

**DECEMBER 2, 2005 MINUTES
HVCEO MEETING**

HELD AT THE DANBURY, CT HOLIDAY INN

Chairman Natalie Ketcham of Redding – Vice Chairman Rudy Marconi of Ridgefield

MEMBERS AND ALTERNATES IN ATTENDANCE

Bethel.....First Selectman Alice Hutchinson
Bridgewater.....Absent
Brookfield.....First Selectman Jerry Murphy
Danbury.....Mayor Mark Boughton, Alternate Michael McLachlan
New Fairfield.....First Selectman John Hodge
New Milford.....Mayor Patricia Murphy
Newtown.....First Selectman Herbert Rosenthal
Redding.....First Selectman Natalie Ketcham, Chairman
Ridgefield.....First Selectman Rudy Marconi, Alternate Peter Yanity
Sherman.....Absent

OTHERS IN ATTENDANCE

State Senator Louis De Luca, State Representatives Clark Chapin, David Scribner, Mary Ann Carson, Lewis Wallace, Debra Lee Hovey, Henry Bielawa, Julia Wasserman and Art O'Neill, Danbury Planing Director Dennis Elpern, Newtown Community Development Director Elizabeth Stocker, Danbury Economic Development Director Wayne Shepperd, Matt Grimes of Brookfield, Richard Schreiner of HART and Lynn Waller of Danbury.

Also, Holly Burbank of Metropool, Eric Hampton of DECD, Robert Rush of the New Milford Planning Commission, Robert Gates of Northeast Generation Services, Margaret Morton of Northeast Utilities, Sue Wolf of the Redding Pilot, Larry Marsicano and Harold Mayer of the Candlewood Lake Authority, George Walker of Friends of the Lake, Andrea Rynn of Danbury Hospital, Jon Chew, Dave Hannon, Candy Acquanita, Jo Harvey and George Blake of the HVCEO staff, and Cheryl Reedy of the HRRRA.

CALL TO ORDER/ PUBLIC COMMENT

The meeting was called to order by Chairman Natalie Ketcham at 8:35 A.M. Public comment was offered by Harold Mayer and Lynn Waller.

DISCUSSION WITH LEGISLATORS

There was general discussion with legislators on a wide variety of topics of concern. The very recent campaign finance reform legislation was a major theme. Legislators committee assignments were seen as important to municipal leaders and are available from links on hvceo.org/legisagenda.php.

The HVCEO legislative agenda was then reviewed. It was agreed that at its January meeting HVCEO would seek to set priorities and then submit them to legislators. On the issue of Vaughn's Neck becoming open space, Clark Chapin asked for a deliberation by HVCEO in January as it its willingness to support acquisition by eminent domain.

On the issue of retaining local probate courts, there was the concern that reorganization proposals not push operating costs back upon local governments. It was agreed that staff will obtain the latest Program Review Committee report on this subject due out in about three weeks and distribute it to the members.

There was a detailed discussion of the unintended negative impacts from the affordable housing zoning override statute. There was consensus amongst the speakers that change is needed. There was also interest in having the state measure that law's impact by determining the number of affordable units created statewide 1979 - 1989 before the law was passed versus 1989 -1999 to determine if it has done any good, as opposed to simply breaking zoning to improve development profits. Julia Wasserman summarized the legislators view that the resistance to change on this issue rests with legislative leadership.

A variety of other topics were raised included transportation issues, STEAP grants, and Smart Growth. Pat Murphy noted on the Smart Growth issue that while existing cites and built up areas are favored for economic development by the policy, large developing community such as New Milford also need fair consideration.

SALE OF NORTHEAST GENERATION COMPANY

Comments were made by members and legislators, NU Vice President Margaret Morton, Robert Gates of NGC and Larry Marsicano of the CLA. There was also a review of the 1999 Candlewood Lake Conservation Restriction by Attorney Ted Backer. Key points:

— Fourteen unregulated generating plants are to be auctioned off, eleven of which are in Connecticut. The purchaser must acquire all fourteen as a unit, not pick and choose. There was some concern over the theoretical possibility that the new owner could then apply to FERC to abandon just the Candlewood generation component.

— The NGC Housatonic hydro project sale is almost identical to that of 1998-2000. Vaughns Neck is outside of the FERC boundary and is this not part of the sale and will remain with NU.

— J. P. Morgan Securities is managing the process and NU representatives will bring them to a regional meeting here if requested.

— Ted Backer raised the possibility that a new owner may attempt to renegotiate all existing homeowner agreements to save costs. Bob Gates replied that leases and deeded rights to docks, etc. go with the land and cannot be eliminated by a new owner. He also said that as for Candlewood, there are about 2000 docks, of which 1500 have licenses.

— The FERC required Shoreline Management Plan process deadline has been extended to 4/26/2006. Thus NGC believes this important work can be completed before the Company is sold, to be benefit of all concerned.

—Back in 1999 a specialized conservation restriction was prepared for Candlewood Lake but not for Lakes Lillinonah and Zoar. The reasoning was and remains that Candlewood is more at risk for abandonment as marginally profitable than the other Lakes. As Lillinonah and Zoar are on the main body of the

Housatonic with its vast flow and in addition involve no expensive pumping as does Candlewood, their power generation potential will remain high.

— Lake Zoar as the oldest project is distinct from the other two in that most residential properties continue down slope to the waters edge, unlike the other two where NGC owns the shoreline strip.

— Margaret Morton stated that under the MOU NU signed with DEP the state and municipalities have a right of first refusal for the purchase of Vaughns Neck, all but the shoreline of which is outside of the FERC boundary. Ted Backer stated that it is possible to take Vaughns Neck through eminent domain, but Margaret Morton said NU prefers negotiations.

— Under the Candlewood Lake Conservation Restriction a sale of the Lake while under FERC jurisdiction is not subject to the right of first refusal by the state or municipalities, as FERC regulation was considered to be a strong control for protecting local interests.

— Under the Candlewood Lake Conservation Restriction local controls are strongest from the 418 contour and below, not between the 418 and 440. The reasoning in 1999 was that there are many vested rights of property owners and associations between these two contours, and that the municipal control should avoid impacting these. However the transfer provision of the Restriction does include land up to the 440 contour, for in a Non-FERC environment, property owners would welcome municipal backup in helping to enforce agreements in this area.

— In interpreting the Candlewood Lake Conservation Restriction, Attorney Ted Backer stated that the joint committee required by the Conservation Restriction can be considered fulfilled by the continuing presence and activity of the Candlewood Lake Authority.

— In purchasing Vaughns Neck the owner only benefits if the sale proceeds go to the shareholders and not to fund predetermined stranded costs. The statutory blueprint whereby if a sale is for open space then proceeds to shareholders is allowed should be pursued. Ted Backer's summary of the Conservation Restriction was then distributed.

ADJOURNMENT

After thanks to all the attendees by Chairman Ketcham, the meeting was adjourned at 11:10 A.M.