

**Finance Committee**  
**Sept. 23, 2010, Regular Meeting**

**Draft Minutes**

Members Present:     Committee Chairman Ted Martland  
                          Louis Auletta (present by phone beginning 10:00 a.m.)  
                          Mark Lauretti (present by phone beginning 10:15 a.m.)  
                          Ron Van Winkle

CRRA Staff Present: Tom Kirk, President  
                          Jim Bolduc, Chief Financial Officer  
                          Jeff Duvall, Director of Budgets and Forecasting  
                          Lynn Martin, Risk Manager  
                          Nhan Vo-Le, Director of Accounting Services  
                          Moira Benacquista, Secretary to the Board/Paralegal

Also Present:         Lisa M. Janney, Jean M. Cofield, and Jennifer Hook of Aon; Rick  
                          McCarthy, President of Environmental Capital, LLC; Jeff Roude of  
                          Bollam, Sheedy, Torani & Company; Jim Sandler of Sandler & Mara;  
                          John Stafstrom, Esq. of Pullman & Comley; and Jerry Tyminski of  
                          SCRRA.

Chairman Martland stated at 9:45 a.m. that a quorum of the Finance Committee was not present. Chairman Martland requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited. Noting that there were no members of the public present wishing to address the Committee, Chairman Martland stated an informal discussion would take place until a quorum was present at which point the regular meeting would commence.

**Discussion**

Mr. Roude of Bollam, Sheedy, Torani & Company (hereinafter referred to as “BST”) reviewed several highlights from the clean and unqualified audit including the financial statements.

Mr. Roude said the audit was done smoothly and without incident and was a clean audit. He said there are a few open items. First, the reconciliation of the MDC contract for which BST is still waiting on additional information from MDC in order to reconcile the receivable and payable between the two entries. Second, a representation letter which needs to be signed by management which is expected back the next week. He said after these items are received BST will be able to sign and issue its report which will be followed by a management letter regarding the audit.

He noted there was only one journal entry necessary regarding a \$5.2 million grant received by the state.

Chairman Martland called the meeting to order at 10:00 a.m. and noted that there was a quorum.

**1. Review and Recommend for Board Approval Resolution Regarding the Annual Financial Report for the Fiscal Year Ended June 30, 2010.**

Chairman Martland requested a motion regarding the above-captioned item. Director Van Winkle made the following motion:

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

The motion was seconded by Director Auletta.

Chairman Martland asked the Committee members if they had any questions concerning the audit. The Committee members replied no. Chairman Martland said that he wants management to make sure the member towns are informed that CRRA had a good clean audit.

The motion was approved unanimously by roll call.

**2. Review and Recommend for Board Approval Resolution Regarding the Purchase of Commercial General Liability, Umbrella Liability, Pollution Legal Liability and Commercial Automobile Liability Insurance**

Chairman Martland requested a motion regarding the above-captioned item.

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

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

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

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

The motion was made by Director Van Winkle and seconded by Director Auletta.

Ms. Janney, Ms. Cofield and Ms. Hook from Aon Risk Services (hereinafter referred to as “Aon”) addressed the Committee concerning the insurance process. Mr. Kirk said the handout which was being distributed was slightly different from the one contained in the package. He said there is a change in the recommendation to the Board which was based on further review by management. Mr. Bolduc explained the current pollution legal liability policy has a million dollar self-insurance reserve. He said before going out to bid this year management wanted to reduce that number as it is a fairly large exposure.

Mr. Bolduc said the proposed bidders were asked to look at some alternative considerations and the two presented provided reductions of \$500,000 to the self-insurance reserve which is shown in the original resolution contained within the package. He said after further review Aon also noted that ACE provided a \$250,000 self-insurance reserve which changed their costs. Mr. Bolduc said ACE’s original proposal with the \$500,000 SIR was \$659,000. He explained if management opted to go with the lower self-insurance reserve for the pollution liability it would increase overall costs by about \$11,000 to achieve the lower \$250,000 self-insurance reserve. Mr. Bolduc said this means the initial projected overall 20% saving between the existing contracts to the current proposal noted in the package would be reduced to a savings of 18%.

Mr. Bolduc said management approaches the Finance Committee and the full Board twice a year for recommendations concerning insurance renewals. He said the resolution for the Committee is for renewing policies for general liability, the umbrella policy, pollution legal liability policy, and the commercial auto policy. He said the current policies expire at the end of the month. Mr. Bolduc said in the past management has also tried to get more than an annual contract but met with resistance from the carriers which is not surprising given the current financial landscape.

Ms. Martin noted the third resolve regarding pollution legal liability insurance on the handout should state there is a \$250,000 rather than \$500,000 SIR.

Mr. Bolduc reminded all that Aon is engaged as CRRA’s broker based on a fee basis and not on commissions.

Ms. Janney reviewed the differences contained in the breakdown describing the expiring premiums versus the recommended renewal premiums. She said the general liability policy with ACE remains at a \$25 million limit with a \$20 million limit on the pollution. Ms. Janney said the general liability deductible remains the same as the year prior at \$25,000 and the auto has a \$1 million limit. She said the general liability policy with ACE includes coverage for abuse and molestation and the pollution includes bio-terrorism both of which were not included the year prior. She said the general liability policy also includes crisis management which advances funds for a third party to manage threats to CRRA’s reputation, including securing the scene and a public relations firm. She said that sub-limit is \$250,000 and is not subject to the \$250,000 retention.

Ms. Janney said ACE is also providing full coverage for pre-exiting conditions on the divested locations. She said ACE’s A.M. Best Rating remains at A+ and, despite a CRRA claim in 2007, ACE is very interested in continuing a long term relationship with CRRA.

Ms. Janney said the other market highlighted in the package is Ironshore which is rated A-. She said their overall renewal is for \$693,340 with a \$500,000 retention on pollution. She said they did not offer a \$250,000 pollution retention. They did offer \$1 million SIR however, the savings was not worth it. Ms. Janney said the key difference is that the general liability policy with ACE is \$25 million with a \$20 million on the pollution and the Ironshore quote is a shared limit of \$30 million covering both general liability and pollution.

Ms. Cofield said early in July Aon developed a marketing strategy with CRRA for this renewal. She said Aon identified fourteen markets to approach for the lines of coverage which were being renewed. She said because underwriting philosophy appetites change yearly Aon wanted to be sure they hit all of the potential markets which may have been interested in partnering with CRRA. She said submissions were sent to ACE, AWAC, Berkley, Catlin, Chubb, CV Starr, Great American, Ironshore, Liberty Mutual, Navigators Philadelphia Ins, XL Insurance and Zurich. Ms. Cofield said for various reasons some of those carriers declined to quote. She said others could not provide the limit capacities Aon was looking for. Ms. Cofield said after analyzing the quotes Aon narrowed down its recommendation to the incumbent, ACE, and Ironshore as these two carriers best represented the coverage Aon was seeking for CRRA.

Ms. Cofield said the quote disclosure report identifies the results of Aon's marketing efforts. She said the exhibit identifies the line of coverage, the carriers which responded and whether they quoted or declined to quote. She said the report identifies the premiums each of the carriers quoted and confirms that Aon does not receive commission for placements, including contingency commissions.

Ms. Janney said the Aon team also covers market security. She said the corporate office has a large market security division which provides her and the brokerage team with updates, this information is then provided to CRRA as necessary with daily updates on the financial condition of the markets.

Ms. Hook reviewed several terms and conditions of the policies offered by ACE and Ironshore. She said ACE topped everyone however; Ironshore came in a close second. Ms. Hook said all carriers exclude known contaminants. She said the one big difference between Ironshore and ACE is that ACE is giving back bodily injury and property damage coverage at CRRA locations. She said they do not provide cleanup. Chairman Martland asked if CRRA would be required to do the cleanup, Ms. Hook responded yes.

Ms. Hook said standard pollution policy forms exclude known lead paint and asbestos issues in buildings but does provide coverage for contaminants which may be found in solids and groundwater. She said ACE goes one step further and offers bodily injury and property damage for lead paint and asbestos in structures. Chairman Martland asked if mold is covered. Ms. Hook said mold has been covered in the past and both carriers did offer to cover mold. She said there is a \$1 million sublimit on the \$20 million policy which she does not see as a big exposure however there are some limits there.

Ms. Hook said unknown pre-existing pollution conditions (prior to the Oct. 1 date of the policy or in this case the retroactive date which goes back to 1996) applies to locations CRRA is not responsible for operating any more. She said ACE took this beyond that point and will provide pre-existing conditions coverage to the beginning of time which is quite significant.

Ms. Hook said each year CRRA has wanted to add non-owned locations to the policy so that it can send material there. In order to do that CRRA would go to Aon with information about the site and Aon would contact ACE about adding the location to the policy. This would require ACE to have the location underwritten and then they endorse that location for an additional premium. She said this year ACE is offering what is called “blanket coverage” so for any new locations CRRA starts using (assuming it meets certain criteria) that underwriting process is no longer required. Mr. Bolduc said this would come into play if CRRA had to send waste out of State.

Ms. Hook said medical waste is now included in the definition of a pollution condition. She said standard insurance policy cancellation terms are 60 days, however, ACE has endorsed 120 days.

Director Auletta said this overview seems very thorough and noted ACE has offered some good incentives.

Chairman Martland asked for details concerning Ironshore. Ms. Janney noted Ironshore is a relatively new company which was put together Sept. 1, 2008, and has many former employees of AIG.

Director Von Winkle requested additional comments on the change in the deductible. Ms. Janney said that CRRA is going from a \$1 million per claim SIR to \$250,000 per claim SIR on the pollution legal liability stand-alone policy.

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

### **3. Review and Recommend for Board Approval Resolution Authorizing the Issuance of Refunding Bonds for Southeast Project**

Chairman Martland requested a motion regarding the above-captioned item. The motion was made by Director Van Winkle and seconded by Director Auletta.

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

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

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

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

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

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

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

Undertaking, among the Company and the Parent (the “Parent Undertaking”) to replace the existing parent undertaking relating to the Prior Bonds; and

NOW THEREFORE, it is

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

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

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

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

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

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

FURTHER RESOLVED: That any of the Chairman, the President or the Chief Financial Officer of the Authority, or any person acting in any of the foregoing capacities, are each hereby authorized to execute on behalf of the Authority (i) the 2010 Series A Supplemental Indenture, (ii) Amendment No. 4 to Lease Agreement, (iii) the Official Statement, (iv) the Bond Purchase Agreement, (v) Continuing Disclosure Agreement, (vi)

the Escrow Agreement and (vii) the Tax Regulatory Agreement, similar in form and containing comparable terms and conditions as discussed at this meeting, but with such changes and additions as are, in the opinion of the person executing such agreement (upon the advice of bond counsel to the Authority), necessary or desirable in order to complete and execute the same, and the approval of this Board with respect to each such agreement shall conclusively be determined by the signature of any one of such persons thereon; and

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

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

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

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

FURTHER RESOLVED: That any of the Chairman, the President or the Chief Financial Officer of the Authority, or any person acting in any of the foregoing capacities, are each hereby authorized to take all such further actions and execute and deliver such further



documents, certificates, schedules and agreements on behalf of the Authority to accomplish the issuance, sale and delivery of the Refunding Bonds and the redemption of the Prior Bonds as contemplated hereby, and as otherwise may be necessary and appropriate under the terms and conditions of all the aforesaid documents.

Mr. Bolduc said this resolution concerns the \$40 million Southeast bond refunding. He said the Executive Director of SCRRRA Jerry Tyminski, John Stafstrom, Esq. bond counsel from Pullman & Comley, and Rick McCarthy, CRRA's financial advisor from Environmental Capital are present for questions. He said Citibank, which is handling this transaction, is also available by phone if needed. Mr. Bolduc said three months ago Citibank was chosen through an RFP process.

Mr. Bolduc said the Finance Committee and full Board need to approve this financing because the CRRA Board was the conduit issuer for the SCRRRA project bonds. He said they were issued years ago and bonds on the CRRA books were the responsibility of CRRA and SCRRRA to repay. He said the other part of the project were tax exempt alternative minimum tax (hereinafter referred to as "ATM") bonds issued by American Refuel, the successor to the original issuer of BFI and Duke. Mr. Bolduc said American Refuel was subsequently bought out by Covanta which is the current owner.

Mr. Bolduc said CRRA's statutory requirements require that any bonds issued must first be approved by the Treasurer's office. He said additional Special Capital Reserve Fund (hereinafter referred to as "SCRF") backing is separate and requires approval by the Treasurer's office. He explained management is attempting to take advantage of the current market conditions to achieve a low 2% rate for benefit of the SCRRRA project and the twelve towns in that part of the State. He said the current debt on these bonds is a short maturity rate of about 5%.

Mr. Bolduc said it was important to Citibank to obtain SCRF rating on the bonds. He said the original issuance bonds were issued with MBIA Surety insurance which has become rather shaky at this point. He said management approached the Treasurer's office to approve the bond issue and to get SCRF rating. He said the meeting went well and a verbal approval was given to management to issue the debt under the terms described with SCRF. Mr. Bolduc explained the SCRF backing steps up the rating of the bond to the State's AA rating which is very important.

Mr. Bolduc said the CRRA Board is required to provide a finding of self-sufficiency to the State Treasurer's office. He said resolutions passed by the SCRRRA Board are also contained in the write-up. Mr. Bolduc said the SCRRRA Board is also in support of this action. He said there are two opinions provided by Citibank and Environmental Capital in support of this transaction which will also be provided to the full Board.

Mr. McCarthy provided an overview of the strong economics of this project to the full Committee by reviewing the opinion letter provided by Environmental Capital

Mr. Stafstrom said the rate CRRA is achieving on these bonds is excellent. Chairman Martland said the SCRRRA operation is a very healthy operation and it comes as no surprise.

Mr. Tyminski said the SCRRRA Board looked at what the results of the sale and the savings would be. He said considerable reserves were available at the time and the SCRRRA Board decided to put \$4.5 million of its own reserves into the project to pay down the bond. Mr. Tyminski said the benefit of the reduction in rate will go back into reserves to offset future pricing which is likely to rise when the energy contract expires.

Mr. Kirk said the Wallingford Project did exactly the same thing and put away funds in its tip fee stabilization fund to subsidize and stabilize the tip fee at the end of the project.

Mr. Stafstrom reviewed highlights of the resolution with the Committee. He said the number of “whereas” clauses explain the background of the project. Mr. Stafstrom said the SCRRRA Board and CRRA Board are authorizing the issuance of refunding bonds up to \$40 million, although management expects that number to be closer to \$30 million.

Mr. Stafstrom said the second resolution authorizes the Chairman, President, or Chief Financial Officer to seek the approval of the Special Capital Reserve Fund from the State Treasurer and then authorizes any of those officials to decide the principal amount of the bond, interest rates and maturity. He said the resolution also resolves that the bonds will be sold on a negotiated purchase basis which is typical of refunding deals.

Mr. Stafstrom said the next resolution authorize the Chairman, President, or Chief Financial Officer to sign the appropriate and lengthy related documents to effectuate this transaction. He said there is a disclosure statement provided to the investors signed off on by the issuing entity (CRRA) which states the status of the Project and when the bonds will be repaid. Mr. Stafstrom said those are currently in draft form as are the documents which will be finalized after approval by the full Board.

Mr. Stafstrom said the resolution goes on to state the proceeds of the bond shall be distributed with the trustee pursuant to the escrow agreement, those proceeds being in place to refund the existing funds and direct the trustee to seek any consent from the bond funder to do the refunding.

Mr. Stafstrom said the final resolution authorizes the Chairman, President, or Chief Financial Officer to sign all the certificates necessary to effectuate the refunding.

Mr. Stafstrom said the findings of self-sufficiency are attached to the resolution. He said the first page recites the requirements of the general statutes to find self-sufficiency which is required to secure SCRF from the Treasurer. He said the findings of self-sufficiency track Mr. McCarthy’s opinion and the Boards’ findings that the revenues from the Southeast Project are more than self-sufficient to repay the funding bonds.

Mr. Stafstrom said the State Treasurer’s council suggested several changes be made to the findings of self-sufficiency. They asked that it be made clear even if CL&P went bankrupt the electric revenues would still be there at a market rate and if Covanta was to go bankrupt the contract would not be rejected in bankruptcy because it is favorable. Mr. Stafstrom explained he informed the Treasurer’s office those are not statements the Board can make because they are future facts and legal conclusions. He said they agreed and as a result those items will not be included.

Mr. Stafstrom said the Treasurer's office requested a finding that the insurance held on the facility is sufficient to cover the bonds repayment even if there was a catastrophe. He said assuming management finds this in fact to be true it will be added as an additional finding.

Mr. Bolduc said CRRA has some portion of the insurance however Covanta has the property insurance which they have to maintain due to their own bonds.

Director Auletta said the case has been very well presented and is easily justified.

The motion previously made and seconded was approved unanimously.

#### **4. Approval of Minutes of the June 17, 2010, Finance Committee Meeting**

Chairman Martland requested a motion to accept the minutes of the June 17, 2010, Finance Committee meeting.

He said as Director Savitsky is longer on the Board he is not sure if his vote alone is sufficient for approval. Management stated legal counsel will review this situation and make a determination.

### **INFORMATIONAL SECTION**

Chairman Martland noted that the Informational section of the package was thoroughly reviewed by the Committee.

Mr. Bolduc explained the details of the Informational Section for the benefit of the newer Committee members.

### **PRESIDENT'S REPORT**

Mr. Kirk said the Southwest Operating Committee (hereinafter referred to as "SWEROC") the recycling program for the Bridgeport Towns is in a difficult position. He said the Southwest facility, which operates as a dual-stream recycling facility, is in need of an upgrade to single stream. Mr. Kirk said tonnage dropped drastically in that area as some member towns objected to subsidizing other member towns for bringing their recyclables to Stratford. As a result tonnage has dropped leaving the historical 40,000 tons down at about 23,000 tons. Mr. Kirk said with 23,000 tons SWEROC cannot fund the conversion to single stream.

Mr. Kirk said the SWEROC Committee voted to take CRRA management's recommended option to trans-load the recyclables from Stratford up to Hartford or another location for a zero tip fee. Mr. Kirk said CRRA will have to make a modest change to the plant by creating a push wall and a ramp which would be paid for out of the maintenance reserve in SWEROC.

Mr. Kirk said management does not anticipate using the Stratford facility. He explained management goal is to grow the customer list over the years to secure the tons needed to develop a single stream facility there and attract commercial waste and other towns. Mr. Kirk said there

are still issues to be resolved and Stratford will lose a yearly tax payment benefit of about \$120,000 from the facility.

**ADJOURNMENT**

Chairman Martland requested a motion to adjourn the meeting. The motion made by Director Van Winkle and seconded by Director Auletta was passed unanimously.

The meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Moira Benacquista  
Secretary to the Board/Paralegal