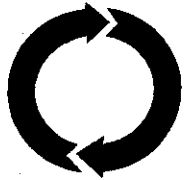


**CRRA
BOARD MEETING
OCTOBER 27, 2005**



**CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY**

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

MEMORANDUM

TO: CRRA Board of Directors
FROM: Kristen Greig, Secretary to the Board/Paralegal
DATE: October 21, 2005
RE: Notice of Meeting

There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, October 27, 2005 at 9:30 a.m. The meeting will be held in the Board Room of 100 Constitution Plaza, 6th Floor, 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
October 27, 2005
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 September 29, 2005 Regular Board Meeting Minutes (Attachment 1).
2. Board Action will be sought for the approval of the October 3, 2005 Special Board Meeting Minutes (Attachment 2).

IV. Recognition of Covanta Mid-Conn., Inc. for being accepted as a member of the U.S. Environmental Protection Agency's *National Environmental Performance Track Program* as a result of Covanta's environmental performance at CRRA's Mid Connecticut Waste-to-Energy Facility.

V. Finance

1. Board Action will be sought regarding Certain Project Reserves (Attachment 3).

VI. Project Issues

A. Mid-Connecticut

1. Board Action will be sought regarding Mid-Connecticut Waste Processing Facility Up-Graded Design of the Spare Secondary Shredder Rotors (Attachment 4).

B. Bridgeport

1. Board Action will be sought regarding Agreement for the Replacement of Overhead Doors at the Greenwich, Norwalk and Milford Transfer Stations (Attachment 5).

VII. Legal

1. Board Action will be sought regarding Waiver of CRRA's Attorney Client Privilege as to Murtha Cullina, LLP and Hawkins Delafield & Wood regarding the Enron Transaction (Attachment 6).

VIII. Chairman's Report

IX. Executive Session

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

TAB 1

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED NINETY-FOURTH MEETING

SEPTEMBER 29, 2005

A Regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, September 29, 2005 at the Manufacturing Alliance Service Corporation, 173 Interstate Lane, Waterbury, CT. Those present were:

Chairman Michael Pace

Directors: Steve Cassano (Present until 12:45 p.m.)
Benson Cohn
Mark Cooper
James Francis
Michael Jarjura (Present from 10:00 a.m. – 11:45 a.m.)
Edna Karanian
Mark Lauretti (Present from at 10:00 a.m. – 11:45 a.m.)
Theodore Martland
Raymond O'Brien

Present from the CRRA staff:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Peter Egan, Director of Environmental Affairs and Development
Floyd Gent, Director of Operations
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Director of Public Affairs
James Ruel, Purchasing Manager
Donna Tracy, Executive Assistant
Nhan Vo-Le, Director of Accounting
Kristen Greig, Secretary to the Board/Paralegal

Also present were: Dave Arruda of MDC, Alan Curto of Halloran & Sage, Virginia Gerena of HEJN, Rob Howard of Carlin, Charron & Rosen, Margaret Japp of HEJN, Frank Marci of USA Hauling & Recycling, Mark Mitchell of CCEJ, Balbena Smickle of HEJN, Lynn St. James of Covanta, Cheryl Thibeault of Covanta, Scott Trenholm of Carlin, Charron & Rosen

Chairman Pace called the meeting to order at 9:31 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.

Chairman Pace noted that there were no comments from the public and that the Regular meeting would commence.

APPROVAL OF THE MINUTES OF THE JULY 28, 2005 REGULAR BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the July 28, 2005 Regular Board Meeting. The motion was made by Director O'Brien and seconded by Director Cohn.

The minutes as presented were approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

APPROVAL OF THE MINUTES OF THE AUGUST 23, 2005 SPECIAL BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the August 23, 2005 Special Board Meeting. The motion was made by Director O'Brien and seconded by Director Cooper.

The minutes were approved. Vice-Chairman Cassano abstained as he was not present at the meeting.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano			X
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		

Edna Karanian	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION REGARDING FINANCE COMMITTEE RECOMMENDATIONS TO BOARD OF DIRECTORS REGARDING RENEWAL OF CASUALTY INSURANCE PROGRAM

Chairman Pace requested a motion regarding the referenced item. Director O'Brien made the following motion:

RESOLVED: That the Board of Directors authorizes the renewal of the \$1 million Commercial General Liability policy through American International Group (AIG) for a premium of \$166,062; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$1 million of Automobile Liability insurance through AIG Commerce & Industry for a premium of \$69,620; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$30 million Umbrella/Excess Liability through AIG covering Commercial General Liability, Automobile Liability and Employers Liability for a premium of \$290,287; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$30 million Pollution Legal Liability insurance through AIG for a premium of \$344,509; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of Workers Compensation at Statutory Limits and Employers Liability at \$1 million through Connecticut Interlocal Risk Management Agency (CIRMA) for a premium of \$51,227.

The aggregate premium for all above described premiums is \$921,705 for the period 10/1/05 – 10/1/06. CRRA's budget for these policies was \$1,157,000.

The motion was seconded by Director Cooper.

Chairman Pace noted that this matter was discussed at length at the Finance Committee meeting and pointed out that CRRA had secured further savings in the renewal of its Casualty Insurance Program.

Director Martland asked if it was possible for CRRA to purchase two-year policies. Mr. Bolduc responded that carriers are not offering anything beyond a one-year policy and informed the Board that it had been a challenge to obtain quotes as far in advance as CRRA required. Director Francis stated that he had similar experience with insurance renewals in the Town of West Hartford.

Chairman Pace asked Mr. Bolduc to review the bid process, savings obtained and CRRA's coverage for the Board. Mr. Bolduc explained that CRRA's broker, Marsh, goes to the market to secure bids on CRRA's various policies, in this case, General Liability, Excess Umbrella, Auto, Pollution Liability and Worker's Compensation. Mr. Bolduc noted that it has been difficult for CRRA to attract interest from the large carriers and said that the responses were limited. Mr. Bolduc explained that this is partially due to the favorable bids that CRRA has received from over the years. Mr. Bolduc stated that as a result of the bidding process, AIG submitted premium quotes that reflected reductions. Mr. Bolduc referred the Board to Page 4 of Tab 3 and said that, combining all the various insurances, AIG came up with an 11% reduction from comparable '05 to '06 policies. Mr. Bolduc noted that there were not significant changes in the actual coverages in the policies. Mr. Bolduc stated that the savings from what CRRA estimated in the budget was approximately \$370,000. Mr. Bolduc indicated that CRRA does not want to appear a captive market for one carrier and said there have been lengthy discussions regarding possible ways that CRRA might maintain the interest of the other carriers.

Chairman Pace asked Mr. Bolduc to review the auto insurance. Mr. Bolduc stated that Lynn Martin, CRRA's Risk Manager, reviewed the coverage on CRRA's older vehicles and recommended that based on the age, condition and mileage of CRRA's vehicles, CRRA has decided to drop the Comprehensive and Collision on all but two of CRRA's vehicles.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION REGARDING THE FISCAL YEAR 2005 FINANCIAL STATEMENT AND AUDIT REPORT

Chairman Pace requested a motion regarding the referenced item. Director O'Brien made the following motion:

RESOLVED: That the Board hereby approves and endorses the Fiscal Year 2005 Financial Statement and Audit Report, substantially as discussed and presented at this meeting.

The motion was seconded by Director Cooper.

Mr. Bolduc distributed a revision to page 4 of the Management Discussion and Analysis. Mr. Bolduc explained that the hand-out included suggestions from the Finance Committee regarding unrestricted assets. Mr. Bolduc noted that the Finance Committee had a very lengthy discussion regarding the year-end audit. Mr. Bolduc recognized Mrs. Vo-Le and her department for a job well done on the audit and requested that Mr. Trenholm comment on the audit.

Mr. Trenholm gave a thorough review of the audit and in his review stated that Carlin, Charron & Rosen will be issuing an unqualified opinion on the financial statements of CRRRA. Mr. Trenholm noted that the Enron settlement had been reflected in the financial statements for this year and informed the Board that the transaction is presented in a couple of places because of accounting requirements in terms of the portion of the transaction that was under the control of management (the sale of the claim) as opposed to the actual receipt of the estimated value of the claim. Mr. Trenholm stated that in connection with that, the Board defeased a portion of the Mid-Connecticut Project bonds so the financial statements no longer reflect approximately \$95,000,000 of debt which has been legally defeased. Mr. Trenholm stated that there has been a significant decrease in the liabilities of the Authority as a result of the removal of the \$95,000,000 of debt from the balance sheet.

Mr. Trenholm continued his review of the audit, covering management estimates and said that Carlin, Charron & Rosen determined that the estimates used by management and the judgments used were reasonable and there were no adjustments in that area. Mr. Trenholm noted that there were no significant adjustments that needed to be recorded as part of the audit this year and there were no past adjustments proposed by Carlin, Charron & Rosen. Mr. Trenholm informed the Board that there were no disagreements with management on matters of accounting principle and accounting reporting. Mr. Trenholm explained that the auditors were pleased that they were able to deal with the significant, complex transactions as they arose and work with management to make sure that those transactions were properly accounted for at the time that they took place. Mr. Trenholm stated that management was ready when Carlin commenced the audit and Carlin was able to complete the audit in the time frame that had been mutually agreed upon.

Director O'Brien asked if the State deadline for the audit report was September 30. Mr. Bolduc replied that the due date was Monday, October 3 as September 30 falls on a Saturday. Director O'Brien asked if the report would be filed by October 3. Mr. Bolduc and Ms. Vo-Le replied in the affirmative.

Chairman Pace stated that the audit report had been reviewed at length with the Finance Committee and that the Finance Committee was recommending that the Board approve the report.

Director Martland indicated that there were a couple of subtleties of language that were suggested at the Finance Committee and asked if those revisions been made. Mr. Trenholm replied in the affirmative.

Mr. Kirk stated that management was pleased with the results of the audit. Chairman Pace added that as CRRA moves forward and the balance sheet gets stronger and the complexities and problems that arose from Enron begin to unwind, CRRA will be in a better position to address the public's interests.

Chairman Pace recognized Ms. Vo-Le. Chairman Pace stated that Ms. Vo-Le was critical in holding CRRA together during some very difficult times. Chairman Pace thanked her for a job well done and said that the Board respected her professionalism.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION REGARDING CONTRACT WITH CT DEP FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH ANNUAL STACK TESTING AT MID-CT RRF FOR CALENDAR YEARS 2006 AND 2007

Chairman Pace requested a motion regarding the referenced item. Director O'Brien made the following motion:

RESOLVED: That the President is hereby authorized to enter into a contract with the Connecticut Department of Environmental Protection for reimbursement of costs associated with the annual stack testing at the Mid-Connecticut RRF for calendar years 2006 and 2007, substantially as discussed and presented at this meeting.

The motion was seconded by Director Martland.

Mr. Kirk explained that this resolution refers to a reimbursement of what is commonly called a dioxin tax, which is levied against operators of trash-to-energy facilities. Mr. Kirk stated that the tax was originally passed to cover the costs associated with testing for dioxin. Mr. Kirk stated that cost associated with testing for dioxin has decreased, but the tax has not. Mr. Kirk said that CRRA recovers its costs for stack testing from a credit at the DEP and this action will allow CRRA to recover \$175,000 for 2006 & 2007 (\$87,500 for each year).

Mr. Egan informed the Board that the stack testing will be done in the spring. When CRRA is invoiced from its contractor, CRRA pays the invoices and then in turn submits them to the Connecticut DEP for reimbursement. Director Karanian noted that Mr. Egan had made a comment in the information supplied that the DEP may or may not offer reimbursement for 2008. Director Karanian asked if there was a reason this reimbursement may not be offered for 2008. Mr. Egan explained that there was no specific reason, simply that CRRA can not predict what the DEP would do in 2008 and noted that there was no specific concern.

Chairman Pace asked Mr. Egan to elaborate on the dioxin testing. Mr. Egan stated that beginning in calendar year 2001, new regulations were promulgated that governed municipal waste combustion facilities. Mr. Egan explained that a list of emissions limits and testing schedules are prescribed in the regulations. Mr. Egan stated that every year all seven of the combustors in the State of Connecticut are obligated to test their emissions. Mr. Egan stated that the CT DEP is on-site during the testing period and CRRA's contractor assembles an intent to test protocol, which is essentially a detailed plan on how they are going to do the sampling and analysis. Mr. Egan explained that the DEP reviews that, approves it, and the testing is conducted. Mr. Egan stated that the emissions of the CRRA waste-to-energy facilities are all well below the prescribed emission limits for municipal waste combustors.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION REGARDING DELIVERY OF COVER SOILS TO THE HARTFORD LANDFILL

Chairman Pace requested a motion regarding the referenced item. Director O'Brien made the following motion:

RESOLVED: That the President is hereby authorized to enter into an amended contract with Newcarp First LLC for delivery of contaminated soil to be used as daily cover at the Hartford Landfill, and as approved by the Connecticut Department of Environmental Protection, substantially as discussed and presented at this meeting.

The motion was seconded by Director Cooper.

Mr. Egan stated that this resolution was for approval of a market driven sale. Mr. Egan explained that this was additional soil associated with a site of generation that the Board approved in June and again in July. Mr. Egan said that the site continued to generate soil. Mr. Egan noted that this soil is so benignly contaminated that it does not even fit the definition of a special waste in the State of Connecticut. Mr. Egan stated that the analytical testing data on the soil indicated that it is below the residential direct exposure criteria under the Connecticut Remediation Standards Regulations and also is below what is called "pollutant mobility criteria" for GA class groundwater areas. Mr. Egan noted that CRRA received a favorable price for the soil.

Director O'Brien thanked and commended Mr. Egan for the information he presented on the approval procedure used by CRRA for the Hartford Landfill. Director O'Brien said that the package was thorough and comprehensive and suggested that Mr. Egan make a presentation on the information at a later date.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION REGARDING THE O&M AMENDMENT NO. 2 TO THE MANAGEMENT AND OPERATIONS AGREEMENT DATED MAY 30, 2000, AS AMENDED BY AMENDMENT NO. 1 DATED DECEMBER 9, 2000 BETWEEN CONNECTICUT RESOURCES RECOVERY AUTHORITY AND NORTHEAST GENERATION SERVICES COMPANY

Chairman Pace requested a motion regarding the referenced item. Director O'Brien made the following motion:

RESOLVED: The President is hereby authorized to enter into Amendment No. 2 to the Management and Operations Agreement dated May 30, 2000, amended by Amendment No. 1 dated December 9, 2000 between Connecticut Resources Recovery Authority and Northeast Generation Services Company, substantially in the form discussed at this meeting.

The motion was seconded by Director Martland.

Mr. Kirk explained that this was a renewal of CRRA's maintenance contract. Mr. Gent explained that CRRA currently has a contract with Northeast Generation Services Company (NGS), which is a subsidiary of Northeast Utilities. Mr. Gent stated that when CRRA acquired the jet turbines from CL&P, CRRA had a contract for an initial five-year period with NGS. Mr. Gent stated that the contract had a provision that the contract would renew on an annual basis. Mr. Gent noted that 18 months before the expiration of that five-year term, the parties would negotiate in good faith what the fee would be subsequent to that initial period.

Mr. Gent stated that the price has two components; a fixed fee component which covers the basic operations and maintenance services and a variable fee component that deals primarily with funding a reserve for rebuilding the engines. Mr. Gent gave a detailed explanation of how running the units under capacity resulted in NGS not being able to build sufficient reserves to fund engine rebuilds. Mr. Gent said that when it came time to extend the contract, NGS stated that they would need to increase the fee substantially to fund those reserves. NGS estimated that it would need an increase to \$1,000 per operating hour per engine. In response, Mr. Gent stated that CRRA restructured the contract in two ways: 1) the fixed fee would be increased by 15% (a 3% compounded increase in escalation for the last five years) and 2) rather than the suggested increase to \$1,000 per hour, CRRA said that it would take responsibility for rebuilding the engines. CRRA would set aside funds in a reserve to cover engine rebuilds and then dramatically reduce the fees that CRRA pays NGS on an hourly basis. Mr. Gent stated that part of the motivation for the restructure is that there is a possibility that CRRA could be running 120-150 hours per year and if CRRA is paying \$1,000 per hour per engine, CRRA could be paying NGS a substantial amount more than it would cost to rebuild the engines.

Director Karanian asked what the magnitude of the rebuild would be. Mr. Gent replied that the engines are about \$500,000 to rebuild and noted that CRRA has a capital expense in its FY06 budget. Mr. Gent explained that the engines were built in the 1970's and CRRA's concern is that there are limited people who have the knowledge to rebuild and service these engines. As a result, CRRA felt that it was important to maintain that expertise. Mr. Gent said that CRRA was concerned about locking in the rate through 2012 without an opportunity to terminate the contract with a one-year notice so CRRA hired R. W. Beck to review the cost structure of this. Mr. Gent stated that R. W. Beck's analysis concludes that the contract that CRRA has negotiated with NGS is well below market.

Director Martland asked if CRRA's net was roughly \$5.4 million. Mr. Gent replied in the affirmative but added that you would then have to subtract out what CRRA pays for the steam turbines. Mr. Gent said that looking at the jet turbine as a business individually, the net is somewhere in the \$4.5 million to \$5 million range.

Director O'Brien asked what happens to the funds that are put in reserve by NGS. Mr. Gent responded that the way the contract was structured, NGS keeps the reserve funds because they are taking the risk. Mr. Gent stated that NGS told CRRA that if CRRA did not restructure the agreement, NGS would give notice to terminate. Mr. Gent stated that the benefit of this structure is that by setting the variable rate down to only \$150/hour, it covers NGS's minimum variable cost to cover annual inspections and other variable costs. CRRA would then set aside the hourly savings for any rebuilds that need to be done in the future. Director O'Brien asked if

CRRA would be putting these monies into a reserve. Mr. Gent responded in the affirmative and added that CRRA already has a \$20 million reserve already. Mr. Bolduc stated that when the Finance Committee meets in October to look at all the reserves, this will be one of the reserves that will be reviewed. Chairman O'Brien asked if the \$20 million was for the steam generating equipment. Mr. Bolduc responded that the reserve was to cover the expected cost of operating the jets and turbines over the remaining life of the contract to 2012.

Director Lauretti asked what the life expectancy of the turbines was. Mr. Gent replied that the units are typically measured on hours, so even though these units were built in the 1970's, they still have value. Mr. Gent added that the turbines are only good for "peaking" and are not very efficient units from the standpoint of gas cost per megawatt hour. CRRA would anticipate at the end of 2012, the units would no longer be in use and would be sold. A lengthy discussion regarding the economic evaluation of replacing the units followed.

Director O'Brien suggested that the subtitle on page two of Tab 7 be changed from "Feasibility Study on Expanding the Mid-Connecticut Waste-to-Energy Facility" to the correct title of the resolution. Mr. Gent indicated that this correction will be made.

Director Martland indicated that Director Lauretti made a very salient point with regard to replacing the jet turbines. Chairman Pace stated that when CRRA looks at the future, there are numerous issues to consider and said that Director Lauretti's points were well taken. Director Lauretti stated that if this contract is locked into 2012, that does not move the issue forward at all. Chairman Pace stated that it moves the issue forward after 2012 as CRRA is still maintaining the integrity of this business going to 2012. Chairman Pace said that this allows CRRA to plan for the future and still perform its essential functions. Chairman Pace stated that before CRRA commits to a major investment right now, the organization must plan to see how this will affect the entire model of the future CRRA.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION ESTABLISHING A SPECIAL COMMITTEE TO STUDY OPTIONS FOR MUNICIPAL SOLID WASTE DISPOSAL FOLLOWING THE EXPIRATION OF THE BRIDGEPORT SOLID WASTE DISPOSAL AGREEMENT

Chairman Pace requested a motion regarding the referenced item. Director O'Brien made the following motion:

RESOLVED: That a Special Committee is hereby formed and charged to study options for the disposal of solid waste from the Bridgeport Project municipalities post 2008 and report thereon to this Board; and

FURTHER RESOLVED: That three employees and two Board members of the Authority shall represent the Authority on the said Special Committee, as presented and discussed at this Board meeting.

The motion was seconded by Director Cooper.

Mr. Kirk explained that CRRA has a statutory requirement to convene a special committee three years before the expiration of the Bridgeport Project to examine the options available to CRRA's participating communities. Mr. Kirk stated that CRRA has a responsibility to find five members from the participating communities who, in this case, would be representatives of SWAB. Mr. Kirk informed the Board that SWAB has voted for their five members and CRRA management is recommending naming an additional five individuals from CRRA headquarters and the CRRA Board to complete the committee. Mr. Kirk stated that the committee will evaluate options available to the communities, at a minimum two years before the expiration of the present contract, which would be December of 2006. Mr. Kirk said that management's recommendation is that three employees, Mr. Kirk, Mr. Bolduc, and Mr. Gent be members of the committee as well as up to three Board members associated with the Bridgeport Project.

Director Martland asked if CRRA owned anything in the Bridgeport Project. Mr. Kirk responded that CRRA owns the landfill and the transfer station in Shelton, the Waterbury Landfill, and most importantly, the requirement of the current vendor to negotiate in good faith an extension of the agreement. Mr. Kirk indicated that this was the key asset to the project.

Chairman Pace indicated that Director O'Brien had expressed an interest in serving on this special committee. Directors Martland and Lauretti also said they would be interested.

Mr. Kirk stated that there might be a conflict or the appearance of a conflict with Director O'Brien serving on the committee because he is a member of the HRRR Board and the HRRR Board has a long-term contract with Wheelabrator and disposes HRRR waste in the Bridgeport Project under Wheelabrator's account, in competition with CRRA. Director O'Brien said that he had mentioned this to Chairman Pace and Ms. Hunt and said that if they thought there would be a conflict, he would not serve on the committee. Director O'Brien stated that he did not think there would be a conflict because HRRR has a long-term contract with Wheelabrator. Mr. Kirk suggested that Ms. Hunt raise the issue with the SWAB Board.

Mr. Gent explained that there was previously a dispute between CRRA and Wheelabrator regarding whether Wheelabrator could bring in HRR waste as a priority over any waste that CRRA delivers. Mr. Gent said that the issue was resolved for the inclusion of CRRA waste from Stamford, but noted that HRR has been an issue between CRRA and Wheelabrator.

Chairman Pace stated that it was gratifying to see so many Board members willing to serve on this committee.

Chairman Pace made a motion to recommend that three persons from the Board be appointed to this committee, Directors Lauretti, Martland and O'Brien.

The motion was seconded by Director Jarjura.

Chairman Pace reiterated that the only caveat to this is if there is an issue raised by the SWAB Board that Director O'Brien is serving on this committee. Chairman Pace noted that Director O'Brien has been able to separate issues very professionally.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RETURN TO PUBLIC PORTION

Chairman Pace invited Dr. Mark Mitchell to address the Board.

Dr. Mitchell, as President of the Connecticut Coalition for Environmental Justice, stated that he had two items to present to the Board. Dr. Mitchell stated that the jet engines referred to earlier in the meeting are very old and are not required to meet the same air pollution standards as current engines are. Dr. Mitchell said that his group is very concerned about the continuing use of these jet engines. Dr. Mitchell stated that when the engines are on, there are big clouds of smoke rising up and, even though it looks like the smoke is coming from the other stacks, it is actually coming from jet engines. Dr. Mitchell explained that the older jet engines release more nitrogen oxide than a newer engine would. Dr. Mitchell stated that his coalition is encouraging

the Board to replace the jet engines as soon as possible. Dr. Mitchell indicated that he was aware that CRRA is a quasi-governmental agency and CRRA's mission from the coalition's point of view is not just a financial mission, but also to protect the health of the community. Dr. Mitchell stated that the coalition is concerned that there is so much pollution in the city. Dr. Mitchell said that the trash-to-energy facility is the largest source of pollution in the City of Hartford and the jet engines are the fourth or fifth largest source of air pollution in the City of Hartford. Dr. Mitchell asked that CRRA look at those sources of pollution.

Dr. Mitchell informed the Board that he also served as Chair of the Hartford Advisory Commission on the Environment. Dr. Mitchell stated that he was aware that CRRA was in the process of closing the Hartford Landfill. Dr. Mitchell stated, in reviewing CRRA's financial statement, that the landfills would be closing in one year and that CRRA would be making recommendations to DEP on a closure plan by the end of this year. Dr. Mitchell stated that the Hartford Advisory Commission on the Environment has decided that the Commission will undertake public hearings in the City of Hartford regarding the closure. Dr. Mitchell indicated that there were a number of groups in Hartford holding public meetings and that there were many people in Hartford who are scared of the landfill. Dr. Mitchell stated that he did not know if the fear was justified and proposed that CRRA reschedule a tour of the landfill that had been postponed. Dr. Mitchell stated that the Hartford Advisory Committee would like to hold public hearings and hear recommendations from the community, as well as from other experts, on the usage of the landfill after it is closed. Dr. Mitchell indicated that the Hartford Advisory Committee would like to make recommendations by February 2006. Dr. Mitchell stated that he did not know if the recommendations should go to CRRA or to the DEP.

Chairman Pace requested that Dr. Mitchell send the recommendations to both CRRA and to the DEP. Chairman Pace stated to Dr. Mitchell that the current CRRA Board has always taken the operation of its facilities very seriously for the citizens of Hartford, as demonstrated by the visual and operational adjustments that have been made. Chairman Pace stated that CRRA is putting a lot of planning into seeing that the landfill has beneficial use, to the City based on input from city leaders and DEP. CRRA does not intend to just walk away from the landfill. Chairman Pace said that CRRA's intent is to close the landfill with the full cooperation of the City and with the full advisement that the State of Connecticut provides.

Dr. Mitchell indicated that the Hartford Advisory Committee is supporting the proposal by DEP that a synthetic cover be placed over the landfill. Chairman Pace said that CRRA proposed putting that synthetic cover over the landfill to DEP. Mr. Kirk indicated that the final closure will take place in 2008; there is about two and a half years of space left at the landfill. Mr. Kirk indicated that the City of Hartford is the owner and that CRRA's responsibility is limited to closure. Mr. Kirk explained that CRRA has escrowed the proper amount for closure according to the permit. Mr. Kirk stated that CRRA is on the record as wanting and insisting that the landfill be closed properly and that means with the advanced cover, either impermeable geomat or a HDPE plastic cover. Mr. Kirk noted that the unanswered question is who pays for that. Mr. Kirk stated that hopefully this issue will be resolved well before 2008. CRRA's position is that the landfill should and will be covered by state-of-the-art engineering methods. Mr. Kirk said the current issue is funding, which should not impact either the timing or the method of closure. Mr. Kirk stated that CRRA is just now creating the means and methods for obtaining community input into the closure plan. Mr. Kirk said that CRRA welcomes all community members that would have insight the post-use plan, but environmental regulations and state-of-

the-art engineering considerations will drive the actual closure. Mr. Kirk said that post-closure use, to the extent there are choices to be made, should be made with the full insight and comments of the neighborhood residents.

**RESOLUTION REGARDING ADOPTION OF REVISED SECTION 4.2.3
PROCUREMENT POLICIES AND PROCEDURES**

Chairman Pace requested a motion regarding the referenced item. Director Cohn made the following motion:

RESOLVED: That the Board of Directors hereby adopts the revised section 4.2.3 of CRRRA's Procurement Policies and Procedures substantially as discussed and presented at this meeting.

The motion was seconded by Director O'Brien.

Director Cohn indicated that the resolution was a procedural change to allow Division Heads to assign proxies, who would approve invoices totaling \$5,000 or less. Director Cohn stated that adopting this revision would allow the approval process to be more efficiently handled.

Chairman Pace asked if the issues brought up at the Policies & Procurement Committee regarding the Purchasing Manager's approval had been resolved. Mr. Kirk stated that prior to the presentation given to the Committee by Mr. Ruel, there had been some misunderstanding of the process. Mr. Kirk stated that when Mr. Ruel went through the entire E-Procurement process, those concerns were addressed. Director Cohn stated that one of the issues was a concern that someone could approve their own requisition and it was explained to the Committee that it was not possible for someone to approve their own requisition. Mr. Kirk stated that, at the Policies & Procurement Committee's request, the presentation had been included in the Board package. Mr. Kirk stated that if the Board had any questions, Mr. Ruel was there to answer them. Mr. Kirk explained that the E-Procurement system is very controlled and has made the procurement process more efficient. Director O'Brien added that the system also allowed for better tracking of budgets.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		

Non Eligible Voters			
NONE			

RESOLUTION REGARDING AMENDMENT TO TRAVEL POLICY AND EXPENSE REPORTING

Chairman Pace requested a motion regarding the referenced item. Director Cohn made the following motion:

WHEREAS the Policies and Procurement Committee established the CRRA Travel Policy and Expense Reporting Procedure; and

WHEREAS the CRRA Board of Directors subsequently adopted the Travel Policy and Expense Reporting Procedure on May 20, 2004; and

WHEREAS the Policies and Procurement Committee reviewed the proposed Amendment to the Travel Policy and Expense Reporting Procedure at its meeting on June 23, 2005; and

WHEREAS it has been determined that the average physical damage (comprehensive and collision) deductible is \$500.00; and

WHEREAS it is equitable to allow for reimbursement of an employee's personal vehicle deductible if the employee is involved in an accident while conducting CRRA business and if the employee only occasionally uses his/her personal vehicle on company business; and

NOW, THEREFORE, be it

RESOLVED: The Policy and Procurement Committee has discussed the amendment allowing payment of employee personal physical damage automobile deductible in the event of an accident while utilizing their personal vehicle on CRRA business if the employee drives less than 2,500 miles per year or less (\$500 divided by \$.405 the current reimbursement rate equals 1,235 miles) and recommends that the CRRA Board of Directors adopt this amendment as presented and discussed at this meeting.

The motion was seconded by Director O'Brien.

Director Cohn explained that this resolution pertains to reimbursement to employees for their collision deductible in cases where an employee has an accident while using their personal vehicle for company business. Director Cohn stated that the current Travel Policy does not allow reimbursement of an employee's deductible in cases of accident and this resolution will provide up to \$500 reimbursement of an employee's deductible in case of an accident for employees who drive less than 2,500 miles per year with their own vehicles. Director O'Brien stated that, at the Policies & Procurement Committee meeting, an incident was discussed involving an employee damaging their car at the Shelton landfill. In this case, CRRA did reimburse the employee for their deductible. Mr. Kirk stated that management has now directed employees not to use their

own vehicles when driving through the landfill. Director O'Brien stated that this change to the policy was not "opening a floodgate" of claims. Mr. Kirk indicated that he would be surprised if CRRA ever had to reimburse an employee for their deductible.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION REGARDING AMENDMENT TO MID-CONNECTICUT PERMITTING, DISPOSAL AND BILLING PROCEDURES

Chairman Pace requested a motion regarding the referenced item. Director Cohn made the following motion:

RESOLVED: The Board of Directors hereby adopts the amended Mid-Connecticut Permitting, Disposal and Billing Procedures, substantially as presented and discussed at this meeting.

The motion was seconded by Director O'Brien.

Director Cohn explained to the Board that this resolution will allow the Mid-Connecticut Recycling Center to start accepting junk mail as part of the recyclables.

Chairman Pace asked Mr. Kirk if management had received any feedback from any of the towns on this new recycling initiative. Mr. Kirk replied that there had been mixed feedback. Mr. Kirk stated that, overall, towns are delighted and there was tremendous feedback from the media with the benefits of expanding the recyclables. Mr. Kirk stated that he did receive a letter that pointed out a concern that the Board should be aware of. Mr. Kirk stated that some towns are already recycling junk mail and this has been a revenue source for these towns. Mr. Kirk explained that now, because of the Municipal Service Agreements and because the Board will be including junk mail as a mandatory recyclable, all of that junk mail will have to be transported to

the CRRA facility. Mr. Kirk stated that this may decrease revenues for some towns. Mr. Kirk informed the Board that CRRA management would look into some way of softening the blow to towns that are receiving revenue from junk mail recycling. Mr. Kirk indicated that management will examine methods or means to minimize any cost or inconvenience to the towns. Mr. Kirk stated that the towns will benefit in lower tip fees for many years to come, and is a net positive for the project and member towns.

Chairman Pace stated that Old Saybrook was one of those towns. Mr. Kirk added that he was aware of a few towns in this position.

Director O'Brien made a motion to amend the resolution to allow a transition period for any town that is presently recycling junk mail through the end of this fiscal year. Director Cohn seconded the motion for discussion.

Director O'Brien stated that towns have already completed and approved their budgets. Director O'Brien said that those budgets are already going to be tremendously strained by fuel costs and explained that any loss of revenue to the towns would not be in anyone's best interest, including CRRA. Director O'Brien stated that it would be better for CRRA to allow the towns to continue their current recycling activities through June 30 and then develop their next budget based on the knowledge that the junk mail recyclables will be going to CRRA.

Chairman Pace recused himself from the discussion because Old Saybrook would be affected by this matter.

Vice-Chairman Cassano said that he was surprised that some towns actually received revenues from the recycling of junk mail because the paper market has been down. Mr. Kirk stated that the paper market has just recently grown and typically the haulers that have been collecting money to take away the junk mail were not offering towns a payment to take the junk mail away. Mr. Kirk stated that management knows of two towns that are receiving revenue from junk mail recycling and there may be others.

Mr. Gent said that since CRRA has not provided junk mail recycling in the past, CRRA will have to deal with towns that currently have contracts for that service, especially if those contracts do not expire for two or three years. Mr. Gent explained that towns with a junk mail recycling contract that will expire shortly can be dealt with differently. Mr. Gent stated that it was CRRA's intent to send a letter to all the towns outlining their obligations under the MSA's to deliver junk mail to CRRA. Mr. Gent explained that the towns are getting a substantial benefit from recycling junk mail and this needs to be weighed in any decision to change the delivery requirements.

Director Lauretti stated that the towns' benefit comes in the reduction of the MSW. Mr. Kirk indicated that the benefit is spread over 70 towns and only a few towns would be giving up revenue from the junk mail recycling. Mr. Kirk stated that management recommends that the Board pass this resolution to establish junk mail as a recyclable and then management can proceed on a case-by-case basis with every town to ensure that the steps taken are in the best interest of both the towns and CRRA.

There was a lengthy discussion regarding the current list of items acceptable for recycling and how recycling requirements need to be minimally restrictive in order to be most effective. In this discussion it was determined that there needs to be a clear distinction between office paper and home office paper. Director Karanian suggested that the recyclables list be revised to indicate that home office paper is acceptable. Mr. Kirk stated that any restrictions become an issue when the market starts falling, but currently, the market is very good, so restrictions are less of an issue. Mr. Kirk indicated that CRRA may have to deal with restrictions when recyclers are required to take these items. Mr. Kirk stated that it is a great time to be recycling fibers and CRRA should not do anything to discourage our towns to participate. It was agreed that "Home Office Generated Paper" should be included in the list of acceptable recyclables.

Director O'Brien stated that the town budgets, at this point, are fixed. Director O'Brien stated that the tip fee will not go down this year and revenue would be lost for those towns that have contracts for recycling. Director O'Brien indicated that, in fairness to the towns, CRRA should offer a transition period.

Vice-Chairman Cassano stated that he thought this was fair and made sense, but asked Mr. Kirk if the amount of waste generated is reduced, if there is a direct correlation to the savings. Mr. Kirk replied in the affirmative. Vice-Chairman Cassano said that the savings could potentially be greater than the income from the recycled junk mail. Vice-Chairman Cassano added that CRRA should know what these numbers are before offering a transition period. Vice-Chairman Cassano explained that if we have a town's monthly delivery totals and new monthly totals show the reduced tonnage due to recycling junk paper, CRRA can demonstrate to towns the savings in deliveries, which could then be compared to the revenues they are earning through their own recycling programs. Director O'Brien pointed out that those towns that currently recycle their junk mail do not put this in the waste stream anyway, so they would not see a savings.

Director Karanian suggested that it might be premature to vote on this amendment at this time and perhaps it would be more appropriate to vote on this amendment next month when the Board knows more about the magnitude of the issues and what the financial impacts might be. Mr. Kirk stated that CRRA could, by next month, have a better picture of who is at risk of lost revenue, but could not promise CRRA would have information on all 70 towns. Director Karanian stated that CRRA also had to consider whether the amendment is in compliance with the contract with FCR. Vice-Chairman Cassano suggested sending a letter to each town asking them to inform CRRA if they receive revenue from recycling junk mail. Upon receipt of this information, the Board could make a decision based on real numbers.

Director O'Brien stated that he appreciated Director Karanian's comment on the resolution, but that he still felt that if a town presently has a contract and is generating revenue from their recyclables, he felt regardless if it's two towns or 68 towns, the agreement should be transitioned. Director O'Brien restated that the town budgets are already set and that revenue is part of those budgets. The towns will not get an offset on tip fees because they are not going to reduce the amount of waste that they are sending to the landfill.

Director Karanian asked if CRRA knows for a fact that towns have, in their original budgets, the revenue stream. Mr. Kirk stated that in the case of RRDD #1, the revenues are

reportedly included in their budget. Mr. Kirk said that if towns are currently receiving revenue from this, CRRA wants to be sure if relief is being considered to those towns.

Director Karanian stated that because of all the questions being raised, it was her feeling that the Board should think this through before taking a vote. Director Karanian said that she agrees with the concept of taking care of the towns that are receiving revenue from junk mail recycling, but said that the Board should be absolutely certain the Board decision is thoroughly thought out and does not have any unintended consequences.

Vice-Chairman Cassano stated that CRRA is collecting junk mail beginning October 1 and should have an amendment that is consistent with our collection policy. Vice-Chairman Cassano stated that his town has notified the public that junk mail can now be included with the recyclables. Vice-Chairman Cassano pointed out that for the Board not to pass this motion would be inconsistent with what CRRA has told the towns to do.

Mr. Gent pointed out that this policy change requires a 30-day public notice and CRRA has sent notices. The towns and haulers are all anticipating this change. Mr. Gent suggested that the Board approve the resolution with respect to expanding the recyclables and allow management to collect additional information on the towns' current revenues and contractual obligations. Mr. Gent said that once that information is available, CRRA would be in a better position to craft a resolution to address whether CRRA would provide a subsidy, allow towns not to provide junk mail until their contract expires, or CRRA could help them exit out of their contract. Mr. Gent stated that there were so many unknowns it would be best to approve the current resolution and come back later with any necessary revisions.

Vice-Chairman Cassano stated that he felt the Board needed better numbers before authorizing the amendment. Vice-Chairman Cassano stated that there will be a loss of revenue to CRRA and the Board just does not have an idea of the magnitude of the loss. Vice-Chairman Cassano said he agreed with Director O'Brien intention, but felt that the Board needed better information to implement that. Director Martland stated that the towns needed a chance to respond to CRRA to inform them if the junk mail recycling program would hurt their revenue. Director Martland pointed out that CRRA has a commitment to deliver a certain amount of junk mail. Vice-Chairman Cassano stated that towns that already have contracts should be given notice that CRRA is developing a plan for them, but to allow them to continue with their current contracts.

Mr. Kirk stated that Mr. Gent's suggestion would accomplish this. Mr. Kirk indicated that the burden would be on management to understand and provide a plan for mitigating potential revenue impacts to the towns. Mr. Kirk confirmed that it was the Board's consensus to not enforce this change on all towns until the Board gets more information.

Vice-Chairman Cassano called for a vote on the amendment to the resolution. In favor of the amendment were Directors Cooper, Francis, Jarjura, and O'Brien. Opposed to the amendment were Vice-Chairman Cassano, Directors Cohn, Karanian, Lauretti, and Martland. Chairman Pace abstained from the vote. The amendment was not passed.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman			X
Stephen Cassano		X	
Benson Cohn		X	
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian		X	
Mark Lauretti		X	
Theodore Martland		X	
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

Vice-Chairman Cassano called for a vote on the original resolution. The motion was approved. Chairman Pace abstained.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman			X
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

RESOLUTION REGARDING PAYMENT OF DEFERRED LEGAL EXPENSES

Chairman Pace requested a motion regarding the referenced item. Director Cohn made the following motion:

RESOLVED: That the President of the Authority is hereby authorized to pay to Anderson Kill & Olick \$20,000 in satisfaction of a deferred billing of that amount for legal services provided in 2002.

FURTHER RESOLVED: That AKO be invited to provide additional evidence to this Board, in writing or in person, supporting the firm's additional claim for payment.

The motion was seconded by Director Martland.

Director Cohn stated that this motion relates to a claim by Anderson Kill, the firm that represented CRRA on the Enron bankruptcy matter. Director Cohn explained that Anderson Kill is claiming that they are owed \$163,182.73 in back fees, based on an oral agreement with Ann Stravalle-Schmidt. Director Cohn said Anderson Kill had frozen their rates at the original contract level and now wished to recover the rate increases over the years that the proceedings took. Director Cohn added that Andersen Kill also wishes to recover \$20,000 for payment deferred by Anderson Kill. Director Cohn stated that there is nothing in writing in a subsequent amendment to the contract to support Anderson Kill's claim for the fee increases. Director Cohn explained that if Ms. Stravalle-Schmidt did promise this, she has no clear recollection of it, she told no other people on CRRA staff and there was no effort made to amend the contract. Director Cohn stated that the Policies & Procurement Committee concluded that the \$20,000 that Anderson Kill deferred is due to them as there is sufficient basis for that, but that there is no sufficient basis at this time for the additional claim.

Director Lauretti stated that it is very clear that an employee does not have the authority to obligate the intentions of the Board. Director Lauretti stated that he hoped the Board would not even go in that direction. Director Lauretti said that he was not sure if the "Further Resolved" portion of the motion was necessary because it goes without saying and he did not want to formally invite that.

Director Cohn stated that he would agree to a friendly amendment to the original resolution to remove the "Further Resolved" section of the resolution.

Mr. Kirk asked if he could take the position that the Board is not being hostile to any attempt by Anderson Kill to make a case for it, but the Board would still welcome them to make their case. Director Cohn stated that the issue was if a staff member made an agreement in excess of \$50,000 without obtaining Board approval.

The motion previously made and seconded, as amended, was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

**RESOLUTION REGARDING HUMAN RESOURCES COMMITTEE
RECOMMENDATION TO THE BOARD OF DIRECTORS REGARDING ACTION TO
TAKE IN RESPONSE TO THE REPORT AND MANDATORY MINIMUM
PROCEDURES FOR COMPENSATION AND BENEFIT MANAGEMENT AT
CONNECTICUT'S QUASI-PUBLIC AGENCIES**

Chairman Pace requested a motion regarding the referenced item. Vice-Chairman Cassano made the following motion:

RESOLVED: That the Board of Directors directs the CRRA Organizational Synergy & Human Resources Committee and management to adopt changes as appropriate for CRRA with respect to the Report and Mandatory Minimum Procedures for Compensation and Benefit Management at Connecticut's Quasi-Public Agencies.

The motion was seconded by Director Cooper.

Vice-Chairman Cassano indicated that the Quasi-Public Compensation Review Panel compiled policy recommendations for the quasi-public agencies and said that much of what CRRA has done in the last two years with respect to its policies was a building block of the task force's report.

Mr. Kirk stated that the one area in the Governor's report where CRRA needed to make a change was compensatory time for senior management. Based on these recommendation, the Organizational Synergy and Human Resources Committee is recommending that CRRA eliminate compensatory time for senior management, which CRRA has defined as the President, Chief Financial Officer, Director of Operations, Director of Environment and Director of Legal Services. Mr. Kirk noted that compensatory time was in no way abused at CRRA. Mr. Kirk said that compensatory time at CRRA, as it exists, is limited to an accumulation of 37.5 hours so the opportunity for abuse or suspected abuse did not exist.

Mr. Kirk explained that the other two changes are minor administrative changes; essentially documenting and providing in writing processes that are already in practice at CRRA.

Chairman Pace stated that the Quasi-Public Compensation Review Panel was put together at the Governor's request and the Governor's staff conducted the review. Chairman Pace indicated that the Governor's Office and the quasi-publics worked collaboratively. Chairman Pace stated that it became very apparent that each agency was unique. Chairman Pace said that the resulting document combined what the Governor thought was necessary to instill uniformity and what was necessary to also allow the agencies to conduct their business. Chairman Pace indicated that as he and Director Francis participated in these meetings, they brought up many of CRRA's policies and noted that CRRA was not out of line with the panel's recommendations.

Chairman Pace explained that the entire process was very well executed by the Governor's office and well attended by all the quasi-publics. Chairman Pace called on Director Francis for his comments on the process. Director Francis stated that the meetings were very enlightening as far as learning what all the other quasi's were doing. Director Francis indicated

that each quasi has different operations, different policies and the employees are covered differently.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

**RESOLUTION REGARDING HUMAN RESOURCES COMMITTEE
RECOMMENDATION TO THE BOARD OF DIRECTORS REGARDING CREATION
OF THE POSITION OF GOVERNMENT RELATIONS LIAISON**

Chairman Pace requested a motion regarding the referenced item. Vice-Chairman Cassano made the following motion:

RESOLVED: That the Board of Directors authorizes hiring a full-time Government Relations Liaison as approved by the CRRA Organizational Synergy & Human Resources Committee.

The motion was seconded by Director Jarjura.

Vice-Chairman Cassano explained that many of the other quasi-public agencies currently employ a Government Relations Liaison. Vice-Chairman Cassano stated that CRRA has faced many challenges at the Legislature. Mr. Kirk informed the Board that this concept was first introduced at an Executive Committee meeting (formerly the Steering Committee) and the consensus of the Executive Committee was that management should investigate the possibility of pursuing a full-time government liaison. Mr. Kirk continued, stating that the statutory prohibition against lobbying firms allows a quasi-public agency to have a full-time employee provide services as a government liaison. Mr. Kirk said that most quasi-public and government agencies do have a full-time government liaison.

Mr. Kirk said that CRRA's decision to pursue this grew out of a concern that CRRA's story was not being sufficiently told over at the legislature. Mr. Kirk stated that should, in no way, be viewed as a shortfall of Mr. Nonnenmacher, CRRA's Director of Public Affairs and

Government Relations, who also has communications responsibilities. The Steering Committee felt that it was necessary, and management's investigation confirmed, that to be effectively represented in front of the Legislature, CRRA needs to be there all the time. CRRA needs to have a presence there and build relationships with legislators so that before proposed legislation gets out of hand, for example, prohibitions against telephone meetings, there is someone there able to communicate how our agency utilizes phone meetings or administers issues. Mr. Kirk stated that proper education of the legislature at the ground level is vital to preventing that "snowball" effect. Mr. Kirk indicated that CRRA had been fortunate in being able to stop damaging legislative proposals that were ill-considered and not well thought out. Mr. Kirk stated that stopping such legislation after it has gained momentum is very difficult. Mr. Kirk explained that having someone at the Legislature full-time is key to not only ensuring that bad legislation is not damaging the interests of the CRRA, but more importantly in years come, that legislation necessary to CRRA's mission in working in the best interests of the towns of Connecticut has a chance to get through.

Mr. Kirk explained that management had spoken with many of the other quasi-publics and management met with the DPUC's government liaison to understand, particularly, what this person would do when the legislature is not in session. Mr. Kirk stated that management is absolutely convinced that this is a full-time job and this person would be challenged with the mission that CRRA has in front of it.

Mr. Kirk noted that although this position is not a budgeted item for this year, management has reviewed the budget and found that because of vacant positions and other favorable variances, there would not be a problem in regard to the budget.

Director Francis stated that it was his feeling that there are so many issues in CRRA's future that CRRA needs to have this position filled. Director Cooper stated that it was his feeling that CRRA needed more representation at the legislature to advance CRRA's interests.

Director O'Brien, regarding the last bullet in the job description, said that he would like to see the miscellaneous responsibilities expanded, particularly when the legislature is out of session. Director O'Brien also suggested that there should be an explicit reference to compensatory time for this position, such as if this position is eligible and how much could be accumulated. Director O'Brien stated that based on the length of some of the legislative sessions, the amount of compensatory time could be excessive. Mr. Kirk explained that under the CRRA Compensatory Time Policy an employee can only accrue a maximum of 37.5 hours at any time.

Director Martland asked what the pay scale for this person would be. Mr. Kirk replied that the pay scale had been adjusted downward from our consultant's market survey results, as a result of committee's suggestion, to \$70,000-\$106,000.

Chairman Pace stated that this position was not a lobbying position. Chairman Pace indicated that the Government Liaison would be protecting CRRA's interests which in turn, protect the towns that CRRA serves. In addition, Chairman Pace stated that this person would keep CRRA informed of all activities at the State Capitol that would impact CRRA.

Director Karanian stated that she felt it was important to have representation at the Legislature to get misinformation corrected early on in the legislative process. Director Karanian said that the Board had seen misinformation that needed to be corrected and this position would alleviate that. Director Karanian further stated that in the off-season there was still a lot of policy, strategy, education and relationship-building that needed to be done.

Chairman Pace summarized the job description should be revised to reflect the Board's suggestions. Chairman Pace stated that the Board agreed that CRRA needed this position filled, but the details and cost needed to be worked out.

Chairman Pace requested a motion to amend the resolution to include the stipulation that the job description be revised to further define responsibilities and include the expected number of hours worked during the year.

Mr. Kirk stated that all the issues mentioned are management responsibilities for every position. Chairman Pace reiterated that he just wanted to make the Board's position clear.

Vice-Chairman Cassano stated that the process would be that the Board would approve the position and management would come back to the Board with the revisions to the job description. Vice-Chairman Cassano indicated that the Committee had discussed Director Karanian's points regarding the year-round position. Vice-Chairman Cassano said that he felt the position would be most effective when the legislature is not in session because that time can be spent building relationships with the legislators.

Vice-Chairman Cassano made a motion to approve the amendment, which was seconded by Director Cohn.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

EXECUTIVE SESSION

Chairman Pace requested a motion to enter into Executive Session to discuss pending litigation, attorney-client communications and personnel matters with appropriate staff. The motion made by Director Cohn and seconded by Director Cooper was approved unanimously. Chairman Pace requested that the following people be invited to the Executive Session:

Tom Kirk
Jim Bolduc
Floyd Gent
Laurie Hunt
Alan Curto

The Executive Session began at 11:45 a.m. and concluded at 12:50 p.m. Chairman Pace noted that no votes were taken.

The meeting was reconvened at 12:50 p.m.

Chairman Pace noted that, due to a lack of a sufficient number of directors available for a vote on the remaining item, a Special telephone meeting would be necessary on Monday, October 3 at a time to be determined and said there would be one item on the agenda.

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 12:52 p.m.

Respectfully submitted,



Kristen B. Greig
Secretary to the Board/Paralegal

TAB 2

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED NINETY-FIFTH MEETING

OCTOBER 3, 2005

A Special telephonic meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Monday, October 3, 2005 at 100 Constitution Plaza, Hartford, Connecticut.

Those present by telephone were:

Chairman Michael Pace

Directors: Stephen Cassano, Vice-Chairman
Benson Cohn
Mark Cooper
James Francis
Michael Jarjura (Present beginning at 2:35 p.m.)
Edna Karanian
Mark Lauretti
Raymond O'Brien

Present from the CRRA staff at 100 Constitution Plaza:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Kristen Greig, Secretary to the Board/Paralegal

Chairman Pace called the meeting to order at 2:34 p.m. and after roll call, noted that there was a quorum.

There were no members of the public present.

EXECUTIVE SESSION

Chairman Pace requested a motion to enter Executive Session to discuss pending litigation related to the Mid-Connecticut Project with appropriate staff. The motion made by Director O'Brien and seconded by Director Cooper was approved unanimously. Chairman Pace requested that the following people be invited to the Executive Session:

All Directors
Tom Kirk
Jim Bolduc

The Executive Session began at 2:35 p.m. and concluded at 2:40 p.m. Chairman Pace noted that no votes were taken.

The meeting was reconvened at 2:40 p.m.

RESOLUTION REGARDING ENGAGEMENT OF ALTERNATE COUNSEL TO REPRESENT FORMER BOARD MEMBERS AND FORMER AD HOC BOARD MEMBERS OF THE AUTHORITY IN DEPOSITIONS IN THE ENRON GLOBAL SUIT

Chairman Pace requested a motion regarding the referenced item. Vice-Chairman Cassano made the following motion:

NOW THEREFORE, IT IS RESOLVED: That the President of the Authority is hereby authorized to engage counsel not on any of the Authority's current legal panels to represent former board members or former ad hoc board members who request such counsel in depositions to be taken by defendants in the Enron Global Suit, in accordance with the terms of the Authority's Procurement Policies and Procedures and on the terms presented and for the purposes discussed at this meeting.

The motion was seconded by Director Cohn.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano, Vice-Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Jim Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Laretti	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

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 2:42 p.m.

Respectfully submitted,

Kristen B. Greig
 Kristen B. Greig

Secretary to the Board/Paralegal

TAB 3

RESOLUTION REGARDING CERTAIN PROJECT RESERVES

RESOLVED: that the Capital Improvement Reserve for the General Fund be dissolved.

FURTHER RESOLVED: that a Recycling Reserve be created for the Bridgeport Project to cover capital repairs and/or replacements costs for the Stratford intermediate processing center and that the initial funding of this reserve come from the settlement funds to be received from the Town of East Haven and City of Stamford.

FURTHER RESOLVED: that \$100,000 be drawn from the Mid-Connecticut Project operating account and be deposited into the Mid-Connecticut Project Recycling Education Reserve.

FURTHER RESOLVED: that \$1,457,028 from the Mid-Connecticut Project fiscal year 2005 project surplus be deposited into the Debt Service Stabilization Reserve in the Mid-Connecticut Project.

FURTHER RESOLVED: that the Waste Processing Facility Modification Reserve for the Mid-Connecticut Project be renamed the Facility Modification Reserve.

FURTHER RESOLVED: that a Landfill Development Fund be created for the Mid-Connecticut Project to pay for ash landfill development costs and that \$1,400,000 from the fiscal year 2005 project surplus be transferred into the reserve.



Connecticut Resources Recovery Authority

SUMMARY OF RESERVES AS OF JUNE 30, 2005 (In Thousands)

	Designation	General Fund	Bridgeport Project	Mid-Connecticut Project	Southeast Project	Wallingford Project	Total
Restricted Reserves:							
Debt service reserve funds	Trustee	\$ -	\$ 1,299	\$ 23,862	\$ 901	\$ 605	\$ 26,667
Debt service funds	Trustee	-	1,218	638	326	444	2,626
Revenue fund	Trustee	-	-	6,786	1,854	1,358	9,998
Rebate fund	Trustee	-	3	-	154	109	266
State loans	Trustee	-	-	18,682	-	-	18,682
Collection and paying agency account	Trustee	-	441	-	-	-	441
Revenue - General	Trustee	-	-	114	-	-	114
Equipment replacement	Trustee	-	-	1,512	-	-	1,512
Operating and maintenance	Trustee	-	-	1,512	-	-	1,512
Customer guarantee of payment	Restricted	-	18	205	-	41	264
Select energy	Trustee	-	-	1,000	-	-	1,000
Jets / Energy generating facility	Restricted	-	-	20,809	-	-	20,809
MDC arbitration	Restricted	-	-	4,904	-	-	4,904
Recycling Center Container Equipment	Restricted	-	-	402	-	-	402
Recycling Education	Restricted	-	-	346	-	-	346
Montville landfill postclosure	Restricted	-	-	-	157	-	157
Town of Ellington trust	Restricted	-	-	42	-	-	42
Tip fee stabilization	Restricted	-	-	-	-	13,875	13,875
DEP trust - landfills	Trustee	-	152	429	-	134	715
Shelton Landfill Future Use	Restricted	-	514	-	-	-	514
Mercury public awareness	Restricted	20	-	-	-	-	20
Total Restricted Reserves		\$ 20	\$ 3,645	\$ 81,243	\$ 3,392	\$ 16,566	\$ 104,866
Unrestricted Reserves:							
Postclosure care of landfills	Board	\$ -	\$ 3,790	\$ 2,946	\$ -	\$ 6,458	\$ 13,194
Closure care of landfills	Board	-	308	7,844	-	-	8,152
Risk	Board	-	-	5,345	252	1,047	6,644
Debt Service Stabilization	Board	-	-	0	-	-	-
WPF Modification	Board	-	-	4,336	-	-	4,336
Rolling stock	Board	-	-	3,539	-	-	3,539
Wallingford Future Use	Board	-	-	-	-	0	-
Recycling	Board	-	0	1,930	-	-	1,930
Capital Improvement	Board	0	-	-	-	-	-
Benefit	Board	240	-	-	-	-	240
South Meadows site remediation	Board	-	-	246	-	-	246
Landfill Development	Board	-	-	0	-	-	-
Total Unrestricted Reserves		\$ 240	\$ 4,098	\$ 26,186	\$ 252	\$ 7,505	\$ 38,281
Total Reserves		\$ 260	\$ 7,743	\$ 107,429	\$ 3,644	\$ 24,071	\$ 143,147

Connecticut Resources Recovery Authority

Reserve Analysis

October 27, 2005

For the past several years, the Authority's management has performed a review of its cash reserves each October and presented its findings to the Authority's Board of Directors (the "Board"). The scope of the review involves verification that the reserve is still meeting the objectives for which it was created, determination if the reserve should be dissolved, determination if reserves need to be created and establish if additional funding is required for any of the reserves. During this annual review, management also evaluates the reserve's designation and in particular the reserves in the Bridgeport Project, as the project has an unrestricted undesignated deficit as shown on the Schedule of Net Assets as of June 30, 2005.

Historically, this annual review has only been performed on the reserves held by the Authority. However, this year management also reviewed the reserves held by the Trustee. The vast majority of the reserves, regardless if held by the Authority or the Trustee, are deposited in the State of Connecticut Short Term Investment Fund ("STIF"). Management has also included a discussion and recommendation regarding the disposition of the fiscal year 2005 project surpluses.

The attached schedule includes all of the cash reserves reviewed this year. The following summarizes this year's review by project.

GENERAL FUND

The General Fund currently has three reserves, one restricted and two unrestricted Board designated.

The Capital Improvement Reserve was created to cover the construction costs associated with the relocation of the Authority's headquarters. The work has been completed. Therefore, management recommends that this reserve be dissolved.

BRIDGEPORT PROJECT

There are currently eleven reserves, seven restricted and four unrestricted Board designated.

Management recommends that the Shelton Landfill Future Use Reserve be re-designated from an unrestricted Board designated reserve to a restricted reserve. After thoroughly reviewing the backup documentation, it is evident that this reserve is mandated by a DEP consent order and the permit and therefore cannot be a Board designated reserve. This re-designation does not require Board action.

Per the request of the Southwest Connecticut Regional Recycling Operating Committee ("SWEROC"), management recommends that a Recycling Reserve be established for the Bridgeport recycling towns to cover potential capital repairs

and/or replacement costs for the intermediate processing center located in Stratford. The reserve will be funded from the two settlements to be received from the Town of East Haven and the City of Stamford pertaining to their non-delivery of recyclables. SWEROC has passed a resolution with regard to the creation and funding of this reserve.

The project had an operating surplus of \$862,461 for fiscal year 2005. However, due to the project's undesignated unrestricted deficit, management recommends that this surplus remain as undesignated unrestricted. Management will address the remaining deficit in the upcoming budget process.

MID-CONNECTICUT PROJECT

There are currently twenty-five reserves in the project consisting of fifteen restricted reserves and ten unrestricted Board designated.

An analysis was performed on the fund balance of the Recycling Education Reserve. It was determined that the \$100,000 annual deposit for fiscal year 2004 had not been made. Therefore, management recommends that \$100,000 be transferred from the operating account to the reserve as required by contract.

Management recommends that the Waste Processing Facility ("WPF") Modification Reserve be renamed and its purpose redefined. The current purpose of the reserve is to cover capital expenditures associated with the WPF. Management recommends that the name of the reserve be changed to the Facility Modification Reserve and the purpose redefined to cover capital repairs and/or replacement costs associated with any of the Mid-Connecticut Project facilities. The current name of the reserve is grammatically restrictive, while in actual practice the reserve is used to cover capital expenditures at all of the Mid-Connecticut Project facilities.

Management anticipates that the Recycling and the Regional Recycling Center Equipment Replacement Reserves will be consolidated into one reserve in the next year or so to set aside funds to cover the potential costs associated with early termination of the new recycling contract. The consolidation of the two reserves will not occur until the new contract and new recycling facility are in effect.

In fiscal year 2005 the project had an operating surplus of \$2,857,028. Management recommends that a Landfill Development Reserve be created for the purpose of funding costs associated with the siting of a new ash landfill. Management also recommends that \$1,400,000 of the fiscal year 2005 surplus be deposited into the Development Reserve and the balance of the surplus of \$1,457,028 be deposited into the Debt Service Stabilization Reserve to be used for future debt service payments. The surplus and the account in which it is deposited will be reflected in the fiscal year 2007 budget.

SOUTHEAST PROJECT

The Southeast Project currently has six reserves, five restricted and one unrestricted Board designated. There are no recommended changes at this time.

In fiscal year 2005 the project had an operating surplus of \$562,156. Management plans to meet with the Southeastern Connecticut Resources Regional Recovery Authority during the upcoming budget process to discuss the fiscal year 2005 surplus.

WALLINGFORD PROJECT

The Wallingford Project currently has ten reserves, seven restricted and three unrestricted Board designated. There are no recommended changes at this time.

During the upcoming budget process management will meet with the Wallingford Policy Board to discuss the fiscal year 2005 surplus of \$2,082,784 and the disposition of any excess funds in the Tip Fee Stabilization Fund. Management will also be discussing where to deposit the \$1 million recently received from the CTDEP for landfill closure costs.

This year's reserve analysis did not include a discussion of potential post project liabilities. Management plans to begin this analysis within the next month for the Bridgeport project in order to include any additional funding requirements into the upcoming budget cycling.

The Finance Committee reviewed and voted to recommend that the attached resolution be submitted to the Board for adoption at the October 2005 meeting.

Connecticut Resources Recovery Authority Reserves

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Connecticut Resources Recovery Authority

October 20, 2005

Reserve: MERCURY PUBLIC AWARENESS.

Designation: Restricted

Project: General

Purpose: To develop and implement a public education or media campaign designed to: 1) improve consumer awareness of mercury-containing products and the risks posed by mercury-containing products and to encourage consumers to choose alternatives, where feasible; 2) improve consumer awareness of recycling opportunities for mercury batteries, fluorescent bulbs and other mercury containing products; and 3) eliminate sources of mercury in municipal solid waste bound for combustion in waste incinerators.

Fund Basis: Established by DEP Consent Order SW-400.

Fund Source: Under review.

Fund Amount as Of June 30, 2005: \$20,400

Term: When the fund balance is zero.

Supporting Documentation:

The following is language from the DEP Consent order dated February 19, 1998.

...**Supplemental Environmental Projects.** Respondent shall undertake the following supplemental environmental project: Within thirty (30) days from the date of issuance of this consent order, Respondent shall establish and fund in the amount of three hundred fifty thousand dollars (\$350,000) an account to be known as the "mercury public awareness account"....

Recommendation:

Continue to maintain the reserve as required.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: CAPITAL REPLACEMENT RESERVE

Designation: Board Designated

Project: General

Purpose: To fund the cost of relocating CRRA Headquarters.

Fund Basis: Based upon estimate provided by Capital Properties.

Fund Source: Loan from Mid-Connecticut Project Rolling Stock Reserve of \$860,000.

Fund Amount as Of June 30, 2005: \$0

Term: Upon completion of work.

Supporting Documentation:

The following is language from the resolution adopted by the Board at their January 2004 meeting.

...**FURTHER RESOLVED:** that the Board of Directors authorizes a loan from the Mid-Connecticut Project Rolling Stock Reserve (the "Loan") to CRRA in an amount not to exceed \$860,000.00, for a term of eight years, payable in monthly principal and interest installments beginning on April, 1, 2004; and ...

...**FURTHER RESOLVED:** that the Board of Directors establish a "Capital Improvement Reserve" in the General Fund which will be funded by the Loan; and" ...

Recommendation:
Dissolve the reserve.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: BENEFIT FUND

Designation: Board Designated

Project: General

Purpose: To provide funding for various means of controlling the costs of health insurance premiums, including, but not limited to, funding of rate increases, and funding of premium payments.

Fund Basis: Basis to be reviewed annually.

Fund Source: Transferred previous balance from the Health Fund plus deposited \$180,746 in March 2004 from the Anthem stock proceeds.

Fund Amount as Of June 30, 2005: \$240,386

Supporting Documentation:

Approved by the Board on April 20, 1995. The following are the minutes from the April 1995 Board meeting:

Director Phillips said enclosed in the Board's package is a report that CRRA is receiving a reserve fund from Blue Cross and Blue Shield amounting to \$179,000. He said the Finance Committee approved a resolution which is attached to the package establishing a health fund which would be used primarily as a wellness program for employees. He said the Personnel Committee reviewed this matter this morning.

The motion was made by Director Phillips to approve the resolution establishing a health fund attached to the minutes as Exhibit A. Vice Chairman Selden seconded the motion and it was unanimously voted.

Director Berliner asked if the \$179,000 is meant to be strictly for wellness. Director Phillips said only \$20,000. Director Berliner asked if you could use this to underwrite any yearly increases with Blue Cross Blue Shield. Director Phillips said it could be. Director Berliner said it should not be "could be" but it "should be" since CRRA is not self-insured so to set this money aside in order to do that we need to underwrite future year increases as they come. Chairman Fay said staff wants to report the money in this reserve and will come back later to the Board with the disposition of the money and recommendation on how it should be spent. Director Berliner said that it is nice that CRRA had good years but we all know there are great variations and there will be some bad years. Chairman Fay said absolutely. Mr. Guidone said that is the primary purpose for creating the fund, to put those dollars aside, and to commit some to a wellness program, but the main purpose would be to avoid future spikes or address future spike issues.

The Health Fund was renamed the Benefit Fund by the Board of Directors in October 2003.

Recommendation:

Continue to maintain reserve and review annually.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE RESERVE FUND

Designation: Restricted - Trustee

Project: Bridgeport

Purpose: To secure debt service payments for bondholders.

Fund Basis: 10% of original par value plus interest earnings on the Collection & Paying Agency Account.

Fund Source: 2000 Series Bonds and interest earnings from the Collection & Paying Agency Account.

Fund Amount as of June 30, 2005: \$1,218,335

Term: Terminates when bonds mature in January 2009.

Supporting Documentation:

Section 5.1 of the Fourth Supplement Indenture of Mortgage and Trust dated June 1, 1999 states that the Authority shall establish and create certain funds and accounts including the Debt Service Reserve Fund.

Recommendation:

Continue to review during annual reserve analysis cycle.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE FUND

Designation: Restricted - Trustee

Project: Bridgeport

Purpose: To pay debt service (principal and interest) to the bondholders.

Fund Basis: One-sixth of the next ensuing interest payment due and one-twelfth of the next ensuing principal payment due.

Fund Source: Monthly transfers from the Collection & Paying Agency Account.

Fund Amount as of June 30, 2005: \$1,298,104

Term: Terminates when bonds mature in 2009.

Supporting Documentation:

Section 5.1 of the Fourth Supplement Indenture of Mortgage and Trust dated June 1, 1999 states that the Authority shall establish and create certain funds and accounts including the Debt Service Fund.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: REBATE ACCOUNT

Designation: Restricted - Trustee

Project: Bridgeport

Purpose: To provide funds in the event the bonds exceed their arbitrage yield.

Fund Basis: Under review

Fund Source: Under review

Fund Amount as of June 30, 2005: \$3,490

Term: Terminates when bonds mature in January 2009.

Supporting Documentation:

Section 5.1 of the Fourth Supplement Indenture of Mortgage and Trust dated June 1, 1999 states that the Authority shall establish and create certain funds and accounts including the Rebate Account.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: COLLECTION & PAYING AGENCY ACCOUNT

Designation: Restricted - Trustee

Project: Bridgeport

Purpose: To accept all payments related to the Bridgeport project.

Fund Basis: None

Fund Source: Tip fees, recycling revenues and hauler permit fees.

Fund Amount as of June 30, 2005: \$440,899

Term: Terminates when bonds mature in January 2009.

Supporting Documentation:

The Collection and Paying Agency Agreement between the Authority and Bridgeport Resco (Wheelabrator Bridgeport) dated June 1, 1987 is being reviewed.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: CUSTOMER GUARANTEE OF PAYMENT

Designation: Restricted

Project: Bridgeport

Purpose: To deposit the cash guaranty of payments ("GOP") received by the Authority by some of its customers.

Fund Basis: Varies based upon the amount of the GOPs and how many customers provide cash GOPs.

Fund Source: Authority customers

Fund Amount as of June 30, 2005: \$18,341

Term: Various

Supporting Documentation:

Under review

Recommendation:

Continue to maintain the reserve. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: WATERBURY LANDFILL TRUST

Designation: Restricted - Trustee

Project: Bridgeport

Purpose: To maintain financial assurance for postclosure care, thirty years of monitoring and maintenance, as required by 40 CFR 265.145 and Section 22a-449 (c) -30 CT HWMR.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Under review

Fund Amount as Of June 30, 2005: \$152,356

Term: Under review

Supporting Documentation:

The following is language from the regulations.

“...an owner or operator of a facility with a hazardous waste disposal unit must establish financial assurance for post-closure care of the disposal unit...”

Recommendation:

Continue to maintain reserve as required. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: SHELTON LANDFILL FUTURE USE

Designation: Restricted

Project: Bridgeport

Purpose: To set aside funds to pay for expenditures associated with the two DEP Consent Orders including costs relating to future use options of the landfill.

Fund Basis: Amount based upon a DEP Consent Orders (\$330k) plus a preliminary estimate of the cost to implement the future use options at the landfill (\$430k) as required by the permit.

Fund Source: Past funding has come from operating budgets and an additional \$279,000 will be deposited into the reserve in fiscal year 2006. Additional funding may be required in future budgets.

Fund Amount as Of June 30, 2005: \$514,285

Term: Upon completion of the work.

Supporting Documentation:

The following is the resolution approved by the Board January 16, 2003 and the January 2003 minutes:

WHEREAS: CRRRA desires to create a divisible reserve account within the Bridgeport Project for the Shelton Landfill for future use expenditures of the Shelton Landfill ("Shelton Landfill Future Use Reserve");

WHEREAS: CRRRA desires to fund the Shelton Landfill Future Use Reserve with \$630,000 from the Fiscal Year 2003 Operating Budget of the Bridgeport Project;

RESOLVED: That the CRRRA Finance Department is authorized to create a Shelton Landfill Future Use Reserve and fund it with \$630,000.00 from the FY03 Operating Budget of the Bridgeport Project.

Chairman Pace requested a motion on the reference topic. Director O'Brien made the following motion:

WHEREAS: CRRRA desires to create a divisible reserve account within the Bridgeport Project for the Shelton Landfill for future use expenditures of the Shelton Landfill ("Shelton Landfill Future Use Reserve");

WHEREAS: CRRRA desires to fund the Shelton Landfill Future Use Reserve with \$630,000 from the Fiscal Year 2003 Operating Budget of the Bridgeport Project;

RESOLVED: That the CRRRA Finance Department is authorized to create a Shelton Landfill Future Use Reserve and fund it with \$630,000.00 from the FY03 Operating Budget of the Bridgeport Project.

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: WATERBURY POSTCLOSURE RESERVE

Designation: Board Designated

Project: Bridgeport

Purpose: To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill

Fund Basis: The basis will be reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill is \$650,000.

Fund Source: Past funding has come from operating budgets. An additional \$400,000 will be deposited into the reserve in fiscal year 2006 and the balance in fiscal year 2007 which will fully fund the reserve.

Fund Amount as of June 30, 2005: \$0

Term: Thirty years after the landfill is certified closed. Circa 2038.

Supporting Documentation:

The following is the resolution adopted by the Board at their April 2005 meeting.

...“**RESOLVED:** That a reserve be established to cover postclosure costs for the Waterbury Landfill for the Bridgeport Project.”

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: SHELTON LANDFILL POSTCLOSURE

Designation: Board Designated

Project: Bridgeport

Purpose: To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

Fund Basis: The basis will be reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill is \$10,300,000.

Fund Source: Past funding has come from operating budgets. An additional \$1,000,000 will be deposited into the reserve in fiscal year 2006 and \$900,000 per year for the remaining three years of the project. In addition, the cost to monitor and maintain the landfill of approximately \$680,000 per year over the next four years will be funded from the operating budget which will then fully fund the reserve.

Fund Amount as Of June 30, 2005: \$3,789,652

Term: Thirty years after the landfill is certified closed. Ash area certified close April 2001 and MSW area certified closed October 1997. Postclosure ends in fiscal year 2030.

Supporting Documentation:

The Board minutes suggest that the Board approved the creation of the Shelton Landfill reserve. The Board approved a resolution on June 17, 1999 to transfer \$2,734,000 from retained earnings to the post-closure reserve. In addition, the Board through adoption of the annual budget has been authorizing annual contributions into this reserve.

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: WATERBURY CLOSURE

Designation: Board Designated

Project: Bridgeport

Purpose: To pay for anticipated expenditures associated with the closure of the landfill.

Fund Basis: The basis will be reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to close the landfill is \$500,000.

Fund Source: Past funding has come from operating budgets. An additional \$400,000 will be deposited into the reserve in fiscal year 2006 which will fully fund the reserve.

Fund Amount as Of June 30, 2005: \$308,440

Term: Upon DEP certification of the closure work. Circa 2008.

Supporting Documentation:

The minutes indicate that this reserve was first established in July 1991. The Board has been approving contributions to this reserve as part of the annual budget process. The Board adopted the following resolution at their October 2003 meeting.

“...**FURTHER RESOLVED:** That the Waterbury Landfill Closure/Postclosure Reserve be renamed the Waterbury Closure Reserve.”

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: RECYCLING CAPITAL RESERVE

Designation: Board Designated

Project: Bridgeport Project per the request of the Southwestern Connecticut Regional Recycling Operating Committee ("SWEROC")

Purpose: To cover potential futures costs associated with the replacement or repair of capital equipment and/or buildings for the Stratford intermediate processing center.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: This reserve is to be funded from the settlements reached with the Town of East Haven (net lump sum payment of \$14,634) and City of Stamford (net payment of \$122,000 paid equally over a thirty-six month period) relating to their non-delivery of recyclables. Initial funding will commence in fiscal year 2006.

Fund Amount as of June 30, 2005: \$0

Term: The reserve will be maintained until all capital projects have been completed or it is no longer required.

Supporting Documentation:

Copy of the resolution and minutes will be attached upon approval of the Board.

Recommendation:

Seek authorization from the Board to create the reserve and then transfer the settlement funds into the reserve as they are received.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE RESERVE FUND

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To provide debt service payment security to 1996 Series bondholders.

Fund Basis: Maximum Annual Debt Service amount in any calendar year, adjusted annually by the Trustee.

Fund Source: 1985 Series Bonds (the amounts in the current DSRF were originally funded by the 1985 Series Bonds. The 1996 Series Bonds refunded the 1985 Series Bonds.)

Fund Amount as of June 30, 2005: \$23,862,264

Term: Terminates when bonds mature in 2012.

Supporting Documentation:

Language from the Mid-Connecticut Bond Resolution adopted March 13, 1985.

Section 5.2 of the Bond Resolution states that the Authority shall establish and create certain funds and accounts which include a Special Capital Reserve Fund, which is the same as the Debt Service Reserve Fund.

“Section 5.10 *Special Capital Reserve Fund* (A) Upon the delivery of any Bonds, the Authority shall pay to the Trustee from the proceeds of such Bonds or otherwise, the sum of money, if any, necessary to increase the amount in the Special Capital Reserve Fund to the Special Capital Reserve Fund Requirement.”

Recommendation:

Continue to review during annual reserve analysis cycle.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE FUND

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To provide debt service (principal and interest) payments to 1996 Series bondholders.

Fund Basis: One-sixth of the next ensuing interest payment due and one-twelfth of the next ensuing principal payment due.

Fund Source: Monthly transfers from the Mid-Connecticut Revenue Fund.

Fund Amount as of June 30, 2005: \$637,597

Term: Terminates when bonds mature 2012.

Supporting Documentation:

Language from the Mid-Connecticut Bond Resolution adopted March 13, 1985.

Section 5.2 of the Bond Resolution states that the Authority shall establish and create certain funds and accounts which include a Debt Service Fund.

The Debt Service Fund is sub-divided into two Accounts: the Interest Account and the Principal Installment Account

“Section 5.9 *Debt Service Fund*. (A) The Trustee shall pay out of the Interest Account of the Debt Service Fund to the respective Paying Agents for any of the Bonds (i) on the day preceding each Interest Payment Date, the amount required for the payment of interest on the Bonds due on such Interest Payment Date and (ii) on the day preceding the redemption date, the amount required for the payment of accrued interest on Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Payment Agents to such payment. The Trustee shall also pay out of the Interest Account the accrued interest included in the purchase price of the Bonds purchased for retirement.

“(B) The Trustee shall pay out of the Principal Installment Account to the respective Payment Agents, on the day preceding each Principal Installment Date for any of the Bonds, the amounts required for the payment of principal due on such Principal Installment Date and such amounts shall be applied by the Paying Agents to such payments.”

Recommendation:

Continue to review during annual reserve analysis cycle.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: . REVENUE FUND

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To receive all revenues associated with the Mid-Connecticut Project and to make disbursements, to the funds and accounts established under the Mid-Connecticut Bond Resolution.

Fund Basis: None

Fund Source: All revenues, tip fees, income, service payments derived from the operation of the Mid-Connecticut System.

Fund Amount as of June 30, 2005: \$6,786,550

Term: Terminates when bonds mature in 2012.

Supporting Documentation:

Language from the Mid-Connecticut Bond Resolution adopted March 13, 1985.

Section 5.2 of the Bond Resolution states that the Authority shall establish and create certain funds and accounts which include a Revenue Fund.

“Section 5.4 *Revenue Fund*. All Revenues received shall, upon receipt, be deposited with the Trustee unless required more frequently and credited to the Revenue Fund. Prior to the Commercial Operation Date at least monthly and thereafter unless required more frequently as soon a practicable after the end of each Billing Period and in any case no later than forty-five (45) days after the end of such Billing Period, the Trustee shall withdraw from the Revenue Fund and transfer to the Person, Funds and Accounts as set forth”...in the Section and in the priority as indicated in the Section.

Recommendation:

Continue to review during annual reserve analysis cycle.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: STATE LOANS

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To provide payment for the outstanding State Loan Borrowings.

Fund Basis: Not to exceed \$20,000,000. Funded at outstanding principal balance of the State Loans as of March 2005 plus the net present value of 25 basis points of calculated amount of interest earnings on the remaining balance of the State Loans through 2012.

Fund Source: Funded in 2005 with a transfer from the Mid-Connecticut General Fund, which received the proceeds of the sale of the Enron claims.

Fund Amount as of June 30, 2005: \$18,681,599

Term: Terminates when loans paid in full.

Supporting Documentation:

Board of Directors adopted the following resolution at the February 24, 2005 meeting.

“NOW, THEREFORE, BE IT RESOLVED by the Board of the Connecticut Resources Recovery Authority:

Section 1. That not more than \$20,000,000 of the proceeds from the Enron Settlement shall be deposited in an irrevocable escrow or similar fund or account designated for the repayment of the Loans and that the interest earned on such fund or account shall be held for the repayment of the Loans until the Loans are paid in full.

Section 2. That the Chairman of the Board, the President and the Chief Financial Officer of the Authority (the “Officials”) are authorized and directed to execute and deliver any agreements or letters necessary to provide for the payment when due of the current installments of principal and interest on the Loans, including, but not limited to, agreements with the Trustee establishing the necessary funds and/or accounts in order to repay the 2003 Loan and the 2004 Loan, respectively.

Section 3. That the Officials are authorized and directed to perform and take such other actions as may be desirable, necessary, proper or convenient to accomplish the intent and purposes expressed herein, and the performance thereof by such Officials shall be conclusive as to the approval by the Authority of the terms thereof.

Section 4. This resolution shall take effect immediately.”

Recommendation:

Continue to review during annual reserve analysis cycle.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: REVENUE GENERAL

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To hold any funds not needed in another fund or account established by the Mid-Connecticut Bond Resolution.

Fund Basis: None

Fund Source: Initial funding came from the proceeds from the sale of the Enron claims. The amounts applied to the bonds and used to pay the state loan were based upon the actual account balance as of March 1, 2005. The current balance represents the interest earned between March 1 and the day the bonds were actually defeased and the escrow fund to pay the state loans was established.

Fund Amount as of June 30, 2005: \$114,633

Term: Anytime

Supporting Documentation:

Language from the Mid-Connecticut Bond Resolution adopted March 13, 1985.

Section 5.2 of the Bond Resolution states that the Authority shall establish and create certain funds and accounts which include a General Fund.

“Section 5.13 *General Fund*. So long as (i) there shall not be any deficiency in any other Fund or Account under this Resolution, (ii) there shall not exist an Event of Default, and (iii) the amount in the General Fund is not otherwise required to be retained by the Authority for use with respect to the Mid-Connecticut System, any balance in the General Fund shall, upon direction of an Authorized Officer of the Authority, be paid to the State in amounts sufficient to repay the State for amounts theretofore paid by the State into the Special Capital Reserve Fund, and any remaining balance may, upon direction of an Authorized Officer of the Authority, be transferred to any other Fund established hereunder or to the Redemption Fund for the purchase or redemption of Bonds.”

Recommendation:

Review to determine if reserve can be closed at this time.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: EQUIPMENT REPLACEMENT FUND

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To provide funds for improvements, constructions, reconstructions, major repairs, renewals, replacements or maintenance items not recurring annually or at shorter intervals and for costs of equipment.

Fund Basis: Minimum funding requirement is \$1,500,000 as defined in the Mid-Connecticut Bond Resolution.

Fund Source: Series 1985 Bonds

Fund Amount as of June 30, 2005: \$1,511,602

Term: Terminates when bonds mature in 2012.

Supporting Documentation:

Language from the Mid-Connecticut Bond Resolution adopted March 13, 1985.

Section 5.2 of the Bond Resolution states that the Authority shall establish and create certain funds and accounts which include a Renewal and Replacement Fund.

“Renewal and Replacement Fund Requirement” means \$1,500,000 or such greater amount as the Consulting Engineer shall determine is required on an annual basis.

“Section 5.7 Renewal and Replacement Fund. (1) The Trustee shall withdraw from the Renewal and Replacement Fund amounts requisitioned by the Authority for, and apply the same to, the reasonable and necessary expenses of the Authority with respect to the Mid-Connecticut System, for improvement, constructions, reconstructions, major repairs, renewals, replacement or maintenance items of a type not recurring annually or at shorter intervals and for costs of equipment.”

“(2) If on any date all withdrawals or payment from the Renewal and Replacement Fund required by any other provision of this Resolution with respect to the same and every prior date shall have sooner been made and the amount in the Renewal and Replacement Fund exceeds the Renewal and Replacement Fund Requirement, the Trustee shall withdraw from the Renewal and Replacement Fund the amount of such excess and pay the moneys as withdrawn into the Revenue Fund as Revenues.”

Recommendation:

Continue to review during annual reserve analysis cycle.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: OPERATING & MAINTENANCE FUND

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To provide amounts required for operating expenses to the extent the Mid-Connecticut Operating Fund does not have sufficient funds.

Fund Basis: Minimum funding requirement is \$1,500,000 as defined in the Mid-Connecticut Bond Resolution.

Fund Source: Series 1985 Bonds.

Fund Amount as of June 30, 2005: \$1,511,604

Term: Terminates when bonds mature in 2012.

Supporting Documentation:

Language from the Mid-Connecticut Bond Resolution adopted March 13, 1985.

Section 5.2 of the Bond Resolution states that the Authority shall establish and create certain funds and accounts which include an Operation and Maintenance Fund.

“Operation and Maintenance Fund Requirement” means \$1,500,000 or such greater amount as the Authority and the Consulting Engineer shall agree is prudent to maintain as a reserve for the operation of the Mid-Connecticut System.

“Section 5.6 Operation and Maintenance Fund. (1) The Trustee shall withdraw from the Operation and Maintenance Fund and deposit in the Operating Fund amounts required for Operating Expense to the extent that the Operating Fund is insufficient for such purpose at that time and will not be available from funds in the Revenue Fund at the end of the next Billing Period.

“(2) If on any date all withdrawals or payment from the Operation and Maintenance Fund required by any other provision of this Resolution with respect to the same and every prior date shall have sooner been made and the amount in the Operation and Maintenance Fund exceeds the Operation and Maintenance Fund Requirement, the Trustee shall withdraw from the Operation and Maintenance Fund the amount of such excess and pay the moneys as withdrawn into the Revenue Fund as Revenues.”

Recommendation:

Continue to review during annual reserve analysis cycle.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: CUSTOMER GUARANTEE OF PAYMENT

Designation: Restricted

Project: Mid-Connecticut

Purpose: To deposit the cash guaranty of payments ("GOP") received by the Authority by some of its customers.

Fund Basis: Varies based upon the amount of the GOPs and how many customers provide cash GOPs.

Fund Source: Authority customers

Fund Amount as of June 30, 2005: \$204,824

Term: Various

Supporting Documentation:

Under review

Recommendation:

Continue to maintain the reserve. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: SELECT ENERGY ESCROW

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To be in compliance with the energy purchase agreement between CRRA and Select Energy.

Fund Basis: Amount established pursuant to the energy purchase agreement.

Fund Source: Funding came from the transfer of funds from the Power Block Facility Maintenance Fund (\$500k), the Transfer Station Maintenance Fund (\$466k) and the operating account (\$34k).

Fund Amount as Of June 30, 2005: \$1,000,000

Term: Under review

Supporting Documentation:

The following is a portion of the resolution approved by the Board June 30, 2003.

“...Whereas: it is a precondition to the execution of an Energy Purchase Agreement (the “EPA”) between Connecticut Resources Recovery Authority (“CRRA”) and Select Energy, Inc., that an escrow fund in the amount of ONE MILLION DOLLARS (\$1,000,000.00; the “Escrow Fund”) be established; and ...”

Recommendation:

Continue to maintain the reserve as required by contract.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: JETS / ENERGY GENERATING FACILITY RESERVE

Designation: Restricted

Project: Mid-Connecticut

Purpose: To cover the future Energy Generating Facility (EGF) operating costs.

Fund Basis: The initial reserve estimate projected anticipated electricity revenues from the Jets less operating and maintenance costs of the Jets and Energy Generating Facility (EGF) to determine what level of reserves was required to cover future costs of the EGF through the term of the existing project.

Fund Source: Initial funding of \$20M was received as part of the CL&P and Enron Power Marketing, Inc agreement. An additional \$965,000 will be deposited into the reserve in fiscal year 2006.

Fund Amount as Of June 30, 2005: \$20,809,000

Term: Terminates when bonds mature in 2012.

Supporting Documentation:

In addition to the letter to State Street Bank and Trust dated December 28, 2000, the Board minutes and resolutions from the November and December 2000 Board meetings imply that the intent of the prior Board was to set aside these funds to cover future costs of the EGF. Furthermore, although there is no specific resolution in regards to this reserve, it is management's opinion that this reserve was set-aside for the specific purpose stated above to satisfy the Trustee.

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: MDC ARBRITRATION ESCROW

Designation: Restricted

Project: Mid-Connecticut

Purpose: To meet the requirements set by the Arbitration Panel regarding the indirect cost matter in the CRRA versus MDC dispute.

Fund Basis: Arbitration Panel required 25% of total indirect costs to be set aside.

Fund Source: This amount of 25% of the total indirect costs claimed the MDC is set aside monthly based upon actual MDC billings. Costs are projected on an annual basis in the operating budget.

Fund Amount as Of June 30, 2005: \$4,904,286

Term: Upon decision regarding Notice to Vacate.

Supporting Documentation:

The following language is from the Arbitration Panel decision in regards to the matter of CRRA versus the MDC dated April 19, 2000. A complete copy of the arbitration decision is available in the reserve file.

“...we direct that CRRA pay 75% of the total amount owed to MDC within 14 days of this decision and that the balance be placed in an interest bearing escrow account pending the further determinations of this panel.”

Recommendation:

Continue to maintain the reserve until the final decision on the MDC's Notice to Vacate the arbitration panel's ruling has been received.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: REGIONAL RECYCLING CENTER EQUIPMENT
REPLACEMENT RESERVE (CONTAINER)

Designation: Restricted

Project: Mid-Connecticut

Purpose: To reserve funds necessary for possible capital repair or replacement.

Fund Basis: Contract states that CRRA shall contribute \$50,880 on an annual basis to this reserve. Information as to how the total fund balance was determined could not be found.

Fund Source: Past funding has come from the operating budget and an additional \$50,880 will be deposited into the reserve in fiscal year 2006.

Fund Amount as Of June 30, 2005: \$401,923

Term: Upon contract termination.

Supporting Documentation:

Fund required under an existing agreement with FCR Redemption Inc. dated February 22, 1997. Contract extended through May 21, 2004 (with a one-year extension). The Board approved the contract and amendment on February 20, 1997 and March 20, 3003, respectively. The following is Section 3.11 of the agreement:

Section 3.11 Capital Repair and Replacement Fund

- A. CRRA shall maintain an account for the purpose of reserving the funds necessary for possible capital repair or replacement. Deposits into this account shall be made annually by CRRA in the amount of Fifty Thousand Eight Hundred Eight Dollars (\$50,880.00).
- B. During any term of this Agreement, the Company shall be entitled to draw upon such account in accordance with generally accepted accounting principles upon ten (10) calendar days prior written request to CRRA of such withdrawal and CRRA's written consent of the same, which consent shall not be unreasonably withheld. Such written request shall include the following, at a minimum: items to be replaced and repaired, the cause of equipment failure, cost of replacement or repair, including Cost Substantiation, the new useful life of the replaced or repaired item, CRRA shall be entitled to draw upon such account upon ten (10) calendar days written notice to the Company to make reasonable expenditures for the renewal, repair or replacement t of any and all stationary or immobile equipment purchased and installed at the Facility. For purposes of this Section, a capital repair or replacement shall be deemed to be a repair or replacement, either singularly or in the aggregate associated with the same piece of equipment an greater than Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) in value, to a capital asset which either extends or enhances the useful life of the asset in accordance with generally accepted accounting principles. Upon termination or expiration of this Agreement, all funds remaining in the account shall revert to CRRA.

Recommendation:

Continue to maintain reserve as required by contract.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: RECYCLING EDUCATION RESERVE

Designation: Restricted

Project: Mid-Connecticut

Purpose: To reimburse the City of Hartford for expenses incurred solely for its recycling education program.

Fund Basis: Per the PILOT Agreement CRRA shall contribute \$100,000 annually.

Fund Source: Past funding has come from the operating budget and an additional \$100,000 will be deposited into the reserve in fiscal year 2006.

Fund Amount as Of June 30, 2005: \$346,317

Term: The requirement to fund this reserve will terminate upon the final maturity of all bonds and satisfaction of all obligations with respect thereto, which term shall be consistent with the provisions as to expiration contained in the Municipal Solid Waste Management Service Contract by and between the CRRA and the City, dated June 30, 1982, or any amendment thereto.

Supporting Documentation:

The following language is from the Agreement for Payments In Lieu Of Taxes between CRRA and the City of Hartford.

Commencing July 1, 1990 and for each year that the Authority owns and operates the Recycling Center the Authority hereby agrees to maintain an account and provide funding for the same in an amount not to exceed One Hundred Thousand (\$100,000.00) Dollars per year, which funds may be used by the City solely for the benefit of its recycling education program. Any funds remaining in the account at the end of each fiscal year shall be rolled over and added to the One Hundred Thousand (\$100,000.00) Dollars that the Authority is required to provide for the next succeeding year.

Recommendation:

Transfer \$100k from the operating account into the reserve. Continue to maintain reserve as required by contract.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: TOWN OF ELLINGTON TRUST

Designation: Restricted

Project: Mid-Connecticut

Purpose: To be in compliance with the Certificate of Special Permit granted by the Ellington Planning and Zoning Commission.

Fund Basis: Established pursuant to the Certificate of Special Permit.

Fund Source: Under review

Fund Amount as Of June 30, 2005: \$42,054

Term: Under review

Supporting Documentation:

The following is language from the Certificate of Special Permit.

...Connecticut Resource Recovery Authority shall maintain a minimum balance of \$10,000 in a passbook account to be held by the Town of Ellington. This account shall be drawn upon to off set the expense of solid waste litter pickup in the event that the landfill operator fails to meet acceptable standards..."

Recommendation:

Continue to maintain reserve as required by permit. Complete analysis reserve.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: ELLINGTON LANDFILL TRUST

Designation: Restricted - Trustee

Project: Mid-Connecticut

Purpose: To maintain financial assurance for postclosure care, thirty years of monitoring and maintenance, as required by 40 CFR 265.145 and Section 22a-449 (c) -30 CT HWMR.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Under review

Fund Amount as Of June 30, 2005: \$428,706

Term: Under review

Supporting Documentation:

The following is language from the regulations.

“...an owner or operator of a facility with a hazardous waste disposal unit must establish financial assurance for post-closure care of the disposal unit...”

Recommendation:

Continue to maintain the reserve as required. Complete analysis of reserve.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: HARTFORD LANDFILL POSTCLOSURE

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To cover the costs associated with the monitoring and maintenance of the landfill for five years after the certified closure of the landfill

Fund Basis: The basis will be reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill for a five year period is approximately \$2 million.

Fund Source: Initial funding of \$500,000 came from a previous reserve called the Hartford Landfill Closure / Postclosure Reserve. Additional funding came from past operating budgets and in fiscal year 2006 another \$475,000 will be deposited into the reserve which will nearly fund the reserve in full.

Fund Amount as Of June 30, 2005: \$1,404,992

Term: Upon certified closure of the landfill

Supporting Documentation:

The following language was adopted by the Board at their October 2003 meeting.

“...**FURTHER RESOLVED:** That the Hartford Landfill Closure/Postclosure Reserve be split into two separate reserves (balance as of August 31, 2003 was \$7,109,905.17) and that \$500,000 of these funds be designated for the Hartford Postclosure Reserve and the remaining fund balance be designated for the Hartford Landfill Closure Reserve....”

Recommendation:

Continue to work with host community to resolve the postclosure responsibility issue. Maintain the reserve to satisfy current permit requirements and update as part of the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: ELLINGTON LANDFILL POSTCLOSURE

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

Fund Basis: The basis will be reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill is \$3,150,000.

Fund Source: Past funding has come from operating budgets. An additional \$175,000 will be deposited into the reserve for year fiscal year from 2006 through fiscal year 2009. The postclosure costs between 2006 and 2012 will be funded from the operating budget. The draw on the reserve for postclosure costs would commence post 2012.

Fund Amount as Of June 30, 2005: \$1,540,549

Term: Thirty years after the landfill is certified closed. Certified closed in October 1998, postclosure ends fiscal year 2027.

Supporting Documentation:

The Board adopted the following language at their October 2003 meeting.

“...**FURTHER RESOVLED:** That the Ellington Landfill Closure/Postclosure Reserve be renamed the Ellington Postclosure Reserve.”

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: HARTFORD LANDFILL CLOSURE

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To cover the anticipated expenditures associated with the closure of the Bulky Waste and Ash Residue areas of the Hartford Landfill.

Fund Basis: The basis will be reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Under the existing permit the current cost estimate in real dollars to close the landfill is \$6,210,000.

However, the Authority may have to cover the landfill with a synthetic cap which in current real dollars would cost \$11,640,000.

Fund Source: Initial funding came from a prior Hartford Landfill Closure/Postclosure Reserve. Another \$1 million will be deposited into the reserve in fiscal year 2006 and the balance of the required funds will come from the next two years operating budgets.

Fund Amount as Of June 30, 2005: \$7,843,616

Term: Upon certified closure of the landfill.

Supporting Documentation:

The following language was adopted by the Board at their October 2003 meeting.

“...**FURTHER RESOLVED:** That the Hartford Landfill Closure/Postclosure Reserve be split into two separate reserves (balance as of August 31, 2003 was \$7,109,905.17) and that \$500,000 of these funds be designated for the Hartford Postclosure Reserve and the remaining fund balance be designated for the Hartford Landfill Closure Reserve....”

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: RISK FUND

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To protect the project against catastrophic losses.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Past funding has come from operating budgets.

Fund Amounts as Of June 30, 2005: \$4,951,350 (financial statement includes accrual of \$393,456 for amounts due from the General Fund).

Term: When Board dissolves the reserve.

Supporting Documentation:

The Board approved the Policy Establishing the Risk Financing Plan, which included the Risk Fund on September 18, 1990. On December 19, 1996 the Board approved a modification to the CRRA Risk Fund Policy. The resolutions and minutes are extensive.

Recommendation:

Reevaluate the risk assessments and update during the annual budget process for each project.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE STABILIZATION RESERVE

Designation: Board Designated

Project: Mid-Connecticut

Purpose: This reserve is to provide a source of funds which will be used to ameliorate future debt service. Although the Authority has recovered some settlement monies, it will not completely cover the full amount of the Enron loss; therefore, and unless future recoveries are received a shortfall will exist in the future which could require tip fees to be raised above market in the final years of the project.

Fund Basis: The basis will be reviewed annually during the budget cycle by evaluating various projection scenarios through the term of the existing project.

Fund Source: It is anticipated that \$14,663,000 will be deposited into the reserve in fiscal year 2006. Additional deposits will be made from future operating budgets and possibly from future operating surpluses.

Fund Amount as of June 30, 2005: \$0

Term: It anticipated based upon current projections that the reserve will be funded for the next several years and then be drawn down during the final years of the project. In the event other solutions are implemented to mitigate tip fee increases, the Board may re-designate any remaining fund balance and dissolve this reserve.

Supporting Documentation:

The following resolution was approved by the Board at their April 2005 meeting.

RESOLVED: That a Debt Service Stabilization Reserve be created for the Mid-Connecticut Project for the purpose of paying future debt service during a period when the project will experience a revenue shortfall due to the loss Enron energy revenues.

FURTHER RESOLVED: That the initial funding for this reserve be through the fiscal year 2006 operating budget.

Recommendation:

Deposit \$1,457,028 from the fiscal year 2005 surplus into the account. Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: WASTE PROCESSING FACILITY MODIFICATION

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To cover capital expenditures associated with the Waste Processing Facility.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Past funding has come from operating budgets and retained earnings. An additional \$1,500,000 will be deposited into the reserve in fiscal year 2006.

Fund Amount as Of June 30, 2005: \$4,336,060

Term: When Board dissolves the reserve.

Supporting Documentation:

Minutes found suggest the Board approved this reserve in the past. The Board approved a resolution on June 18, 1991 to transfer \$8,624,000 from retained earnings for WPF improvements. The Board adopted resolutions to designate Mid-Connecticut retained earnings to the WPF Modification reserve in the amounts of \$4,490,000 and \$3,925,000 on June 17, 1999 and May 18, 2000 respectively.

Recommendation:

Rename and redefine the purpose of the reserve to cover all the facilities of the project. Review the reserve and present any changes during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: ROLLING STOCK

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To cover costs associated with the purchase of new and/or rebuilds of equipment such as tractors, trailers, loaders, containers, sweepers, etc.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Past funding has come from operating budgets and retained earnings. An additional \$350,000 will be deposited into the reserve in fiscal year 2006.

Fund Amount as Of June 30, 2005: \$2,833,538 (financial statement includes accrual of \$705,625 for amounts due from the General Fund).

Term: When Board dissolves the reserve.

Supporting Documentation:

Minutes found suggest the Board approved this reserve in the past. On June 17, 1999 the Board approved a resolution to transfer \$680,000 from retained earnings to this reserve.

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: RECYCLING RESERVE

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To reserve funds necessary for future capital repairs and/or replacements or any other recycling activities the Authority may pursue.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Transfer entire balance from the Regional Recycling Center Paper Equipment Reserve. Fund balance as of June 30, 2003 was \$1,739,925.

Fund Amount as Of June 30, 2005: \$1,929,502

Term: When Board dissolves the reserve.

Supporting Documentation:

The following resolution was approved by the Board at their July 2003 meeting.

“RESOLVED: that the Regional Recycling Center Paper Equipment Replacement Reserve for the Mid-Connecticut Project be reclassified from Restricted to Board Designated (balance as of May 31, 2003 was \$1,729,509).

FURTHER RESOLVED: That the Regional Recycling Center Paper Equipment Replacement Reserve be renamed Recycling Reserve.

FURTHER RESOLVED: That the Regional Recycling Center Paper Equipment Replacement Reserve be dissolved.”

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: SOUTH MEADOWS SITE REMEDIATION RESERVE

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To pay for change orders not covered in the original scope of services for the South Meadows site remediation project.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: The initial funding of an estimated \$245,000 for this reserve came from a credit received from the contractor due to a reduction in the original scope of work.

Fund Amount as of June 30, 2005: \$245,989

Term: Upon completion of the work or when the Board dissolves the reserve.

Supporting Documentation:

The following resolution was approved by the Board at their April 2005 meeting.

“RESOLVED: That a reserve be established to cover costs not included in the original scope of the South Meadows property remediation project for the Jets/Energy Generating Facility.”

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: LANDFILL DEVELOPMENT FUND

Designation: Board Designated

Project: Mid-Connecticut

Purpose: To cover ash landfill development expenditures.

Fund Basis: Based upon preliminary estimate for development costs.

Fund Source: Initial funding to come from \$1.4 million of the fiscal year 2005 project surplus.

Fund Amount as Of June 30, 2005: \$0

Term: When Board dissolves the reserve.

Supporting Documentation:

A copy of the resolution will be attached if approved by the Board at the October 2005 meeting.

Recommendation:

Seek Board approval to establish and fund the reserve at the October 2005 meeting.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE RESERVE FUND

Designation: Restricted - Trustee

Project: Southeast

Purpose: To provide debt service payment security to bondholders.

Fund Basis: Maximum Annual Debt Service amount in any calendar year, adjusted annually by the Trustee.

Fund Source: 1998 Series Bonds

Fund Amount as of June 30, 2005: \$900,609

Term: Terminates when bonds mature in November 2015.

Supporting Documentation:

The Indenture of Mortgage and Trust dated as of December 1, 1988, as supplemented is under review.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE FUND

Designation: Restricted - Trustee

Project: Southeast

Purpose: To provide debt service payments (principal and interest) to bondholders.

Fund Basis: One-sixth of the next ensuing interest payment amount due and one-twelfth of the next ensuing principal payment amount due.

Fund Source: Monthly transfers from the Revenue Fund.

Fund Amount as of June 30, 2005: \$326,767

Term: Terminates when bonds mature in 2015.

Supporting Documentation:

The Indenture of Mortgage and Trust dated as of December 1, 1988, as supplemented is under review.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: REVENUE FUND

Designation: Restricted - Trustee

Project: Southeast

Purpose: To accept all payments related to the Southeast project.

Fund Basis: None

Fund Source: Tip fees and energy revenues.

Fund Amount as of June 30, 2005: \$1,854,480

Term: Terminates when bonds mature in 2015.

Supporting Documentation:

The Indenture of Mortgage and Trust dated as of December 1, 1988, as supplemented is under review.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 15, 2005

Reserve: REBATE FUND

Designation: Restricted - Trustee

Project: Southeast

Purpose: To pay the Internal Revenue Service in the event any funds relating to the bonds earn more than the arbitrage yield.

Fund Basis: Under review

Fund Source: Under review

Fund Amount as of June 30, 2005: \$153,523

Term: Terminates when bonds mature in 2015.

Supporting Documentation:

The following is language from Section 3.2 of the 1998 Series A Supplemental Indenture of Mortgage and Trust dated March 1, 1998

“There is hereby created and established a Rebate Fund. The Rebate Fund shall be held in trust solely for the purpose of making rebate payments, if any, to the federal government and shall not be held in trust for or pledged as security for payments required to be made to the Holders of the Bonds.”

The following is language from Section 3.4 of the 1998 Series A Supplemental Indenture of Mortgage and Trust dated March 1, 1998

“(A) There shall be deposited in the Rebate Fund such amounts as (i) the Authority may pay to the Trustee for deposit therein pursuant to the Indenture or any Tax Regulatory Agreement or (ii) the Lessee may pay to the Trustee for deposit therein pursuant to the Lease Agreement or any Tax Regulatory Agreement (or cause an Parent to pay or cause to be paid to the Trustee for deposit there pursuant to the Company Support Agreement).”

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 15, 2005

Reserve: MONTVILLE POST-CLOSURE

Designation: Restricted

Project: Southeast

Purpose: To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

Fund Basis: Updated annually during the budget process by the Southeastern Connecticut Regional Resources Recovery Authority ("SCRRA").

Fund Source: Initial funding came from a payment of \$2 million from the Mohegan Properties, LLC pursuant to Section 4.5.4 of the Ground Lease between Southeastern Connecticut Regional Recovery Authority and Mohegan Properties. In fiscal year 2005, SCRRA withdrew approximately \$1.5 million from the reserve to redeem the 1989 Series Bonds. SCRRA then amended their fiscal year 2006 operating budget to begin replenishing the reserve in the amount of \$278,000 per year.

Fund Amount as Of June 30, 2005: \$156,504

Term: Thirty years after the landfill is certified closed.

Supporting Documentation:

The Board approved the following resolution on October 21, 1999:

Chairman Ellef requested a motion on the reference topic. Director Winkler made the following motion:

RESOLVED: That \$2,000,000 received by the Authority from Mohegan Properties, LLC, pursuant to Section 4.5.4 of the Ground Lease Between Southeastern Connecticut Resources Regional Recovery Authority and Mohegan Properties, LLC (the "Ground Lease") be deposited into the Montville Landfill Postclosure Reserve as required by the Ground Lease.

FURTHER RESOLVED: That \$990,000 of existing funds in the Montville Landfill Postclosure Reserve be de-designated for application to other project purposes.

Recommendation:

Continue to maintain the reserve as required by SCRRA.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: RISK FUND

Designation: Board Designated

Project: Southeast

Purpose: To protect the project against catastrophic losses.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Past funding has come from operating budgets.

Fund Amounts as Of June 30, 2005: \$251,972

Term: When Board dissolves the reserve.

Supporting Documentation:

The Board approved the Policy Establishing the Risk Financing Plan, which included the Risk Fund on September 18, 1990. On December 19, 1996 the Board approved a modification to the CRRA Risk Fund Policy. The resolutions and minutes are extensive.

Recommendation:

Reevaluate the risk assessments and update during the annual budget process for each project.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE RESERVE FUND

Designation: Restricted - Trustee

Project: Wallingford

Purpose: To secure bond debt service payment for bondholders.

Fund Basis: 10% of original issue par value.

Fund Source: 1998 Bond Series

Fund Amount as of June 30, 2005: \$605,335

Term: Terminates when bonds mature in 2008.

Supporting Documentation:

Under Review

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: DEBT SERVICE FUND

Designation: Restricted - Trustee

Project: Wallingford

Purpose: To provide debt service (principal and interest) payments to bondholders.

Fund Basis: One-sixth of the next ensuing interest payment amount due and one-twelfth of the next ensuing principal payment due.

Fund Source: Under review

Fund Amount as of June 30, 2005: \$444,468

Term: Terminates when bonds mature in 2008.

Supporting Documentation:

Under review

Composed of Debt Service Interest Fund and Debt Service Principal Funds.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: REVENUE FUND

Designation: Restricted - Trustee

Project: Wallingford

Purpose: To accept all payments related to the Wallingford project.

Fund Basis: None

Fund Source: Tip fees and energy revenues.

Fund Amount as of June 30, 2005: \$1,356,912

Term: Terminates when bonds mature in 2008.

Supporting Documentation:

Under review

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: REBATE FUND

Designation: Restricted - Trustee

Project: Wallingford

Purpose: To pay the Internal Revenue Service in the event any funds related to the bonds earn more than the arbitrage yield.

Fund Basis: Under review

Fund Source: Under review

Fund Amount as of June 30, 2005: \$109,250

Term: Terminates when bonds mature in 2008.

Supporting Documentation:

The Fourth Supplement to the Amended and Restated Indenture of Mortgage and Trust dated September 1, 1998, Section 3.3 Rebate Fund is being reviewed.

Recommendation:

Continue to review during annual reserve analysis cycle. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: CUSTOMER GUARANTEE OF PAYMENT

Designation: Restricted

Project: Wallingford

Purpose: To deposit the cash guaranty of payments ("GOP") received by the Authority by some of its customers.

Fund Basis: Varies based upon the amount of the GOPs and how many customers provide cash GOPs.

Fund Source: Authority customers

Fund Amount as of June 30, 2005: \$41,078

Term: Various

Supporting Documentation:

Under review

Recommendation:

Continue to maintain the reserve. Complete analysis.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: TIP FEE STABILIZATION

Designation: Restricted

Project: Wallingford

Purpose: Fund established per the municipal solid waste agreements with the towns for the purpose of paying all or a portion of system costs for any contract year.

Fund Basis: The municipal service contracts stipulate that any surpluses or deficits are to be deposited or withdrawn from this reserve.

Fund Source: Per the agreement all surpluses or deficits are to flow through this reserve. These deposits and withdrawals require approval from the Wallingford Policy Board.

Fund Amount as Of June 30, 2005: \$13,874,998

Term: Under review

Supporting Documentation:

Below is the contract language in Section 6.03 in reference to this Reserve, otherwise known as the Municipal Disposal Fee Stabilization Fund. The entire section pertaining to this Fund is available in the reserve folder.

At least one hundred fifty (150) days prior to the beginning of each Contract Year, the Municipal Disposal Fee will be calculated as follows:

System Cost and System Revenue for each Contract Years shall be estimated. The estimated System Cost shall be (i) increased by that amount, if any, which the Policy Board and the Authority determine is to be deposited in the Municipal Disposal Fee Stabilization Fund, or (ii) decreased by that amount, if any, which the Policy Board and the Authority determine is to be withdrawn from the Municipal Disposal Fee Stabilization Fund and applied against System Costs.

Recommendation:

Continue to maintain reserve as required by contract and perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: WALLINGFORD LANDFILL TRUST

Designation: Restricted - Trustee

Project: Wallingford

Purpose: To maintain financial assurance for postclosure care, thirty years of monitoring and maintenance, as required by 40 CFR 265.145 and Section 22a-449 (c) -30 CT HWMR.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: Under review

Fund Amount as Of June 30, 2005: \$133,988

Term: Under review

Supporting Documentation:

The following is language from the regulations.

“...an owner or operator of a facility with a hazardous waste disposal unit must establish financial assurance for post-closure care of the disposal unit...”

Recommendation:

Continue to maintain the reserve as required.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: WALLINGFORD POST-CLOSURE

Designation: Board Designated

Project: Wallingford

Purpose: To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

Fund Basis: The basis will be reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill is \$5,080,000.

Fund Source: Past contributions have been through the annual operating budget.

Fund Amount as Of June 30, 2005: \$6,458,146

Term: Thirty years after the landfill is certified closed. The landfill was certified closed in February 2005 and the postclosure ends in fiscal year 2034.

Supporting Documentation:

Below is Section 5.12 of the Amended and Restated Municipal Solid Waste Delivery And Disposal Contract between CRRA and the Town of Wallingford in reference to this Reserve. The entire section of the contract pertaining to this reserve is available in the reserve folder.

The Authority, with the approval of the Policy Board, shall establish a fund intended to meet any and all costs and expenses related to the Facility, the Site and/or the Residue Disposal Site(s), including but not limited to environmental clean-up costs and post-closure monitoring costs, which may result from the use of the Facility, The Site and/or the Residue Disposal Site(s) pursuant to this Agreement but which are not quantified or do not arise until after this Agreement otherwise ends.

In addition, the following language is from Section 6.12 of the Lease Agreement between CRRA and the Town of Wallingford.

The Authority shall provide all post-closure maintenance and monitoring of the Demised Property required by then applicable DEP regulations. The provisions of this Section 6.12 shall survive the term of this lease.

Recommendation:

Perform a full analysis of the reserve during the annual budget process.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: RISK FUND

Designation: Board Designated

Project: Wallingford

Purpose: To protect the project against catastrophic losses.

Fund Basis: The basis will be determined annually during the budget process.

Fund Source: All documentation found indicates that funding of this reserve has occurred through the operating budget.

Fund Amounts as Of June 30, 2005: \$1,047,107

Term: When Board dissolves the reserve.

Supporting Documentation:

The Board approved the Policy Establishing the Risk Financing Plan, which included the Risk Fund on September 18, 1990. On December 19, 1996 the Board approved a modification to the CRRA Risk Fund Policy. The resolutions and minutes are voluminous. Complete minutes are available in the reserve backup file.

Recommendation:

Reevaluate the risk assessments and update during the annual budget process for each project.

Connecticut Resources Recovery Authority

October 20, 2005

Reserve: FUTURE USE/PLANNING RESERVE

Designation: Board Designated

Project: Wallingford

Purpose: To cover costs associated with the termination of the existing project, extension costs associated with the existing project or costs associated with developing a new strategy for the member towns post current project.

Fund Basis: The basis will be reviewed during the next year after an evaluation of different cost scenarios involving the existing contract and other disposal options are completed.

Fund Source: Initial funding of the reserve will commence in fiscal year 2006 in the amount of \$2,805,000.

Fund Amount as of June 30, 2005: \$0

Term: The reserve will be maintained until it is fully funded to meet the obligations of the project, to terminate the existing project or extend the existing project.

Supporting Documentation:

The Board and the Wallingford Policy Board adopted the following language at their respective April 2005 meetings.

“RESOLVED: That a Future Use/Planning Reserve be established for the Wallingford Project for the purpose of funding termination costs associated with the existing project, funding extension costs associated with the existing project or funding costs associated with developing a new strategy for the member towns upon termination of the existing project.

Recommendation:

Continue to maintain the reserve until the future option study has been completed at which time the reserve will be reevaluated.

TAB 4

**RESOLUTION REGARDING MID-CONNECTICUT WASTE
PROCESSING FACILITY UP-GRADED DESIGN OF THE SPARE
SECONDARY SHREDDER ROTORS.**

RESOLVED: That the President is hereby authorized to execute an agreement with Process Equipment Parts, Inc. to implement the purchase of two (2) new, redesigned secondary shredder rotors located at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

**Connecticut Resources Recovery Authority
Contract Summary for Contract
Entitled**

**Mid-Connecticut Waste Processing Facility Up-graded Design of the Spare
Secondary Shredder Rotors**

Presented to the CRRA Board on:	October 27, 2005
Vendor/ Contractor(s):	Process Equipment Parts, Inc.
Effective date:	Upon Execution
Contract Type/Subject matter:	Public Bid/Fabrication
Facility (ies) Affected:	Mid-CT Waste Processing Facility
Original Contract:	NA
Term:	140 days from Notice to Proceed
Contract Dollar Value:	\$228,480.00
Amendment(s):	NA
Term Extensions:	N/A
Scope of Services:	Fabrication on two (2) newly designed secondary shredder rotors for the Waste Processing Facility.
Other Pertinent Provisions:	None

Mid-Connecticut Waste Processing Facility Up-graded Design of the Spare Secondary Shredder Rotors

October 27, 2005

Executive Summary

This is to request approval by the CRRA Board of Directors for the President to enter into an agreement with Process Equipment Parts, Inc. to fabricate and supply two new secondary shredder rotors at the Mid-Connecticut Waste Processing Facility ("WPF").

Discussion

Operating in each of the Waste Processing Facility's ("WPF") two separate processing lines are two 1000 horsepower Williams Patent Crusher Company 680 hammer mills (secondary shredders). The secondary shredders are high maintenance items due to their function of breaking down the refuse in the processing lines to the required refuse derived fuel (RDF) size of 4-6 inches.

During this past summer, both secondary shredders experienced rotor failures. Both of these rotors have been sent out for repair quotes. Due to the recent failures, the project currently has a borrowed rotor from the Detroit Facility onsite to use as a spare if required. The failures on each rotor were identical, where the pin retaining rings on each arm failed. The inherent design of the rotor has a flaw that exposes the pin retaining rings to constant processing wear. The project has experienced numerous cracks of the pin retaining rings over the years. Many of these crack repairs are field applied and however are not an adequate repair for the application. Both rotors were individually quoted for repairs by experienced facilities that have repaired these rotors previously. Process Equipment Parts, Inc. quoted one rotor repair at \$102,450.00 and Associated Electro-Mechanics, Inc. quoted the other rotor repair at \$74,500.00.

An upgraded design has been identified that modifies the existing wear cap connection to the rotor. This design will protect the rotor pin connection by completely encasing it from the process. This would eliminate premature failures on the rotor and reduce the major repair frequency cost. This design difference can be seen on the attached quote from Process Equipment Parts, Inc.

Both the original equipment manufacturer (OEM), Williams Patent Crusher Company and Process Equipment Parts, Inc. have provided quotes on redesigning and upgrading the secondary shredder rotors. The more economic rotor cost of a redesigned, upgraded secondary shredder rotor is quoted by Process Equipment Parts, Inc. at \$111,240.00 each

plus shipping charges (estimated @ \$3000 each). The WPF presently needs two new rotors, so the cost would be \$228,480.000.

Taking into account the design flaw, the age of the rotors, and the difference in cost between repairing the damaged rotors and purchasing new rotors, CRRRA believes the purchase of two new rotors with the upgraded design to be proper course of action. The inherent design of the existing rotor spider pin holder and its cap will be a continual failure point if not changed.

The scope of the work for the project is as follows:

Furnish all materials, labor, equipment and incidentals thereto for items listed below (note: items below would be doubled for 2 rotors) for a Heavy Duty Replacement cap rotor assembly:

- Install 13 new alloy steel spiders.
- Provide 1 new vacuum degassed AISI/SAE 4340 forged rotor shaft.
- Install 2 re-capable alloy steel end discs with end disc caps, pins and washers.
- Provide 4 stress relieved tie rods.
- Provide 26 low alloy replacement helmet caps for spiders.
- All required miscellaneous hardware items to be included.
- Delivery time is 20 weeks.

Financial Summary

The project was solicited through a public procurement process. Quotes were received from qualified bidders, and are tabulated below.

Vendor	Quoted Function	Quoted Price:
Associated Electro-Mechanics, Inc.	Repair existing rotor	\$75,500.00
Process Equipment Parts, Inc.	Repair existing rotor	\$102,450.00
Process Equipment Parts, Inc.	Provide new redesigned rotor	\$111,240.00
Williams patent Crusher Company	Provide new redesigned rotor	\$151,308.00

Please note that the work for the fabrication was bid as a lump sum price.

The project will be funded from the Operation's Reserve in the fiscal year 2006 Mid-Connecticut Capital Improvement Plan Budget.

TAB 5

**RESOLUTION REGARDING AGREEMENT FOR THE
REPLACEMENT OF OVERHEAD DOORS AT THE
GREENWICH, NORWALK AND MILFORD TRANSFER
STATIONS**

RESOLVED: That the President is hereby authorized to execute an agreement with Overhead Door Co. of Hartford, Inc. to replace overhead doors at the Greenwich, Norwalk and Milford Transfer Stations, substantially as presented and discussed at this meeting.

**Connecticut Resources Recovery Authority
Contract Summary for Contract
Entitled**

Replacement of Overhead Doors Agreement

Presented to the CRRA Board on: October 27, 2005

Vendor/ Contractor(s): Overhead Door Co. of Hartford, Inc.

Effective date: Upon Execution

Contract Type/Subject matter: Public Bid/Construction

Facilities Affected: Greenwich, Norwalk and Milford Transfer Stations

Original Contract: NA

Term: 60 days from Notice to Proceed

Contract Dollar Value: \$102,100.00

Amendment(s): NA

Term Extensions: N/A

Scope of Services: Replacement of overhead doors at the Greenwich, Norwalk and Milford Transfer Stations.

Other Pertinent Provisions: None

**Connecticut Resources Recovery Authority
Bridgeport Project
Greenwich, Norwalk and Milford Transfer Station**

Replacement of Overhead Doors

October 27, 2005

Executive Summary

This is to request approvals of the CRRA Board of Directors for the President to enter into an agreement with Overhead Door Company of Hartford, Inc. to replace overhead doors at the Greenwich, Norwalk and Milford Transfer Stations.

Discussion

Existing overhead doors at the Greenwich, Norwalk and Milford Transfer Stations require replacement. Ten (10) overhead doors will be replaced per the following scope of work:

- 1) With CRRA's prior approval, purchase the (10) ten overhead doors detailed in the contract documents. Note- Alternate Bid will be submitted for four additional doors.
- 2) Remove and replace the existing overhead doors as indicated in the contract documents.
- 3) Installation of new overhead doors shall be in accordance with manufacturer's recommendations as specified in the Technical Specifications.
- 4) Contractor shall verify all existing conditions and field dimensions prior to fabrication.
- 5) Contractor shall provide a product submittal to Owner, for approval, prior to installation.
- 6) Upon removal of existing overhead doors, Contractor shall dispose of overhead doors, overhead door components and all related construction debris off site.
- 7) Contractor shall provide all electrical work necessary to energize doors. Party performing electrical work shall visit the site to become familiar with existing electrical conditions prior to submitting a bid.
- 8) Contractor shall provide three (3) copies of Operation and Maintenance manuals prior to acceptance by Owner.
- 9) Contractor shall strictly follow all safety regulations, including OSHA. Contractor is responsible for methods of construction.

- 10) The construction of this project will take place while the existing facilities remain in operation. Phasing of the work must be coordinated with the owner and operator of the facilities.
- 11) All other related work to complete the project.

Financial Summary

The project was solicited through a public procurement process. Sealed public bids were received on September 20, 2005. Bids were received from 3 qualified bidders, and are tabulated below.

Bidder	Bid Price (10 Doors)	Alternate Bids (4 Doors)
Overhead Door Co. of Hartford, Inc.	\$102,100.00	\$21,600.00
Lavallee Overhead Door	\$118,950.00	\$38,200.00
Bode Equipment Co.	\$252,973.00	\$81,696.00

The work for the project was solicited as a lump sum bid with an additive alternate bid item. CRRA staff has met with the low bidder on the project, Overhead Door Co. of Hartford, Inc. and examined their references. Per discussions with them, CRRA staff is satisfied that they can complete the work as specified in the contract documents.

CRRA staff is making a recommendation for the award of the Base Bid of \$102,100.00. The budgeted amount for this work is \$75,000.00. The balance of the costs for the work will be funded by reallocating funds within the FY06 construction budget for the eight (8) project transfer stations. The FY06 construction budget for the transfer stations is \$192,000 and CRRA staff does not anticipate that this budget will be exceeded as a result of this project.

TAB 6

**Resolution Regarding Waiver of CRRA's Attorney Client
Privilege as to Murtha Cullina, LLP and Hawkins Delafield &
Wood regarding the Enron Transaction**

WHEREAS, on August 30, 2002, at the request of the Connecticut Attorney General, the Board of Directors of CRRA authorized the Chairman to waive CRRA's attorney-client privilege as to Murtha Cullina, LLP and Hawkins Delafield & Wood (the "Law Firms") regarding the Enron transaction up until the filing of the Enron bankruptcy; and

WHEREAS, the defendant financial institutions in the matter of *CRRA v. Lay et al* have now subpoenaed post-bankruptcy documents from the Law Firms, the release of which, the Law Firms maintain, requires the waiver by CRRA of its attorney-client privilege with regard to such documents;

NOW, THEREFORE, IT IS

RESOLVED: That the Board of Directors hereby authorizes the President on behalf of the Board and CRRA to waive CRRA's attorney-client privilege as to Murtha Cullina, LLP and Hawkins Delafield & Wood regarding the Enron transaction for the post-bankruptcy period, following and subject to review of the responsive documents by CRRA counsel and management, substantially as discussed at this meeting.

Connecticut Resources Recovery Authority

Waiver of Attorney-Client Privilege as to Murtha Cullina, LLP and Hawkins Delafield & Wood regarding the Enron Transaction

On August 30, 2002, at the request of the Attorney General, the Authority's Board of Directors voted to waive CRRA's attorney-client privilege as to Murtha Cullina LLP and Hawkins Delafield & Wood regarding the Enron transaction up until the filing of the Enron bankruptcy. (Copy attached.)

The financial institutions being sued by the Authority in the matter of *CRRA v. Lay et al* have now subpoenaed post-bankruptcy documents from Murtha Cullina and Hawkins Delafield. Murtha and Hawkins have objected on the grounds that the materials are attorney-client privileged. Our counsel, Pepe and Hazard, is recommending that CRRA waive its privilege in order that Murtha and Hawkins may turn over the requested documents. Assistant AG Ted Doolittle concurs.

We are asking Murtha and Hawkins to provide us with copies of all responsive documents for our review. We are now requesting that the Board authorize the President to waive the requested attorney-client privilege as to Murtha and Hawkins subject to review of the responsive documents by counsel and management.

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED FORTY-EIGHT MEETING

AUGUST 30, 2002

A Special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Friday, August 30, 2002 at the 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael A. Pace

Directors: Theodore Martland
Catherine Boone (delegate for Director Nappier)
Stephen Cassano
James Francis
Andrew Sullivan (present by telephone)
Mark Cooper
John Mengacci (delegate for Director Ryan)
Mark Lauretti (arrived at 10:05 a.m.)
Raymond O'Brien
R. Christopher Blake

Directors Knopp, Rifkin, Nappier, Cohn and Ryan did not attend.

Present from the CRRRA staff:

Ann Stravalle-Schmidt, Director of Legal Services
Angelica Mattschei, Corporate Secretary

Others in attendance were: William H. Bright of Cummings and Lockwood and Theodore Doolittle of the Attorney General's Office.

Chairman Pace called the meeting to order at 10:00 a.m. and noted that a quorum was present. Chairman Pace thanked the Directors for changing their schedules at such short notice and said that the purpose of the meeting was to discuss items in executive session.

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss CRRRA attorney-client privilege issues, indemnification and other legal matters with appropriate staff and counsel. The motion made by Director Cooper and seconded by Director Martland was

approved unanimously. Chairman Pace requested that Ms. Schmidt, Mr. Doolittle and Mr. Bright remain during the executive session.

The Executive Session began at 10:01 a.m.

The Executive Session concluded at 11:00 a.m.

Chairman Pace reconvened the Board meeting at 11:01 a.m.

Chairman Pace noted that no votes were taken in Executive Session. Chairman Pace added that Director Sullivan participated via telephone and that Director Lauretti entered three minutes after the session began.

WAIVER OF CRRA'S ATTORNEY CLIENT PRIVILEGE AS TO MURTHA CULLINA, LLP AND HAWKINS DELAFIELD & WOOD AS TO THE ENRON TRANSACTION

Chairman Pace requested a motion on the referenced topic. Director O'Brien made the following motion:

WHEREAS: The Connecticut Attorney General, to assist law enforcement agencies, desires that CRRA, in writing, waive its attorney client privilege as to Murtha Cullina, LLP and Hawkins Delafield & Wood regarding the Enron transaction up until the filing of the Enron bankruptcy;

WHEREAS: CRRA desires to be of assistance to the Attorney General and the applicable law enforcement agencies, as well as to protect its rights; it is:

RESOLVED: That the Board of Directors hereby authorize the Chairman, on behalf of the Board and CRRA to waive CRRA's attorney-client privilege as to Murtha Cullina, LLP and Hawkins Delafield & Wood regarding the Enron transaction up until the filing of the Enron bankruptcy as substantially in the form discussed at this meeting.

Director O'Brien requested that the amended letter from Chairman Pace to Attorney Doolittle, dated August 30, 2002, be made part of the record. Chairman Pace noted that the Directors received a copy of both the resolution and the letter.

Director Martland seconded the motion.

Ms. Schmidt explained that the attorney-client waiver would authorize Chairman Pace, on behalf of the Board and CRRA, to waive its attorney-client privilege with Murtha and Hawkins as to the Enron transaction. It is waived by the lawsuit that the Attorney General has brought on behalf of CRRA against Murtha and Hawkins, she said, and would only extend to the date of the bankruptcy.

Further, Ms. Schmidt said, that the Attorney General would send CRRA documentation clarifying their opinion on the indemnification language of Mr. Robert Wright's Separation Agreement. She explained that it only referred to criminal activities and should not refer to any indemnity issues that may or may not involve the activities and scope of duties of the existing Board of Directors.

The motion previously made and seconded was approved. Director Lauretti abstained from the vote.

AJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 11:08 p.m.

Respectfully submitted,

Angelica Mattschi
Corporate Secretary to the Board