

**Finance Committee  
March 13, 2014 Regular Meeting  
Draft Minutes**

Members Present: Chairman Joel Freedman  
Jim Hayden  
Andrew Nunn  
Scott Shanley

CRRA Staff Present: Tom Kirk, President  
Mark Daley, Chief Financial Officer  
Peter Egan, Director of Operations and Environmental Affairs  
Tina Mateo, Assistant Director of Budgets and Cash Management  
Nhan Vo-Le, Director of Accounting  
Moira Kenney, HR Specialist/Board Administrator

Also Present: Jim Sandler, Esq., Sandler & Mara.

**PUBLIC COMMENT**

Chairman Freedman called the meeting to order at 10:40 a.m. He said there were no members of the public who wished to comment and proceeded with the agenda.

**1. Approval of the Minutes of the Regular Jan. 23, 2014, Regular Finance Committee Meeting**

Chairman Freedman requested a motion to accept the minutes of the Jan. 23, 2014, Finance Committee meeting. The motion to approve the minutes was made by Director Shanley and seconded by Director Hayden.

The motion to approve the minutes as amended was approved unanimously by roll call.

**2. Approval of the Minutes of the Special Feb. 14, 2014, Regular Finance Committee Meeting**

Chairman Freedman requested a motion to accept the minutes of the Special Feb. 14, 2014, Finance Committee meeting. The motion to approve the minutes was made by Director Shanley and seconded by Director Hayden.

The motion to approve the minutes as amended was approved unanimously by roll call.

**3. Review and Recommend Resolution Regarding all Risk Property Insurance**

Chairman Freedman requested a motion on the above referenced item. The motion was made by Director Shanley and seconded by Director Hayden.

**RESOLVED:** That CRRA purchase CRRA's \$375 Million Property Insurance from the following four (4) insurers with their shares as indicated:

- |              |            |     |
|--------------|------------|-----|
| ➤ Zurich     | (Rated A+) | 42% |
| ➤ Swiss Re   | (Rated A+) | 28% |
| ➤ Starr Tech | (Rated A+) | 15% |
| ➤ XL         | (Rated A)  | 15% |

for the period 4/1/14 – 4/1/15 for a premium of \$896,984 and other terms and conditions as discussed at this meeting;

**FURTHER RESOLVED:** That CRRA purchase loss control engineering services from XL GAPS for the period 4/1/14 – 4/1/15 for an amount not to exceed \$15,225 as discussed at this meeting.

Mr. Kirk said CRRA’s Interim Risk Manager Thomas Edstrom and representatives from Aon Risk Services are present for questions. He said the resolution for consideration is for the purchase of loss control engineering services from the four insurers listed above.

Mr. McElroy addressed the property insurance coverage. He said CRRA hired XL Gaps to provide an engineering report on its major facilities which contains a maximum foreseeable loss (hereinafter referred to as “MFL”) scenario which includes the recovery time to rebuild a site. Mr. McElroy said CRRA’s MFL is likely the loss of a boiler which has an estimated 18 month rebuild time. He said CRRA’s business interruption and extra expense costs contained in the current term are limited by a 12 month number. Mr. McElroy said Aon wanted to come up with an option to cover the full recovery time as without it CRRA would be responsible for roughly \$20 million of extra expenses.

Mr. McElroy said Aon provided an option to increase the indemnity period for 24 months, which provides a 2 year lead time and will reinstate business interruption and the extra expense supplement. He said the additional cost is \$45,000. Mr. McElroy said Aon met with management to discuss this option and recommended buying the second year of coverage.

Mr. McElroy said Aon canvassed the marketplace from the property standpoint because of the power generation aspect of CRRA, which limits the markets which can be approached. He said CRRA has four very strong markets and long term partners, Swiss Re, Starr Tech, Zurich, and XL.

Mr. McElroy said CRRA purchases terrorism coverage through the property markets which is backstopped by Terrorism Risk Insurance (hereinafter referred to as “TRIA”), an insurance backstop provided by the Federal Government which expires this year. He said there is a stand-alone option which provides guaranteed coverage for the full term which is about a \$25,000 increase for the full two year period. After some discussion Chairman Freedman asked that the terrorism insurance coverage be brought to the full Board for further discussion.

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

#### **4. Review and Recommend Resolution Regarding Public Officials’ & Employment Practices Liability Insurance**

Chairman Freedman requested a motion on the above referenced item. The motion was made by Director Shanley and seconded by Director Hayden.

**RESOLVED:** That CRRA’s Public Officials and Employment Practices Liability insurance be purchased from ACE with a \$10,000,000 limit and up to \$10,000,000 in defense costs and

expenses outside the limit, and a \$150,000 self-insured retention for the period 4/1/14 – 4/1/15 for a premium of \$144,796, as discussed at this meeting.

Mr. Barczak provided a presentation on public officials and employment practices' insurance. He said the public officials insurance is currently with Ace and the premium has remained flat for the last four years at \$144,796.00 with a \$10 million aggregate limit for directors' and officers' and employment practices claims with a separate \$10 million defense limit. Mr. Barczak said this was very good because any defense costs apply to that separate defense limit and after that is exhausted, will apply to the overall aggregate limit for damages and dispositions of the claim, and once that defense cost limit is eroded the defense costs will come out of the aggregate. He summarized by noting that overall CRRA has about \$20 million in limits on this policy. Mr. Barczak informed the Committee that the biggest exposure CRRA faces is during the bidding process.

Mr. Barczak said ACE agreed to keep the roughly \$7,000 per million dollars in coverage and as a result Aon did not market this coverage in order to maintain those flat costs. Director Shanley asked if this was acceptable by CRRA's procurement policies. Ms. Hunt replied yes, as this has been out to bid at least every three years.

Mr. Barczak said there were a couple of changes to the terms and conditions this year. He said ACE placed network security privacy breach exclusions on the policy. Mr. Barczak said this is fairly typical as these policies were not originally intended to cover data breaches and are better handled by a separate policy. After some discussion Mr. Kirk said he would ask CRRA's IT Manager, Chris May, to work with Walker Systems regarding the need to add a Cyber Security Policy.

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

## **5. Review and Recommend Resolution Regarding Crime Insurance**

Chairman Freedman requested a motion on the above referenced item. The motion was made by Director Shanley and seconded by Director Hayden.

**RESOLVED:** That CRRA purchase the three-year Commercial Crime policy from Travelers Casualty & Surety Company with a \$3,000,000 limit, \$100,000 deductible, for the period 4/1/14 – 4/1/17 for an annual premium of \$3,444, as discussed at this meeting.

Mr. Barczak said that Travelers' has been on this account for several years and that they issue three year policies. He said the expiring premium was for \$13,476 and the annual premium was reduced to \$4,309, and the \$5,000 deductible was removed. Mr. Barczak said this account was marketed as it has been three years. He said an annual quote and reasonable pricing was provided from the Hudson Insurance Company. Mr. Barczak said however, Aon recommend staying with Travelers as they provide a separate defense limit and \$4 million in limits. Mr. Washington said in summary the same terms were provided by Travelers with a lower premium on an annual basis with removal of retention per claim at competitive pricing.

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

**6. Review and Recommend Resolution Regarding Fiduciary Insurance**

Chairman Freedman requested a motion on the above referenced item. The motion was made by Director Shanley and seconded by Director Hayden.

**RESOLVED:** That CRRRA purchase the three-year Fiduciary Liability policy from Travelers Casualty and Surety Company with a \$3,000,000 limit, and a separate \$1,000,000 outside the limit for defense expenses, and no deductible for the period 4/1/14 – 4/1/17 for an annual premium of \$4,309.

Mr. Barczak said this is an annual policy and the annual installment was \$3,196. He said Traveler’s provided two quotes, one an annual installment of \$2,907 and one for \$3,440 (an increase due to adding forgery and alteration to the policy). He said it is a \$3 million limit with the same deductible as the other limits (\$100,000). Mr. Barczak said this was also marketed to Great American which was not only expensive; it did not provide a three year policy and therefore is not recommended by Aon. He said Zurich did not respond to marketing efforts.

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

**7. Discussion - Potential FY 2013 CSWS Recycling Rebates**

Mr. Kirk said the Board had approved issuing recycling rebates to the Mid-Conn Project. He said this discussion is to consider rebates for the remaining portion of the FY’13 year. Mr. Kirk referred the Committee to a handout titled: “CSWS Potential Rebate Options for FY13”. He said management is recommending providing a rebate to only those towns that CRRRA has a contract with because it is the only way to be certain that the town has a contractual commitment to send its recyclables to CRRRA.

The Committee agreed that a rebate should be provided. Mr. Kirk said no resolution is required and management will develop a rebate proposal for the full Board’s consideration.

**8. Review and Recommend Resolution Regarding Transfer of Montville Landfill Post Closure Reserve Funds to SCRRRA**

Chairman Freedman requested a motion on the above referenced item. The motion was made by Director Shanley and seconded by Director Hayden.

**WHEREAS:** the Connecticut Resources Recovery Authority (“CRRRA”) maintains the Montville Landfill Post-Closure reserve for the benefit of the Southeastern Connecticut Regional Resources Recovery Authority (“SCRRRA”); and

**WHEREAS,** the Southeast Project’s Fiscal Year 2014 Budget reflects a contribution of \$350,000 into the Montville Landfill Post-Closure reserve through equal monthly contributions

**WHEREAS,** SCRRRA performs all post-closure activities related to the Montville Landfill and is reimbursed for these activities from the Montville Landfill reserve Post-Closure reserve; and

**WHEREAS**, SCRRA now desires to simplify the funding process for the Montville Landfill activities by transferring its funds from CRRRA to SCRRA as approved by the SCRRA Board of Directors on December 11, 2013 (Attached); and

**WHEREAS**, CRRRA has no liabilities recorded for the fund in the Montville Landfill Post-Closure reserve;

**NOW THEREFORE**, be it

**RESOLVED**; That the Board of Directors approve that the remaining Fiscal Year 2014 contributions for Montville Landfill Post-Closure Reserve be funded immediately and that the reserve be transferred to SCRRA after the remaining contributions are completed.

Mr. Kirk said the post-closure reserve for the Southeast landfill is maintained by CRRRA. Director Shanley said that SCRRA holds full liability for the landfill.

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

### **INFORMATIONAL**

The informational section was reviewed and no comments were made.

### **MOTION TO ADD AN EXECUTIVE SESSION**

Chairman Freedman requested a motion to add an Executive Session to the agenda. Director Shanley made the motion which was seconded by Director Hayden.

The motion previously made and seconded was approved unanimously.

### **EXECUTIVE SESSION**

Chairman Freedman requested a motion to enter into Executive Session to discuss updates on pending litigation. The motion was made by Director Shanley and seconded by Director Hayden. The motion previously made and seconded was approved unanimously by roll call. Chairman Freedman requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk  
Mark Daley  
Peter Egan  
Laurie Hunt

The Executive Session commenced at 12:12 p.m. and concluded at 1:19 p.m.

The meeting was reconvened at 1:19 p.m., the door was opened, and the Board secretary and all members of the public (of which there were none) were invited back in for the continuation of public session.

**ADJOURNMENT**

Chairman Freedman requested a motion to adjourn the meeting. The motion was made by Director Hayden and seconded by Director Shanley.

The meeting was adjourned at 1:20 p.m.

Respectfully submitted,

Moira Kenney  
HR Specialist/Board Administrator