pelican Series P Broom Sweeper from C. N. Wood of Connecticut LLC or, in the sole discretion of the President following his review and evaluation, a reconditioned ELGIN Pelican Series P Broom Sweeper from Joe Johnson Equipment Inc. for use at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

The motion was seconded by Director Francis.

Mr. Kirk informed the Board that until yesterday, management was recommending the purchase of a new sweeper, but at the last moment, came across a used machine that might be a better value. Mr. Kirk said that CRRA has not yet had the opportunity to inspect the used

sweeper. Mr. Kirk noted that if the reconditioned sweeper is as described, there would be substantial savings over purchasing a new unit.

Director Lauretti asked what the price of a new unit is. Mr. Gent responded that the price of a new sweeper was \$124,689, which includes a three-year warranty. Mr. Gent reported that the used sweeper only has a 60 to 90 day warranty so CRRA would carefully inspect the sweeper to ensure there is nothing wrong with it. Mr. Gent pointed out that there is a \$66,000 savings with the used sweeper. Director O'Brien asked Mr. Kirk to advise the Board as to which unit is selected in the next President's report.

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

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

**RESOLUTION REGARDING THE ENVIRONMENTAL PERMITTING AND DESIGN ENGINEERING FOR DEVELOPING A TRANSFER STATION ON THE FORMER BARBERINO PROPERTY – WALLINGFORD PROJECT**

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

**RESOLVED:** That the President is hereby authorized to execute a Request for Services with URS Corporation for the Engineering and Permitting of a Transfer Station in Wallingford, substantially as presented and discussed at this meeting.

Director Cooper seconded the motion.

Mr. Tracey stated that this resolution is a follow-up to the resolution just approved for the Wallingford Project. Mr. Tracey reported that URS is the firm that was selected to perform the engineering work for the proposed transfer station. Mr. Tracey informed the Board that URS is a multi-disciplined engineering and environmental firm that management feels is the most qualified to perform the work on the Wallingford Project. Mr. Tracey added that the firm is the most reasonable, as far as cost is concerned, and they have the unique qualification of providing

railroad engineering services, which have been used on a small scale at the Wallingford property. Mr. Tracey noted that the firm has a local presence and have been extremely reliable and attentive to budgetary constraints on previous projects.

Director O'Brien noted that this resolution was recommended by the Policies & Procurement Committee.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

Chairman Pace requested an update on the status of the bond defeasance. Mr. Bolduc stated that, as he was speaking, the closing on the defeasance of \$55,000,000 in Mid-Connecticut Project bonds was taking place. Mr. Bolduc pointed out that when the new Board was appointed in 2002, there was a total of approximately \$210,000,000 in outstanding debt. Mr. Bolduc stated that the Mid-Connecticut Project now has approximately \$16,000,000 in outstanding debt. Chairman Pace commended the Board and management for the progress made.

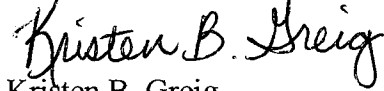
Director Martland stressed that he was very unhappy with the way the Board is being informed with respect to the New Hartford suit and with the way the attorney is handling the situation. Director Martland stated that he does not feel that he is being adequately informed. Attorney Hunt responded that a meeting of the New Hartford Litigation Advisory Committee would be set up to discuss this matter. Mr. Kirk noted that a full update would be provided by the Attorney General's Office and Attorneys Goldstein and Green from Pepe & Hazard.

**ADJOURNMENT**

Chairman Pace requested a motion to adjourn the meeting. The motion to adjourn made by Director O'Brien and seconded by Director Cooper was approved unanimously.

There being no other business to discuss, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,



Kristen B. Greig

Secretary to the Board/Paralegal

## TAB 2

## **RESOLUTION RECOGNIZING AN OUTSTANDING ACT OF COURAGE**

**WHEREAS**, on August 14, 2006, the Essex steam train and a garbage truck collided at a crossing in Essex and the force of the crash caused the garbage truck to flip on its side, trapping the driver inside; and

**WHEREAS**, without any thought for his own personal safety Mike Criniti, a CWPM employee who works at CRRA's Essex Transfer Station and certified Emergency Medical Technician, showed outstanding courage when he came to the aid of the driver by pulling him from the smoking vehicle and stabilizing him until an ambulance arrived; and

**WHEREAS**, due to Mr. Criniti's unselfishness and courage the driver of the garbage truck was safely removed from the truck and given necessary medical attention; and

**WHEREAS**, it is fitting and proper that the Connecticut Resources Recovery Authority recognize this gentleman for his selfless actions on that day.

**NOW, THEREFORE, BE IT RESOLVED:** That the Board of Directors of the Connecticut Resources Recovery Authority hereby goes on record as recognizing Mike Criniti for his outstanding act of courage.

**TAB 3**

**RESOLUTION REGARDING THE PURCHASE OF COMMERCIAL GENERAL LIABILITY, UMBRELLA LIABILITY, POLLUTION LEGAL LIABILITY, COMMERCIAL AUTOMOBILE LIABILITY AND WORKERS COMPENSATION/EMPLOYERS LIABILITY INSURANCE**

**RESOLVED:** That CRRA's Commercial General Liability insurance be purchased from Ace (Illinois Union Insurance Company) with a \$1,000,000 limit, \$100,000 Self Insured Retention (SIR) for the period 10/1/06 – 10/1/07 for a premium of \$295,000, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA execute an agreement for Third Party Administration (TPA) services with ESIS, Inc. for the term 10/1/06 – 10/1/07 for an initial fee of \$10,600 and per claim costs as outlined in the proposal discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's Umbrella Excess liability insurance be purchased from Ace (Illinois Union Insurance Company) with a \$25 million limit, \$100,000 retention for the period 10/1/06 – 10/1/07 for a premium of \$351,750, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's Pollution Legal Liability insurance be purchased from Ace (Illinois Union Insurance Company) with a \$20 million limit, \$1 million retention for the period 10/1/06 – 10/1/07 for a premium of \$331,746; and

**FURTHER RESOLVED:** That CRRA's Commercial Automobile Liability insurance be purchased from Ace American Insurance Company with a \$1 million limit, comprehensive and collision only on five vehicles with a \$1,000 deductible, for the period 10/1/06 – 10/1/07 for a premium of \$81,025; and

**FURTHER RESOLVED:** That CRRA's Workers Compensation/Employers Liability insurance be purchased from Connecticut Interlocal Risk Management Agency (CIRMA) with a limit of \$1 million of Employers Liability insurance for the period 10/1/06 – 6/30/07 for a prorated premium of \$47,105. This policy includes mandatory TRIA coverage; and

**FURTHER RESOLVED:** That the Board of Directors endorses the recommendation of management for a comprehensive review of risk financing and risk transfer mechanisms as outlined in the materials to determine the most cost-effective program going forward.

The aggregate casualty premium is \$1,117,226 including all of the insurance outlined above and the initial cost of the required TPA for the period 10/1/06 – 10/1/07. CRRA's 2007 budget for these policies was \$921,705.

**Executive Summary**  
**Connecticut Resources Recovery Authority**  
**Casualty Insurance Program Renewal**  
**September 21, 2006**

**Background**

CRRA's current casualty insurance program, consisting of Commercial General Liability, Automobile Liability, Umbrella Liability, Pollution Legal Liability and Workers Compensation policies, expires on October 1, 2006 and needs to be renewed. (Exhibit I summarizes the coverage under these policies in greater detail).

At the direction of CRRA's Finance Committee our brokers conducted a full marketing effort last year. They performed benchmarking of comparably sized organizations to assist CRRA in determining the appropriate levels of insurance. The data indicates that the mid-range of coverage limits would be around \$30 million and that the \$20 million limit is at the low end of the range for government entities.

**New Program Marketing and Results**

CRRA began this marketing phase with our new brokers, Aon Risk Services (Aon) in May of this year. (Exhibit III identifies the numerous markets approached by Aon).

**General Liability/Umbrella/Excess Liability/Pollution Legal Liability**

Quotations on the existing program structure with a total of \$30 million in Umbrella/Excess limits as well as \$30 million in Pollution Legal Liability limits were sought from all markets.

Of all of the companies asked for liability quotes only one insurer, Ace, provided a quote. AIG, our insurer for the past ten (10) years, declined to quote. Exhibit III identifies the specific reasons for declination by each carrier.

Ace submitted quotes for both the \$1 million General Liability program and the Umbrella Liability program. Ace's maximum coverage quote for Umbrella is \$25 million. Ace's quote for Pollution Legal Liability is for a maximum coverage limit of \$20 million.

Ace's General Liability policy contains a requirement for a \$100,000 Self Insured Retention (SIR) (similar to a deductible). This means that CRRA is required to pay all costs within this SIR up front. Ace also requires that CRRA engage a Third Party Administrator (TPA) to handle claims within this SIR. Ace has proposed using an affiliated company, ESIS, Inc., to provide these services for an initial payment of \$10,600 to establish the account and begin the funding for claims payment. The ESIS proposal is attached as Exhibit IV. Aon has reviewed the proposal and advises that the rates proposed are more reasonable than CRRA could expect to be charged by other TPA firms due to the company's affiliation with the insurer.

XL provided an "indication" (not formal quote) for \$30 million of Pollution Legal Liability but required a self insured retention (SIR) (similar to a deductible) of \$500,000 per claim. XL subsequently declined to submit a formal quote.

### *Automobile Liability*

Aon attempted to get quotes for CRRA's fleet of vehicles from fourteen (14) insurers. Comprehensive and collision coverage would only be on the newer five (5) passenger vehicles and liability coverage would be on the entire fleet of 38 power units. (See Exhibit III).

The only quote received was from Ace for \$1 million of coverage for a premium of \$81,025.

### *Workers Compensation/Employers Liability*

For workers compensation/employers liability coverage, Aon sought quotes from ten (10) insurers.

Declinations were received from all but Connecticut Interlocal Risk Management Agency (CIRMA) (See Exhibit III).

CIRMA is our current workers compensation insure carrier and has been for several years. CIRMA refused to provide a policy term of 10/1/06 – 10/1/07 due to the installation of a new computer system that does not allow policy terms for workers compensation other than 7/1 to 7/1. (CRRA was the only client with a term other than 7/1-7/1). CIRMA has agreed to prorate their quoted annual premium of \$62,983 for the period 10/1/06 – 6/30/07, and guarantee that next year's premium will not increase by more than 15%. CRRA's prorated workers compensation premium this year would be \$47,105.

CRRA has had a very long and beneficial relationship with CIRMA as our workers compensation insurer. CIRMA has provided workers compensation insurance to CRRA in the past when there were no other insurers willing to take on CRRA's exposures. They provide safety and loss control services, free seminars on many work-related issues and cover all of CRRA's unique employee categories.

The chart below provides a comparison of the expiring premiums and the quote and indication received:

**CRRRA Casualty Insurance: 10/1/06-07**  
**Breakdown of Expiring Premiums vs. Renewal Premiums**

<b>Line of Coverage</b>	<b>Expiring Premium (05-06) – AIG</b>	<b>Renewal Premium Quote - ACE</b>	<b>Renewal Premium Indication – XL</b>
<b>General Liability</b>	\$1M - \$166,062 Includes TRIA	\$1M - \$280,000 w/TRIA \$295,000 -- Required TPA -- \$10,600	
<b>Automobile Liability</b>	\$69,620 (comp & collision on 2 Vehicles only)	\$81,025 (comp & collision on 5 vehicles only)	
<b>Umbrella / Excess Liability (Sits over all but Pollution)</b>	\$30M - \$290,287 Includes TRIA	\$25M – \$335,000 w/TRIA \$351,750	
<b>Pollution Legal Liability</b>	\$30M - \$344,509 Includes TRIA	\$20M - \$315,949 w/TRIA \$331,746	\$30M - \$570,000 – \$590,000
<b>Workers Comp</b>	\$1 M - \$ 51,227 Includes TRIA Mandatory	\$1M - \$47,105 Includes TRIA Mandatory	
<b>Overall Cost of Program Total</b>	\$30M - \$870,478	\$25M-GL - \$727,775 \$20M-PLL-\$331,746 \$1M – WC-\$47,105  Total Cost- \$1,117,226	

**Risk Financing and Risk Transfer Evaluation**

This year CRRA was taken by surprise when our current insurer, very late in the process, declined to provide a renewal quote. As a result of the increasing difficulty CRRA has been having in getting insurance companies interested in covering our exposures, we believe it is prudent to embark upon an investigation of alternatives to commercial insurance. In order to make an informed decision, we need to “get smart” on a number of complicated issues. Below are some of the topics, issues and questions that need to be reviewed:

1. How many kinds of self-insurance are there?  
Captives – need feasibility study – cost?  
High deductible programs – requires feasibility study to set limits – cost?
2. Which programs and levels should CRRA consider for self-insurance?  
What are the state and federal requirements for the various types of self-insurance?
3. Exposure Identification and Risk Transfer  
Can we transfer any additional risk to contractors?  
Requires comprehensive study of exposures and recommendations
4. What would Transition Plan entail in a move from commercial insurance to self-insurance?  
What needs to be done to handle claims?  
What requirements are there to being self-insured?  
What are guidelines for reserving for self-insurance?
5. What is required administratively and at what cost?  
Personnel increase?  
Claims adjusters, attorneys, accountants  
Consultants  
Claims adjusters, attorneys, accountants
6. What is required financially?  
Upfront cost?  
Reserving?  
Banking/bonding expenses – are their bond indenture concerns?
7. What is required for accounting?  
Does self-insurance have GAAP requirements?  
Consultants required?
8. Cost/Benefit Analysis

**With the assistance of our broker, we will establish a plan for prioritizing and pursuing study of these complicated and varied elements, establish a budget and return to you with our recommendations. We anticipate presenting a plan and proposed budget at the October Finance Committee meeting.**

In the meantime, CRRA is required to cover its exposures; therefore Management is recommending that the following quotes be accepted.

**RECOMMENDATION**

- **In consultation with our broker, Aon, management recommends that the Finance Committee accept the following quotes offered by Ace for the period 10/1/06 – 10/1/07:**

- \$ 295,000 for \$1 million of Commercial General Liability**
  - \$ 351,750 for \$25 million Umbrella/Excess Liability**
  - \$ 331,746 for \$20 million of Pollution Legal Liability**
  - \$ 81,025 for \$1 million of Commercial Automobile Liability**

- All policies except Auto include TRIA (terrorism) coverage (\$47,547)**

- **Management recommends that the Finance Committee support the execution of an agreement for Third Party Administrator (TPA) services with ESIS, Inc. for the term 10/1/06 – 10/1/07 with an initial fee of \$10,600 and based upon the terms of the proposal discussed at this meeting.**
- **Management further recommends that the Finance Committee accept the quote for Workers Compensation/Employers Liability insurance from Connecticut Interlocal Risk Management Agency (CIRMA) for the period 10/1/06 – 6/30/07:**

- \$47,105 pro-rated premium for Workers Compensation w/Statutory Limit and \$1 million of Employers Liability**

- **Management further recommends that the Finance Committee endorse the comprehensive review by management of risk financing and risk transfer mechanisms to determine the most cost-effective program going forward.**

Total casualty premium - \$1,117,226 vs. budget amount of \$921,705. The shortfall in the casualty budget is offset by the favorable renewals for property, public officials, etc., in April (see Premium to Budget Comparison, Exhibit IV). The budget for Miscellaneous Services for all projects is \$50,000. This is the category within which the TPA services would fall.

## Description of Coverage

### **Commercial General Liability Insurance**

#### **\$1,000,000 – Commercial General Liability**

Covers damages for bodily injury or property damage within policy terms and conditions (e.g., a workman drops a tool and dents somebody's automobile; somebody slips and falls at one of our facilities).

#### **\$25,000,000 – Umbrella/Excess Liability – Commercial General Liability/Automobile Liability**

Covers all of the losses within policy terms and conditions that exceed the underlying layer of \$1,000,000 discussed above.

### **Pollution Legal Liability**

#### **\$20,000,000 – Pollution Legal Liability**

Covers losses arising from pollution emanating from CRRA locations causing property damage, bodily injury or clean-up costs in accordance with policy terms and conditions (e.g., adjacent landowners claim CRRA's activities polluted their property). Some limited on-site clean-up provided at transfer stations, recycling facilities.

### **Automobile Liability Insurance**

CRRA is responsible for insuring 38 power units - tractors/ trailers, light trucks and passenger vehicles used in connection with administration and operation of our facilities. Comprehensive and collision coverage is only on five passenger vehicles and light trucks with a \$1,000 deductible.

### **Workers Compensation/Employers Liability Insurance**

This insurance is comprised of a schedule of benefits payable to an employee for injury, disability, dismemberment or death as a result of an occupational hazard.

CRRA purchases the statutory limit for workers compensation insurance and \$1,000,000 for the Employers Liability portion of this coverage because our umbrella insurance policy requires that attachment point.

PREMIUM TO BUDGET COMPARISON

Insurance Type	2006-2007	FY 2006	FY 2007	Annualized	Proposed	Surplus/
	4/1/06 - 4/1/07 Premium	(4/1/06-6/30/06) Budget	(7/1/06-4/1/07) Budget	Budget	(4/1/06-4/1/07) Premium	(Deficit) to Budget
Public Officials & Employees Liability	\$234,520	\$65,800	\$207,272	\$273,073	\$234,520	\$38,553
Commercial Crime	\$3,311	\$828	\$2,690	\$3,518	\$3,311	\$207
Fiduciary Liability	\$3,998	\$1,000	\$5,153	\$6,153	\$3,998	\$2,155
All Risk Property	\$730,743	\$182,686	\$653,446	\$836,132	\$730,743	\$105,389
<b>Subtotals</b>				\$1,118,876	\$972,572	\$146,304

Insurance Type	2006-2007	FY 2006	FY 2007	Annualized	Proposed	Surplus/
	10/1/05 - 10/1/06 Premium	(10/1/05-6/30/06) Budget	(7/1/06- 10/1/06) Budget	Budget	(10/1/06- 10/1/07) Premium	(Deficit) to Budget
General Liability	\$166,062	\$124,547	\$41,515	\$166,062	\$305,600	(\$135,538)
Umbrella Excess	\$290,287	\$217,715	\$72,572	\$290,287	\$351,750	(\$61,463)
Pollution Legal Liab.	\$344,509	\$258,382	\$86,127	\$344,509	\$331,746	\$12,763
Auto Liability	\$69,620	\$17,405	\$52,215	\$69,620	\$81,025	(\$11,405)
Workers Compensation	\$51,227	\$38,420	\$12,807	\$51,227	\$47,105**	\$4,122
<b>Subtotals</b>				\$921,705	\$1,117,226	(\$191,521)
<b>TOTALS</b>				\$2,040,581	\$2,089,798	(\$49,217)***

\*Includes \$10,600 TPA Fees

\*\*Prorated 10/1/06-6/30/07 - Annual premium \$62,983

\*\*\*Projected FY07 budget adequate to cover deficit.

**Connecticut Resource Recovery  
Policy Term October 1, 2006 to October 1, 2007**

**Quote Disclosure Report**

Program	Line of Business	Carrier	Intermediary, if applicable	Carrier Response	Carrier Declination Reason	Premium	ARS Commission (%/dollars)	Intermediary Commission (%/dollars)
1	General Liability x of \$1M SIR	AIG	None	Non-Renewed	Settlement Dispute		0%	
1	General Liability x of \$1M SIR	Chubb	None	Declined	Does not fit program for Environmental		0%	
1	General Liability x of \$1M SIR	CNA	None	Declined	Not a Market for this type of risk.		0%	
1	General Liability x of \$1M SIR	St. Paul Travelers	None	Declined	Not a market for this class of business.		0%	
1	General Liability x of \$100K SIR	ACE	None	Offering Quote		\$296,000	0%	
1	General Liability x of \$1M SIR	Zurich	None	Declined	Environmental div. declined, must have this in order to write the casualty		0%	
1	General Liability	Hartford	None	Declined	Declined due to type of risk.		0%	
1	General Liability x of \$1M SIR	XL	None		Attachment point \$25M need underlying to pursue.		0%	
1	General Liability x of \$1M SIR	AEGIS	None		Indication for \$10M x of \$1M with EPLI coverage \$100K MP.	\$100,000 MP	0%	EXHIBIT III
1	General Liability x of \$1M SIR	Bermuda-Markets	Aon Bermuda		Bermuda Markets for attachment at \$25M only		0%	10%
1	General Liability x of \$1M SIR	London-Markets	Aon London		Offer \$10M x of \$10M GL only	\$450,000 (est)		10-20%

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

**Connecticut Resource Recovery**

**Policy Term October 1, 2006 to October 1, 2007**

**Quote Disclosure Report**

Program	Line of Business	Carrier	Intermediary, if applicable	Carrier Response	Carrier Declination Reason	Premium	ARS Commission (%/dollars)	Intermediary Commission (%/dollars)
1	General Liability x of \$1M SIR	Westminster	Swett	Reviewing	Spoke to Swett they will advise interest in the account shortly.		0%	12-15%
1	General Liability x of \$1M SIR	Various	All Risk	No Response	No Response			
2	Automobile	AIG	None	Non-Renewed	Dispute		0%	
2	Automobile	AEGIS	None	Declined	Will not write waste hauling operations			
2	Automobile	London	Aon London	Declined	Market for GL only			
2	Automobile	Bermuda	Aon Bermuda	Declined	Attachment \$25M			
2	Automobile	Chubb	None	Reviewing			0%	
2	Automobile	Swett	Yes	Pending Response				
2	Automobile	CNA	None	Declined	Class of Business		0%	
2	Automobile	All Risk St. Paul	Yes	Pending Response				
2	Automobile	Travelers	None	Declined	Class of Business		0%	
2	Automobile	ACE	None	Offering Quote		\$81,519	0%	
2	Automobile	Zurich	None	Declined	Unable to write Casualty lines with out Environmental		0%	
2	Automobile	Hartford	None	Declined	Not a Market for Class of Business		0%	
2	Automobile	XL	None	Declined	Attachment \$25M		0%	
2	Automobile Workers Compensation	Wausau/Liberty	None	Declined	Class of Business		0%	
3	Compensation	CIRMA	None	Offered Short Term		\$47,105	0%	

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

