

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED FORTY-FORTH MEETING

JUNE 13, 2002

A Special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, June 13, 2002 at the 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael A. Pace

Directors:

R. Christopher Blake
Benson Cohn
Marc Ryan
Denise Nappier
Stephen Cassano
James Francis
Alex Knopp
Andrew Sullivan
Mark Cooper
Theodore Martland
Mark Lauretti
Raymond O'Brien

Present from the CRRA staff:

Ann Stravalle-Schmidt, Director of Legal Services
Gary Gendron, Director of Administration
Brian Flaherty, Communications Coordinator
Angelica Mattschi, Executive Assistant
Peter Egan, Director of Environmental Services
Thomas Gaffey, Recycling and Environmental Education Division Head
Bettina Bronisz, Assistant Treasurer & Director of Finance
John Clark, Operations Division Head
Mary Anne Bergenty, Recycling Field Manager
Mathew Bessette, Human Resources Administrator

Others in attendance were: Frank Giordanella of Murtha Cullina; David Arruda, George Sparks and Matt Nozzolio of MDC; Peter W. Hull and William H. Bright, Jr. of Cummings and Lockwood; Jerry Tyminski of SCRRA; Steve Diaz of Covanta; Gian-Carl Casa of CCM; John Cimochofski of DEP; John Mengacci of OPM; Howard Rifkin and Catherine Boone of the Treasurer's Office; Richard Blumenthal, Attorney General; Ted Doolittle, Arnold Menchel of the Attorney General's Office; George McKee of Legislative Program Review; Susan Haigh of AP; Trip Jennings of Waterbury Rep-Am; Mark Sims of the Connecticut Radio Network; Greg H. Carly of the New Haven Register; Andrew Wright of Simpson Thacher; Dr. Mengle of the J.I. and John A. Alexander.

Chairman Pace called the meeting to order at 9:09 a.m. and noted that a quorum was present. Chairman Pace requested that everyone stand up for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

PUBLIC PORTION

Chairman Pace said that the first item on the agenda allowed for a public portion between 9:00 a.m. and 9:30 a.m. in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes. Chairman Pace asked whether any member of the public wished to speak.

Mr. Sparks, the chief executive officer for the MDC said that he would like to extend the support of his organization to Chairman Pace and the full CRRA Board. Mr. Sparks stated that CRRA was a very important customer to the MDC. Mr. Sparks continued that he had a letter from the Chairman of MDC, Albert Reichin, that he would like to deliver to Chairman Pace.

Mr. Sparks read the letter to the Board: "Dear Mr. Pace: As the Chairman of the Metropolitan District, I can appreciate the challenges you will be facing as the chairmanship of the Connecticut Resources Recovery Authority. Indeed, one of the challenges we both face is addressing the outstanding issues between our two agencies. The Advisory Panel headed by Chancellor Cibes stated in its March 19, 2002 report that the CRRA and the MDC '... should use the current crisis to reevaluate their relationship. Negotiation is far more likely to produce mutual benefit than arbitration or litigation and can achieve savings in legal expenses. On behalf of the District Board, I express to you the MDC's willingness to follow the Advisory Panel's recommendation. Up until a few years ago, the MDC and the CRRA enjoyed a sound working relationship that was mutually beneficial and provided low cost essential services. The towns that depend on us for those services should expect no less from our agencies as we go forward."

Mr. Sparks continued, "Please contact me at 860-278-7850, extension 3205, at your earliest convenience, so that we can begin discussing these matters that are so vital to both our organizations." Mr. Sparks noted that the letter was from Albert F. Reichin, Chairman of the MDC.

Chairman Pace commented that he appreciated the letter and the offer.

Mr. John A. Alexander of 12 Lords Meadow Lane in Old Lyme said that he praised Chairman Pace's credo that CRRA would collect the towns' trash, recycling what could be recycled and burn the rest as fuel to generate electricity all at the lowest possible cost to member towns. Mr. Alexander suggested that this credo be read before every CRRA Board meeting. The credo described a basic governmental function, not a quasi one, he said. Mr. Alexander stated that he looked forward to the Authority becoming an agency of the government. It was his hope, he said, that Chairman Pace may adopt such reorganization as a personal goal and as a goal of the CRRA Board for the future.

Mr. Alexander requested that the nonproject ventures account from the previous Board be eliminated and the remainder of more than \$60 million that was taken from the assets of the Mid-Connecticut project be returned to its member towns. Mr. Alexander asked that those funds then be applied to the elimination of the Mid-Connecticut tipping fee increases for the member towns for this and future years. Mr. Alexander also asked that the electricity generated from the gas turbines purchased from those Mid-Connecticut funds be credited to the Mid-Connecticut project for the purpose of freezing tipping fees.

Mr. Alexander suggested that all of the elements of the various cost-saving scenarios that staff prepared for the former Board be immediately adopted as good faith actions to accomplish the credo. Mr. Alexander asked that until the Authority is disbanded, any continuing bonus program for executives and operating managers be based upon the percentage of cost reduction that is accomplished on the disposal of waste.

Chairman Pace thanked Mr. Alexander and asked whether the public had additional comments. Chairman Pace noted that there was no additional public input and that the special meeting would commence.

INTRODUCTION OF ATTORNEY GENERAL BLUMENTHAL

Chairman Pace introduced Attorney General Blumenthal to the Board of Directors. Mr. Blumenthal noted that he looked forward to working with the new Board. Mr. Blumenthal said that there was some question concerning the validity of the Authority's new Chairman. There was a question whether the interim appointment of the new Chairman under Connecticut General Statutes 4-19 was valid since the legislature was in Special Session. Mr. Blumenthal stated. Special Session, he explained, was limited to budgetary matters related to revenue deficiencies and bonding. Mr. Blumenthal commented, however, that in passing Public Act 246 the Governor's appointment of a new Chairman did not require the advise of the legislature. Mr. Blumenthal said that an opinion was given to Governor Rowland's office stating that the interim appointment was valid under Connecticut General Statutes 4-19.

Mr. Blumenthal noted that his office had issued approximately 30 subpoenas and conducted scores of sworn and unsworn interviews. His office was awaiting production of additional boxes of documents from Enron, Arthur Andersen and others that have been subpoenaed, he said. In addition, Mr. Blumenthal stated, his office has established a good working relationship with other offices, including the United States Attorney's Office, the Department of Justice, the State Ethics Commission and the Auditors of Public Accounts.

Mr. Blumenthal said that his office filed a complaint against Arthur Andersen on April 16, 2002 and anticipated other lawsuits and legal actions. Mr. Blumenthal stated that worked had commenced with firms that would need Board approval. Mr. Blumenthal said that the Public Act provided the authority to retain the firms through the Attorney General's Office if necessary, but he believed that as a matter of comity and the working relationship between his office and CRRA, that he would like the Board to approve the firms, which included Anderson, Kill & Olick and Pepe and Hazard. Andersen, Kill & Olick, he stated, was a nationally recognized firm in New York specializing in bankruptcy matters. The firm would be completing the preparation of filings that his office intended to make in the Bankruptcy Court.

Mr. Blumenthal said that for the state court claims, he would like the Board to approve the law firm of Pepe and Hazard located in Hartford. He stated that he intended to pursue vigorously and zealously claims against all of the responsible parties that could and should be held accountable for the debacle that caused a \$220 million dollar loss to CRRA. Mr. Blumenthal added that action was anticipated in the near future against the legal advisors, financial advisors and possibly credit agencies. He would like the Board to approve the two law firms for that purpose, he said.

In addition, Mr. Blumenthal stated, various experts would be used. These experts included Professor Ron, a nationally recognized energy financial analyst at the Energy Finance Center of the University of Texas; Professor Pomp from the University of Connecticut Law School who was well known for his expertise in complex financial transaction; Professor Clayton Gillette at New York University Law School, who was an expert in municipal and quasi-public agency finance. Mr. Blumenthal noted that the use of Mr. Philip Sussler, who was an attorney in Connecticut with an expertise in energy and financial transactions, would be continued.

Mr. Blumenthal said that, pending the Board's approval, he would be prepared to employ various other services, for example, a document scanning service by Donahue Systems. They would scan the documents collected into a searchable database, he explained, which was necessary for successful litigation.

Chairman Pace commented that CRRA was pleased that the Attorney General was taking the lead and worked with staff and in-house attorneys. Chairman Pace said that resources needed by the Attorney General would be provided.

Director Sullivan asked, since the time line was relatively uncertain, whether his office or a designated counsel would report to the Board on a regular basis regarding the progress and thought process in prosecuting the claims. Mr. Blumenthal responded that his office would be prepared, willing and available to be at every Board meeting and for whatever questions there may be in between from individual members or from the Chairman. Mr. Blumenthal noted that this was one of their highest priorities and would be available whenever the Commission so desired.

Director O'Brien asked what was the estimate amount of recovering the \$220 million from the bankruptcy. Mr. Blumenthal replied that the goal was to recover the full \$220 million. He added that he would be very reluctant to provide even a ballpark figure because the goal was to recover as much as possible, as quickly as possible.

Director O'Brien asked whether the costs associated with the litigation would outweigh the benefits that everyone hoped to secure. Mr. Blumenthal responded that the ultimate benefits would well outweigh the costs, but in addition he believed that the Commission had a very profound responsibility as a matter of public interest to pursue as vigorously and as zealously as possible the public money that was lost which should never have been committed to the deal. Chairman Pace added that while the legislature had designated the Attorney General to take the lead, the dollar cost would be coming out of CRRA. CRRA staff was working with the Attorney General's office regarding the controls for auditing purposes included in the Board documents, Chairman Pace said.

Director Lauretti asked what the identified pool of resources was that the \$220 million could come from and how many other entities would be sharing the same exercise. Mr. Blumenthal replied that there were a variety of potential resources. Mr. Blumenthal said that the sources of assets believed could provide recovery of the full \$220 million included the bankrupt estate of Enron, which CRRA had a claim not simply as a creditor but under a different theory which would assert a constructive trust over specific assets that should have never been transferred to Enron. There was also a separate legal action suit against Arthur Andersen, he stated. There were a number of other parties that were not yet the specific targets of any pending action, Mr. Blumenthal added, but were anticipated to be. Mr. Blumenthal noted that this included the legal advisors who participated with CRRA in framing and fashioning the loan, as well as the financial advisors and possibly credit rating agencies. Against some of those entities, he said, CRRA had unique claims under which their assets would not be the subject to potential claims by any of the parties against Enron or Arthur Andersen.

APPROVAL OF THE LEGAL SERVICES AGREEMENTS AND PERSONAL SERVICES AGREEMENTS BY THE ATTORNEY GENERAL ON BEHALF OF CRRA FOR ANDERSEN, KILL & OLICK, AND PEPE AND HAZARD AND VARIOUS EXPERTS

Chairman Pace requested a motion to adjust the agenda to move Item XIV, Board Action Sought to Approve the Attorney General Contracts, to Item IV(A). Director O'Brien made the motion which was seconded by Director Ryan. The motion previously made and seconded was approved unanimously.

Chairman Pace requested a motion on the referenced topic. Director Knopp made the following motion:

RESOLVED: That the Chairman of the Authority be and hereby is authorized to approve the aforementioned Legal Services Agreements and Personal Services Agreements as substantially presented at this meeting.

Director O'Brien seconded the motion.

Mr. Blumenthal introduced his staff to the Board, which included Assistant Attorney General Arnold Menchel and Assistant Attorney General Ted Doolittle. Mr. Blumenthal noted that there were other staff members who were involved with the CRRA case but were unable to attend the meeting.

Director O'Brien noted that the contracts called for the bills to be forwarded to the Attorney General but that copies would not be sent to CRRA. Chairman Pace responded that the bills would be forwarded to CRRA after they were reviewed by the Attorney General's office. Chairman Pace said that the bills would come to CRRA for review per contract and for encumbrances or payment.

Director Martland asked whether there was certification from the Attorney General's office that ensured that the services authorized by that office were appropriate and necessary and not just billed as a rational fee. Director Martland also stated that CRRA should also be able to terminate the services, as the Attorney General could do so. Chairman Pace responded that page 6 of the Pepe and Hazard Agreement, under 3.11, stated that a maximum compensation for the agreement shall not exceed \$500,000. Page 6, under 3.11 of the Andersen, Kill & Olick agreement stated that the maximum compensation was \$300,000. Chairman Pace noted that the maximum compensation between the two attorney firms would not exceed \$800,000 and the Personal Services Agreements would not exceed \$140,000. Should the maximum limit of a contract be approached or looked to exceed the maximum amount, Chairman Pace continued, it would have to come back to the Board for further authority. Chairman Pace commented that the legislature has authorized and given the lead of counsel in representing CRRA to the Attorney General and he had full confidence in the Attorney General to look out for CRRA's interests. Director Ryan added that the Attorney General's office has been very supportive in terms of working with agencies regarding resources needed. Director Ryan said that the Attorney

General's office checked back with agencies to ensure that they were fully briefed and supportive of actions being taken.

Director Sullivan asked how the attorneys would render their billings. Mr. Blumenthal responded that it would be their standard reporting and review of the bills would also be the same process whenever outside counsel was used.

Director O'Brien stated that he shared the confidence in the Attorney General and his office. Director O'Brien said also that he shared the concerns regarding the contract itself, but understood that the contract was between the Attorney General and the other entities. Director O'Brien suggested that a public compact, as oppose to a contract, be initiated between the Attorney General's office and CRRA outlining the issues discussed at the meeting, including the review of the audit procedures. Chairman Pace responded that a memorandum of understanding could be attached. Chairman Pace said that his purpose for including the contracts at the Board's first meeting was to familiarize the Board with the litigation and to illustrate the cooperation between CRRA and the Attorney General. Chairman Pace wanted to demonstrate that the transport of information and the transport of any other support that the Attorney General needed from CRRA would be there.

Director Martland stated that it was not his intention to criticize the Attorney General. It was his intention, however, to make sure that the Board would be able to identify and justify any costs that it would be paying. Director Martland suggested that the resolution be amended to reflect how the bills would be paid and how they would be accounted for.

Mr. Blumenthal said that the core of the issues discussed was that there be full and complete cooperation between his office and the CRRA Board, that there be a very full disclosure on information and involvement on the Board's part in decisions as to whether or not actions should be taken, and that there be oversight by the Board as to the expenses so that judgments could be made regarding costs and benefits moving forward. Mr. Blumenthal stated that his office welcomed the concerns raised at the meeting and that it represented a change in attitude and involvement by the new CRRA Board. This level of involvement was welcomed and encouraged, he said.

Mr. Blumenthal said that there were limits regarding the amount spent on lawyers and Personal Services Agreements. Those limits would not be raised without approval by the CRRA Board, he said. There would be a full reporting as often and as fully as the Board would like, Mr. Blumenthal added, as so the actions of his office, why these actions were taken, what the costs and anticipated benefits would be.

Chairman Pace requested an amendment to the motion to include "such agreements to include review and audit rights of CRRA to be agreed upon by the Chairman and the Attorney General's office" after the last word of the resolution. Director Martland made the motion which was seconded by Director O'Brien.

The amended motion previously made and seconded was approved unanimously.

INTRODUCTION OF THE BOARD OF DIRECTORS

Chairman Pace noted that three members have been appointed to the Steering Committee, himself being one, as well as Director Sullivan and Director Cassano. Chairman Pace said that he would like the members of the Board to introduce themselves. He introduced himself as Michael Pace, Chairman of CRRA and First Selectman of Old Saybrook. Director Denise Nappier introduced herself and stated that she was the State Treasurer. Director Ben Cohn introduced himself and stated that he was retired from the Office of Policy and Management after 31 years with the various state agencies. Director Cohn said that in the course of that time he sat on all of the quasi-public authorities, except for CRRA. Director Ted Martland introduced himself and stated that he was formally a superintendent of schools, and formerly a business administrator for school systems and was currently involved in residential care facilities. Director Alex Knopp introduced himself and stated that he was the Mayor of Norwalk and a state legislature for 15 years. Director Steve Cassano introduced himself and stated that he was the Mayor of Manchester as well as the Chairman of the Capital Region Council. Director Marc Ryan introduced himself and stated that he was Secretary of the Office of Policy and Management for the state. Director Mark Lauretti introduced himself and stated that he was the Mayor of the City of Shelton. Director Ray O'Brien introduced himself and stated that he was retired and a member of the Town Council in Milford. Director Jim Francis introduced himself and stated that he was the Director of Financial and Human Resources for the town of West Hartford. Director Christopher Blake introduced himself and stated that he was the Selectman on the Board of Selectman of the Town of Litchfield. Director Andrew Sullivan introduced himself and stated that he was a retired partner of KPMG, LLP.

INTRODUCTION OF THE CRRA STAFF AND THEIR ADMINISTRATIVE TASKS; DISCUSSION OF ITEMS OF PRIORITY IDENTIFIED BY STAFF THE REVIEW/DISCUSSION OF THE ORGANIZATIONAL CHART

Chairman Pace said that he wanted the Board of Directors to meet the managing staff of CRRA and to discuss the issues of priority identified by those staff members. Chairman Pace added that he had spoken with staff in order to communicate with them his leadership style and the direction in which he would like the company to go. The management style brought into CRRA would be an open and collaborative decision-making model and would involve everyone in the organization, he said. Chairman Pace noted that there was an organizational chart in the Board materials so that the Board would be able to identify the positions with the names and faces.

Ms. Bettina Bronisz introduced herself and noted that she was the Assistant Treasurer and Director of Finance. She said that she came to CRRA in November of 2001 and in December 2001 became the acting Finance Division Head following the departure of the then CFO. Ms. Bronisz stated that she has held that position since that time.

Ms. Bronisz said that she oversaw the staff in the Accounting Department, which was responsible for, among other things, the year-end audit. Ms. Bronisz added that she also oversaw

the Billing Department which was located off-site on 211 Murphy Road. That department, she explained, was responsible for collecting the revenues of the Authority, administrating the permits and working with the haulers in the various sites.

Ms. Bronisz said that she had a 16-year background in investment banking and worked as an investment banker on Wall Street during the eighties. She stated that she came back to Connecticut, her home state, in the nineties and worked at Advest, specializing in public finance. Ms. Bronisz said that she has worked with other quasi-agencies such as CHFA, with CHEFA, with the State of Connecticut, and with the CDA.

Ms. Bronisz identified that one of her department's top issues was the completion of the year-end audit. There were several positions vacant, she said, one of them being the Director of Accounting position which was a key position in completing the year-end audit. Ms. Bronisz also noted that the completion of the data warehouse system was a top priority. The upgraded computerized system integrated the billing and the invoicing for all the projects in the state, she explained, and would make the process more cost-effective and would also be a time saver for staff.

Ms. Bronisz said that her specialty area was the financial remodeling of how the Authority would move forward with the Enron situation. There were several financial models, she stated, that analyzed different scenarios and solutions. Ms. Bronisz added that she was also responsible for CRRA's investor relations with Wall Street, with rating agencies, with institutional investors and with all bondholders. Ms. Bronisz stated that daily communications with these various entities was an ongoing project.

Chairman Pace introduced Mr. John Clark and noted that he was the Operations Division Head. Mr. Clark commented that he moved into the Operations Division Head position in January 2001. Prior to that position, he said, he was the facilities engineer. Mr. Clark stated that the operations group was responsible for the four waste-to-energy projects, the jet turbines, the day-to-day administration of contracts and operations and the preparation of the operating budget. The operations division also supported the legal staff in litigation matters when it related to construction and the operation of the CRRA systems, management of customer service with relations to the private customers and waste management systems, he said. Mr. Clark added that operations also tried to optimize waste deliveries so that CRRA would not have to divert waste out of state or to other facilities.

Mr. Clark said that his division was involved in development activities. He noted that they were examining the South Meadows site, capital improvement projects, and the performance of special studies.

Mr. Clark said that one of his issues from an operations standpoint was that he would like to see the operating budget transferred back to the finance division with the operations division working closely with them. Mr. Clark said that vendor payment requests were also on his high priority list. CRRA had four main contractors, he said, which consisted of Covanta, MDC,

Waste Management, and American Ref-Fuel. Mr. Clark added that there also were several haulers and several contract issues with some of those haulers.

Mr. Clark stated that, regarding the Enron situation, his staff was examining options regarding the sale of CRRA power as of July 1st. Mr. Clark said that they were moving forward with a supplier's license and had recently gone out to bid for a request for offers for CRRA's power marketing on a wholesale basis.

Another priority, he said, was to coordinate and work closely with the other CRRA divisions to determine solutions to the issues. Mr. Clark stated that the operation and management of all the facilities, transfer stations and peaking turbines was on his list.

Mr. Clark stated that the Covanta bankruptcy was a key issue. He said that operations were running smoothly and that CRRA staff was keeping an eye on the situation. Mr. Clark continued that ongoing dealings with MDC were a priority issue. The communication with MDC and coordination with legal and financial staff was crucial, he said.

The Mid-Connecticut project was near completion of what was called the Mid-Connecticut Air Processing System (MCAPS). It was a \$10 million odor control system that would mitigate odors at the facility, he said. It was near completion, Mr. Clark noted, but there were major issues to be resolved before the project was closed out.

Mr. Clark said that some of the projects would be ending in 8 or 10 years. The Bridgeport and Wallingford projects would arrive at the end of their contract terms and an assessment of what could be done at those projects must be determined. Decisions that need to be made would take a lot of time to develop and CRRA needed to keep these issues in mind.

The landfill in Hartford for bulky waste and process residue would be filled up in April 2004, Mr. Clark continued, and the ash landfill would subsequently be filled to capacity around 2007 or 2008. A determination of what is to be done with the bulky waste and process residue and ash must be determined far in advance.

Chairman Pace introduced Mr. Peter Egan. Mr. Egan noted that he was the Director of Environmental Services and has been with CRRA since January of 2001. Prior to working for the Authority, he said, he worked for 12 years for a National Hazardous Waste Management Company in the regulatory affair arena. Mr. Egan said that he had a staff of five and their mission was to oversee environmental compliance at the waste management facilities that were under the CRRA umbrella. That included four municipal waste combustors, five landfills, twelve solid waste transfer stations and three recycling facilities.

Some of the responsibilities that his division manages, Mr. Egan stated, were the assembling and submitting of permit applications, assembling and submitting regulatory reports, conducting compliance audits, attempting to cultivate working relationships with the regulatory agencies that oversaw the activities, and trying to minimize the effect of enforcement actions and from time to time interfacing with the public.

Mr. Egan said that the closure plan for the Hartford landfill has been estimated to cost \$4 million by closing it with a soil cap. Mr. Egan said that the DEP recently advised CRRA that their closure policy is such that they would rather see a geomembrane synthetic cap on the landfill. CRRA has been accruing money to close at a less expensive soil cap, he explained, but the DEP's alternative would increase that closure cost from \$4 million to approximately \$8 million. Mr. Egan stated that a consultant has been employed to evaluate the two closure technologies.

Mr. Egan stated that even though the Shelton landfill was closed, there were many postclosure maintenance and monitoring activities that were conducted. There were several top priorities at the Shelton landfill. Mr. Egan explained that there had been off-site gas migration in the past years and the Connecticut DEP had been negotiating with CRRA to establish an administrative consent order that would assign a penalty. The negotiation was essentially negotiated by the CRRA's former president, he said, and would need to continue to move forward. Also in Shelton was an issue regarding the solid waste permit that was issued for that landfill in 1992. Mr. Egan explained that upon the ultimate closure of the facility a future use public recreation plan had to be developed and implemented. CRRA has developed that plan with the DEP and the Town of Shelton, he said, but it has not moved forward because its implementation was part of the consent order negotiations. Mr. Egan said that the plan was going to cost approximately \$530,000 to establish and then there would be an annual maintenance cost of approximately \$50,000 per year.

Mr. Egan said that the Wallingford Resource Recovery Facility, as operated by Covanta, was renewing the solid waste permit and CRRA was supporting their efforts as necessary.

Mr. Egan said that CRRA was obligated to develop and initiate a remediation plan when the South Meadows was purchased from Connecticut Light & Power by CRRA. TRC Environmental was undertaking that effort, he said, and CRRA operations and environmental staff was overseeing TRC's efforts.

Mr. Egan said that his top priority was to establish an environmental management system at CRRA. Mr. Egan explained that the term was essentially a formalized quality management system that would enable CRRA to operate more effectively and efficiently and allow CRRA to comply with regulations more effectively.

Mr. Brian Flaherty introduced himself and noted that he was the Communications Coordinator for CRRA. Mr. Flaherty said that he has been with the Authority for four years but prior to that he worked for eight years as an editor for a business publishing company newsletter called Environmental Compliance. Prior to that he served as a press secretary.

Mr. Flaherty commented that historically there were three main priorities of the communications area at CRRA. One was to develop public awareness and communications programs to support the goals and the missions of the agency. Mr. Flaherty said that an example

would be boosting recycling rates, the electronics recycling programs and providing information for proposals and permitting applications for the expansion of the Hartford landfill.

Mr. Flaherty said that the second component of the communications department was to compose and publish annual reports and other statutorily required filings on behalf of the Authority, as well as to handle the information aspect on the CRRA web page and Internet presence. CRRA's presence on the web was only a year old, he said.

The third component, Mr. Flaherty stated, was the preparation of responses to inquiries from the media, member towns and general public searching for information on the Authority.

Mr. Flaherty said that the first two components relied on initiative of the CRRA and was proactive. The third was reactive, he said, and had been at the direction of the Board and the president compose and publish annual reports and other statutorily-required filings on behalf of the Authority, as well as to handle the information aspect on the CRRA web page and internet presence. CRRA's presence on the web was only a year old, he said.

The third component, Mr. Flaherty stated, was the preparation of responses to inquiries from the media, member towns and general public searching for information on the Authority.

Mr. Flaherty said that the first two components relied on initiative of the CRRA and was proactive. The third was reactive, he said, and had been at the direction of the Board and the president. Since the Enron bankruptcy, Mr. Flaherty continued, communications were largely reactive, as staff provided requests for public information from the press and other agencies.

Mr. Flaherty said that the biggest challenge facing his department was projecting the organization to its member towns that it is an organization that was accountable to them, that addressed issues and was moving forward. Mr. Flaherty stated that each person appointed to the new CRRA Board was an agent of change. Mr. Flaherty said that he believed that the agents of communication would come from the actions taken by the new Board, not the communications coordinator. The strongest and most effective message that the agency was moving forward would come from the voice of the Board and its chairman, he said.

Mr. Flaherty said that the legislation passed had an enormous amount of requirements for posting information on the CRRA web page. The deadline was January 1, 2003, but the Chairman has directed that CRRA not wait until that deadline, he stated. Mr. Flaherty said that he was working with every department to ascertain that the information was included on the web site and available to the public.

Chairman Pace introduced Mr. Tom Gaffey and noted that he was in charge of recycling and environmental education. Mr. Gaffey said that he has been with CRRA for nearly 14 years. Prior to that, he stated, he had been with the Department of Environmental Protection for four and a half years.

Mr. Gaffey stated that the major responsibilities of his division were the management responsibilities relative to the two of the largest recycling facilities in the nation; one located in South Meadows in Hartford and associated with the Mid-Connecticut project and the other located in Stratford and associated with the Bridgeport project.

Mr. Gaffey stated that the Mid-Connecticut recycling facility served 64 municipalities from the New York-Massachusetts border throughout the capital region all the way down to Route 9 and the Connecticut River corridor down to the beach and towns of Old Saybrook, Clinton, Westbrook, Madison, Guilford and Old Lyme. Transfer stations served the outlying towns in the Mid-Connecticut project, he added, to transfer the recyclables and lower the cost of transportation for customer municipalities. The Southwest facility in Stratford served 19 municipalities from East Haven through the Fairfield County to Greenwich, he said. Many of the towns in the Southwest project utilized transfer stations to defray the cost of transporting the commodities to the CRRA facilities, he added.

Mr. Gaffey said that one of the major responsibilities of his division was the contract administration over the private sector vendors in the Mid-Connecticut project. CRRA had two private sector vendors, he noted, one that managed the paper operations and the other that managed metal, plastic, aluminum and glass containers. Mr. Gaffey said that the agreements for the paper and container would expire in May 2003, and his division was working extremely hard to consolidate the paper and container on CRRA property at 211 Murphy Road. Mr. Gaffey explained that the paper operations and container operations were on two different properties. He said that he would like to move the two operations onto CRRA property for cost reduction and for easier oversight of the responsibilities of the contract administration. One of his options, Mr. Gaffey stated, was an extension of the contract with the container operator for one year. Mr. Gaffey said that he would then work with DEP and CRRA staff to transfer the paper operation. Mr. Gaffey noted that his job was to do all this with the least cost possible.

Mr. Gaffey said that his staff operated the scale house in the Mid-Connecticut project, and they performed any enforcement responsibilities of making sure that the commodities taken were delivered according to standards. Mr. Gaffey added that the equipment at the Mid-Connecticut facility was over ten years old and another major obligation of his division and the vendor was to maintenance and operation upkeep of that equipment.

Mr. Gaffey said that the Stratford facility was in excellent shape.

Mr. Gaffey stated that CRRA also has embarked on an electronics recycling program and has boosted the recycling rates in Connecticut. CRRA was the first major electronics recycling organization to do so in the State of Connecticut, he commented. CRRA recycled a significant amount of old computer equipment and old electronic equipment, he said, which benefited the environment in the reduction of heavy metals, emissions and other pollutants that would otherwise come from the waste-to-energy facilities, he explained.

Mr. Gaffey added that it has been a long-standing policy of CRRA to offer recycling services to its member municipalities at a zero tip fee. The cost of the recycling operations, he said, was subsidized by a few dollars on the solid waste tip fee side.

Mr. Gaffey noted that environmental education has always been a primary mission of CRRA. Mr. Gaffey said that CRRA operated two educational centers associated with the recycling plants in Hartford and Stratford. CRRA employed professional educators, he said, and had grade and age-appropriate curriculum from pre-kindergarten to the university level. Approximately 50,000 people per year with visitors from all over the world came to the facilities, he stated. Mr. Gaffey added that CRRA operated a sister school in the Bridgeport area with participation with towns like Trumbull and Shelton and other outlying towns.

Chairman Pace introduced Mr. Gary Gendron. Mr. Gendron noted that he was the Director of Administration and that his role and the role of his staff was that of a facilitator. Mr. Gendron said that his division provided resources and assistance to the other divisions of CRRA that facilitate the efficient and effective performance of their roles and duties. Mr. Gendron added that his division's focus was internal organization and administration, resource procurement and allocation, administrative support and Human Resources support.

Mr. Gendron stated that his division's principal challenge was to help the new Board to move the organization forward. Mr. Gendron said that he had been working with Chairman Pace on a list of areas where CRRA had been the subject of criticism. These areas had to be addressed, he continued, and a preliminary corrective action list had been developed for the Board's review. Mr. Gendron noted that the list was intended merely as a starting point and that direction from the Board on any of the items was welcomed.

Chairman Pace introduced Ms. Ann Stravalle-Schmidt. Ms. Schmidt noted that she was the Director of Legal Services and has been with CRRA for two years and three months. Prior to her coming to CRRA, she said, she was at Robinson & Cole, Travelers and Day, Berry & Howard. She noted that at that time she did not have any staff on board.

Ms. Schmidt noted that the duties of in-house counsel was to manage outside litigation and arbitration, answer any questions on drafts of contracts and to review and negotiate them, work on settlements, draft policies and procedures, and to give out general advice.

Ms. Schmidt stated that her priority list consisted of the Enron bankruptcy and actions taken by the Attorney General as well as the CL&P. There were Putman and the Wheelabrator issue, she said, as well as the Keyspan matter in the Covanta bankruptcy. Ms. Schmidt continued that a great priority was revamping the policies and procedures of CRRA in response to criticism of how things were done as well as in response to the new legislative act. Ms. Schmidt continued that an area of concern was the continued compliance with any subpoenas and FOIA requests and to protect the integrity of such documents. Document control was very important from a legal aspect, she said.

Director Ryan asked whether a Code of Ethics existed for the new Board members regarding the members' obligations under the State ethics laws. Chairman Pace responded that a workshop for the Board members had been discussed and may be brought up at the June 20th meeting.

DISCUSSION OF ISSUES FOR IMMEDIATE REVIEW TO BE ACTED ON AT THE REGULARLY SCHEDULED JUNE 20, 2002 BOARD MEETING

A copy of the June 20, 2002 Board books was distributed to the Board members. Chairman Pace noted that a majority of the materials were contractual matters which would be discussed at the June 20, 2002 Board meeting. Chairman Pace stated that a confidential package for discussion in Executive Session at the June 20, 2002 Board meeting was also being handed out to the Board members.

REVIEW AND DISCUSSION OF TRANSITION BRIEFING BOOKS PROVIDED TO THE BOARD

Chairman Pace said that the transition Briefing Books included the overall contracts with operators and the policies and procedures. Chairman Pace said that he would like to work with the Board through subcommittees and with staff regarding the policies and procedures, including the procurement.

Director Cohn stated that the current procurement procedure was exceedingly loose and permitted negotiated procurement in entirely every case. Director Cohn added that that practice was not appropriate for a public agency. Director Cohn noted that the presumption in the parallel agencies and in state government was to have a competitive process unless there was reason or necessity to do otherwise. Director Cohn said that there were standards in the state statute for state agencies and there were standards for quasi-public authorities such as CRRA. Director Cohn suggested that CRRA examine the policies of other quasi-public agencies, such as CHFA, and move closer towards those standards. Chairman Pace responded that the accounting department was examining the policy and exploring other documents.

Director Cohn commented that most of the authorities of the state also had a quality-based selection procedure which allowed such authorities to negotiate price or other variations. There also were procedures in the statutes, Director Cohn added, for sole source review and approval that would be worth examining. Director Ryan noted that his designee to the Board, Mr. John Mengacci, lead the division for OPM and could offer any services to CRRA to craft an appropriate policy with sole source requirement, if needed.

REVIEW OF LEGISLATIVE ACT CHANGES AND DISCUSSION OF LEGISLATIVE MATTERS AND DISCUSSION OF STEERING COMMITTEE COMPOSITION

Chairman Pace said that there was an extensive amount of work to be done in the following 6 months regarding the new legislation. It was important to begin and continue the process, he said, to which the Steering Committee has been appointed.

Chairman Pace said that he planned to talk with the Steering Committee on a regular basis in conjunction with the subcommittees so that the Steering Committee had total insight. Chairman Pace said that he intended to file the report in January 2003 as a collective body of the entire Board, through the Steering Committee. Chairman Pace said that the Steering Committee would not be a separate entity over and above, but a committee with a distinct responsibility but working through and with the current Board.

DISCUSSION OF OUTSTANDING VACANCIES

Chairman Pace said that there were crucial vacancies that needed to be filled. The most crucial, Chairman Pace noted, was in the Finance Department. The Director of Accounting position and CFO were open, he said. Ms. Bronisz has been functioning as the CFO, Chairman Pace commented, and his suggestion for the vacancies was to look internally. Another important position, Chairman Pace continued, was the President. He noted that discussion was needed in order to disseminate what skills and management style would be desired for that vacancy. Chairman Pace said that a decision would also have to be made on whether an interim or a permanent president would be needed.

Chairman Pace stated that a keeper of records would also be valuable to the agency and to have records underneath the auspices of the legal department. Chairman Pace said that there was someone on staff who could provide that function.

Chairman Pace noted that Ms. Mattschei held the position of Corporate Secretary and he believed that she would consider staying that position. Chairman Pace added that Mr. Bessette, Human Resources Administrator, was also considering his options. Chairman Pace said that there were vacancies in the legal department as well.

Director Martland commented that it was conceivable to borrow a person in charge, the president, from other agencies in the State or from the private sector for that interim and strictly scenario. Mr. Martland said that that borrowed person could conceivably possess a wealth of ability and talent while the Board exercised its judgment on choosing for the permanent position.

Director Cohn noted that some of the vacancies were critical and needed to be filled as quickly as possible, while other vacancies could wait until the placement of the new president so that person may have some input in the selection process.

DISCUSSION OF BOARD ORGANIZATION AND RESPONSIBILITIES INCLUDING VICE CHAIR AND SUBCOMMITTEES

Chairman Pace said that a Vice Chair would be needed and he was giving the Board time to think and offer suggestions as to who may be interested. Chairman Pace stated that he would like to offer four suggestions for subcommittees: 1) Organization Synergy and Human Resources. Chairman Pace said that an examination of the organizational structure would be needed including who did what for whom, to whom services are rendered to, who the people in place were and what their abilities were, what they needed to interface with the organization and what it was costing the agency for those functions of organization. Chairman Pace said that he wanted to make sure CRRA had the right person in the right place with the right management style. The group would also be responsible for working with the Human Resources Administrator in improving morale. 2) Policies and procedures. This group would work on examining Book 2 of the transition Briefing Books and other agencies to try and modify the policies and procedures. 3) Finance and Strategic Planning. This group would examine CRRA's financing. Chairman Pace said that there was a big whole in the organization. CRRA needed income and reduce expenses, he said. Chairman Pace said that financial planning was crucial regarding the closing of the landfills, what could be done with the ash and other things. An examination of the recycling program would be beneficial, he noted, to determine the cost analysis of a zero tip fee on recyclables. 4) Records and reporting. Chairman Pace said that this group would deal with procurement and document flow to make sure that documents, including contracts, are distributed to those involved. There should also be an evaluation process, he continued, of the performance of each vendor. This group would be responsible for oversight review and document flow, including dealings with OPM, DEP and a variety of other agencies that CRRA had a relationship with.

Director Sullivan said that he agreed to chair the Finance and Strategic Planning Committee and would like to have other participation and thoughts. Director Cohn said that he was considering volunteering for that group. Chairman Pace said that anyone with a background in finance would be a great help the committee.

Director Cassano noted that he has agreed to chair the Organizational Synergy and Human Resources Committee. Directors Francis and Blake said that they would offer their assistance to that committee.

Ms. Schmidt noted that under the new statute for committees, the Board may delegate three or more directors. It must be a minimum of three, she said, and at least one of such directors shall be a municipal official. Director Lauretti volunteered for join the Finance Committee and noted that he was a municipal official. Chairman Pace noted that Director Cassano was a municipal official for the Organizational Synergy and Human Resource Committee.

Chairman Pace said that he would be active on the Policies and Procedures Committee. Director O'Brien suggested that the Policies and Procedures Committee and the Records and Reporting Committee could be combined. Chairman Pace responded that he would be willing to

combine the two committees. Director O'Brien said that he would volunteer for that combined committee.

Chairman Pace said that he would like to see the Board be completely active with its members involved in one or more facets. The decisions made should derive from a collective understanding of the positions, he said.

AUTHORIZATION OF THE CHAIRMAN AND VICE CHAIRMAN TO ACT ON BEHALF OF THE AUTHORITY

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

RESOLVED: That the Chairman or Vice Chairman of the Authority be, and each of them hereby is, authorized to execute, deliver and perform all contracts, sign all payment registers and make necessary financial authorizations/certifications on behalf of the Authority that had previously been authorized for the President of the Authority by action of the Board, the Bylaws of the Authority, or by the Connecticut General Statutes.

This resolution shall be effective as of the date of its adoption forward.

Director Cassano seconded the motion.

Director O'Brien asked whether this was an interim resolution until a president was appointed and hired. Ms. Schmidt responded that it was.

Director Ryan asked whether the resolution, because of the "and," required that the Chairman and Vice Chairman make the signatures, or could it be one or the other. Ms. Schmidt replied that it was one or the other to allow for flexibility if the Chairman were not present.

Director Ryan made a motion for a friendly amendment to change the word "and" to "or" following "Chairman." The friendly amendment made was approved unanimously.

AUTHORIZATION REGARDING DISBURSEMENT OF AUTHORITY FUNDS

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

RESOLVED: That the funds of the Authority deposited in Fleet Bank or otherwise invested (except Trustee-held funds and funds in the CRRA/MDC Arbitration Escrow bank account) be subject to withdrawal or charge at any time and from time to time upon checks, notes, drafts, bills of exchange, acceptance, or other instruments for the payment of money or upon directions for the wire transfer of money, when made, signed, drawn,

accepted, or endorsed on behalf of the Authority, by any two of the following: Bettina Bronisz, John Clark or Michael A. Pace provided, however, wire transfers between Authority bank accounts or otherwise invested Authority funds (including to and from Trustee-held funds and the CRRA/MDC Arbitration Escrow bank account) shall require instructions from one of the foregoing.

FURTHER RESOLVED: That Trustee-held funds and the CRRA/MDC Escrow Arbitration bank account be subject to withdrawal or charge at any time and from time to time upon requisitions/instructions, checks, notes, drafts, bills of exchange, acceptance or other instruments for payment of money or upon directions for the wire of transfer money, when made, signed, drawn, accepted, or endorsed on behalf of the Authority, by any one of the above individuals.

Director Cassano seconded the motion.

Ms. Bronisz explained that all the project funds for the four accounts were invested in the Treasurer's STIFF account. CRRA had approximately \$100 million in the STIFF account on a daily basis. From the stiff account Ms. Bronisz said that she wired monies out of the Authority's general fund held at Fleet Bank that was required on a daily basis to fund operations, payroll and check requests. These were the interfund movements that required only her signature, Ms. Bronisz noted.

Ms. Bronisz said that monies that were paid outside of the Authority required two signatures. Ms. Bronisz said that it had historically been between herself and the president and in the interim between her and Mr. Clark. The resolution would expand to include the president and the Chairman in case Mr. Clark was not available. Mrs. Bronisz explained the requirement of the two signatures was a control mechanism.

Director Cooper asked why particular names were needed for signatures instead of position in case of personnel changes. Ms. Bronisz replied that there were signature cards at the bank which needed actual names. The signature must match their record, she said.

Director Martland asked whether payment to consultants would first require Board approval. Chairman Pace responded that it was his intention to bring everything to the Board.

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

GENERAL

Chairman Pace asked whether there were other CRRA staff present. Ms. Bergenty introduced herself and noted that she was the Recycling Fuel Manager for the Recycling Division. Ms. Bergenty stated that she worked the front lines with vendors, operators, contracts and customers. It was a contract administration position out in the field, she said, and the

enforcement of facility operators. Chairman Pace said that it was important that the Board meet the people out in the field.

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 11:24 a.m.

Respectfully submitted,

Angelica Mattschi
Corporate Secretary to the Board