

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED FORTY-FIFTH MEETING

JUNE 20, 2002

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, June 20, 2002 at the 211 Murphy Road, Hartford. Those present were:

Chairman Michael A. Pace

Directors:

Benson Cohn
Marc Ryan
Howard Rifkin (delegate for Director Nappier)
Stephen Cassano
James Francis
Alex Knopp (left at 1:45 p.m.)
Andrew Sullivan
Mark Cooper
John Mengacci (delegate for Director Ryan)
Mark Lauretti
Raymond O'Brien

Directors Blake, Nappier and Martland did not attend.

Present from the CRRA staff:

Ann Stravalle-Schmidt, Director of Legal Services
Gary Gendron, Director of Administration
Brian Flaherty, Communications Coordinator
Lynn Martin, Insurance and Claims Manager
Angelica Mattschei, 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
Michael Tracey, Director of Civil & Construction Engineering
Diane Spence, Secretary
Mathew Bessette, Human Resources Administrator
Christopher May, Systems Analyst
Cheryl Burke, Educational Programs Director
Michael Bzdyra, Senior Analyst

Others in attendance were: Frank Giordanella of Murtha Cullina; David Arruda of MDC; William H. Bright, Jr. of Cummings and Lockwood; Jerry Tyminski of SCRRRA; John Cimochoowski of DEP; Gian-Carl Casa of CCM; Catherine Boone of the Treasurer's Office; Theodore Doolittle of the Attorney General's Office; Susan Hough of AP; Trip Jennings of Waterbury Rep-American; Steve Kesten and Robert Reilly of CTN; John Maulucci of BRRFOC; Peter Boucher of Halloran & Sage; Philip Soter of Martinez & Associates; Joyce Tenor of HEJN; Barry Zitser of P&Z; Brian Anderson and Chip Ross of AFSCME Council 4 and Don Michak of the JI.

Chairman Pace called the meeting to order at 9:00 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.

Chairman Pace read a letter from Director Martland which noted that he was unable to attend the meeting due to a prior commitment with the Rotary International Convention held in Barcelona, Spain.

Chairman Pace noted that a Letter of Designation was received for Director Mengacci for Director Ryan and Director Rifkin for Director Nappier.

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

ADDITIONS TO THE JUNE 20, 2002 BOARD AGENDA

Chairman Pace requested a motion to open the agenda for the purpose of adding three items. Director Francis made the motion which was seconded by Director Cooper.

Chairman Pace noted that the three items were: 1) to discuss and act upon authorization for CRRA to secure a DPUC license as an energy supplier; 2) to discuss and act upon the formation of subcommittees; 3) to discuss and act upon by referral to the appropriate committees the preliminary corrective action plans.

The motion previously made and seconded was approved unanimously.

CONSENT AGENDA

Ms. Schmidt said that Board action was sought to waive any potential conflicts in two matters concerning Cummings and Lockwood. One conflict, Ms. Schmidt stated, was Cummings and Lockwood's representation of Rachael deRham, who, sometime in the future, may be adverse to CRRA in a condemnation suit. Ms. Schmidt noted that attorneys at the firm who handled CRRA matters would not be involved in representing Ms. deRham.

Ms. Schmidt said that the second issue was regarding Cummings and Lockwood's representation of American Ref-Fuel, the operator of the Southeast plant. Ms. Schmidt noted that Cummings and Lockwood would not represent either CRRA or American Ref-Fuel in Southeast matters.

Director Ryan asked how long Cummings and Lockwood has represented CRRA and what the current term entailed. Mr. Bright replied that Cummings and Lockwood had represented CRRA since 1998 on specific litigation matters with MDC, Wheelabrator and the Town of East Hartford. Mr. Bright said that a waiver letter was provided to the Authority, American Ref-Fuel and Ms. deRham during those engagements as well. Cummings and Lockwood's current term with CRRA entailed provision of general corporate advice and labor advice to the Authority, he explained.

Director O'Brien asked whether American Ref-Fuel and Ms. deRham had agreed in writing to the waivers. Mr. Bright replied that they had.

Director O'Brien made the motion to authorize the Chairman to execute the consent waivers, which clearly stated that Cummings and Lockwood would not represent either CRRA or American Ref-Fuel in litigation matters against each other. Director Cassano seconded the motion.

The motion previously made and seconded was approved unanimously.

FINANCE

REVENUE AND EXPENDITURE REPORT FOR APRIL 2002

Ms. Bronisz said that the Revenue and Expenditure Report was provided to the Board every month with a description of the different projects, revenue and expenditure sheets and graphs that tracked the activities of each project.

Ms. Bronisz said that the Mid-Connecticut project incurred a \$1.6 million loss, driven primarily by the absence of a \$2.2 million Energy Capacity payment due from Enron. Mid-Connecticut was operating at the expected \$12.9 million loss for the fiscal year to date due to lower interest income, greater than anticipated waste transport expenses and outstanding nonpayments from Enron which totaled \$14.8 million. The deficit would have been greater, Ms.

Bronisz said, but revenues were received from the sale of NOx credits to Select Energy, American Ref-Fuel and Wheelabrator.

Ms. Bronisz stated that the Bridgeport project incurred an expected \$224,700 operating loss due mainly to the cost of installing a permanent flare system at the Shelton landfill. Interest income and recycling sales were also down for the month, she added. Ms. Bronisz continued that Bridgeport was operating at a better than expected loss of \$1.6 million for the fiscal year to date.

Ms. Bronisz said that the Wallingford project had, as expected, a modest surplus. Wallingford's revenues and expenditures remained constant, she stated, except for an increase in waste transfer charges for the month of April. Year-to-date, Ms. Bronisz added, the Wallingford operated at a \$1.8 million surplus.

Ms. Bronisz stated that the Southeast project incurred a minor operating cost of \$35,628 for the month due to lower interest income and higher spot tipping fee revenues because of higher-than-anticipated diversions of waste from the Mid-Connecticut project. The Southeast project was operating at a \$1.3 million loss for the fiscal year to date, she said, due to lower interest income, increased salary and administrative costs and higher ash disposal fees.

The Non-Project Ventures, Ms. Bronisz said, incurred a \$216,000 operating loss, but overall was running at a surplus of \$3.6 million to date. Ms. Bronisz explained that the loss for April was attributed to a \$175,000 operating and maintenance fee, which was not received from Enron. That amount was in addition to the \$2.2 million that was not received from Enron on a monthly basis, she said.

Ms. Bronisz distributed three documents to the Board. One was a chart that related to the total Enron payments received and not received. Ms. Bronisz explained that CRRA had a contract to sell the first 250,000-megawatt hours of electricity to Enron and thereafter the electricity was sold to Connecticut Light & Power. The second was a chart that tracked where CRRA would be had it continued to receive the \$2.2 million per month from Enron. Ms. Bronisz noted that if CRRA had continued to receive payments from Enron, the Mid-Connecticut project would be in positive territory. The third, she said, was a monthly dunning letter sent to Enron regarding their contractual obligation to pay CRRA.

Director O'Brien asked what steps were being taken to mitigate the shortfalls or revenue losses from the projects. Ms. Schmidt replied that the Enron bankruptcy issue was going to be discussed in Executive Session. Chairman Pace added that management staff were reviewing expenses to make sure funds were adequate and expenditures were being reduced on a day-to-day basis.

Director Rifkin asked whether the operating losses in Bridgeport and Southeast were a function of seasonal issues or some real financial concerns regarding the health of those two projects. Mr. Clark responded that the loss in those projects were planned and provided for in the reserves. The Bridgeport project, he said, required the capital expenditure for the installation

of the SNCR system for NOx control. In the prior years the plant bought NOx credits from Mid-Connecticut, Mr. Clark explained, and Bridgeport had to finally install its own system. Mr. Clark said that rather than raising the tip fee for the installation of the system, there was money set aside in the risk fund.

Director Lauretti asked whether the implementation of the system was considered a capital item. The system was a capital project, he said. Director Lauretti commented that accommodations in the budget should be made for anticipated projects. Chairman Pace replied that budget formulation was one of the tasks that the Board or the subcommittees would be examining.

Director Rifkin asked whether the system installation was a one-time hit for the Bridgeport project or were there ongoing issues that the Board was going to have to deal with in terms of raising tipping fees. Mr. Clark replied that the total SNCR system cost of \$2.3 million was a one-time hit. There were going to be additional incremental operations and maintenance fees charged to CRRA due to the installation of the system, he added. Mr. Clark said that a tipping fee increase was anticipated for the project.

Mr. Clark said that Southeast had a similar situation as Bridgeport. There was going to be a capital expense for the installation of a carbon injection system at Southeast, he stated, for the reduction of mercury emissions. Mr. Clark stated that a tipping fee increase was also anticipated for the Southeast project to accommodate additional operations and maintenance fees associated with future costs of the carbon injection system.

AUTHORIZATION TO ENTER INTO A FIRST AMENDMENT INDEPENDENT AUDITING SERVICES AGREEMENT WITH SIMIONE, SCILLIA, LARROW & DOWLING, LLC

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

RESOLVED: That the Chairman is hereby authorized to enter into a First Amendment To Independent Auditing Services Agreement with Simione, Scillia, Larrow & Dowling, LLC, substantially in the form discussed at this meeting.

Director Lauretti seconded the motion.

Ms. Schmidt noted that the firm had undergone several name changes and that there was a correction to the resolution. Ms. Schmidt stated that the firm's name was changed to Scillia Dowling & Natarelli, LLC.

Ms. Bronisz said the referenced item was a request for an extension of CRRA's auditor contract with Simione Dowling & Natarelli, LLC. The contract with the Authority's outside auditor expired on April 30, 2002, Ms. Bronisz stated, and the extension would cover the

requirement that CRRA have an auditor until August 2002. In the meantime, Ms. Bronisz said that she intended to invite accounting firms to respond to a request for proposal to become the auditor for the following three-year cycle. A draft of the RFP was included in the Board materials, she noted.

Director Lauretti asked how the firm was going to be compensated for the additional time period. Ms. Bronisz replied that it would be on a per hour basis which was consistent with the existing agreement.

Director Ryan commented that compensation, with regards to hourly-type basis and fixed-price type basis, was confusing in the document and wanted to know by what method the compensation would be. Ms. Bronisz replied that it was both. Ms. Bronisz explained that there was a fixed-price for the audit, but they performed special project functions on a per-hour basis as approved by the Board. Ms. Bronisz said that she would clarify the distinction within the document that the auditing component would be at a fixed price not to exceed the given amount and that the special project services would be on an as-needed basis and would be hourly.

Director Ryan commented that there was no mention of a bidders' conference in the document. Director Ryan suggested that in light of scrutiny that the Authority was going through, it would be a good idea to advertise a mandatory bidders' conference and maintain a mandatory letter of intent.

Director Rifkin asked whether the firm provided services to the Authority outside of general auditing services. Ms. Bronisz responded that they had reviewed the Policies and Procedures for the accounting department. Director Rifkin commented that as part of the RFP going forward, it was important to ensure that any firm hired to do the financial audits of CRRA would not have any other consulting agreements with the Authority unless it were financially related.

Director Cohn suggested that the RFP require that any proposer that was not a qualified small business enterprise or minority enterprise propose a portion of the work to be subcontracted to such an enterprise. Chairman Pace stated that his suggestion was duly noted.

Director Sullivan asked whether the firm had performed services since April 30th that needed to be compensated. Ms. Bronisz replied that the Authority needed to compensate them for the review of accounting policies and procedures.

Director Ryan asked whether the firm would be preparing documents for the new June 30th audit. Ms. Bronisz responded that they would not be performing any work related to the audit because they then would not be able to respond to the RFP. Ms. Bronisz said that the firm would be performing day-to-day general services. Ms. Bronisz explained that the Authority needed to have a valid auditor contract until the new auditor was on board.

Director O'Brien stated that perhaps the RFP should not be released until it was reviewed and approved by the Finance Committee. Chairman Pace responded that that was his intention.

Director Mengacci asked whether the Finance Committee would serve as the selection and review committee and make a recommendation to the Board. Chairman Pace replied that he was correct.

The motion previously made and seconded was approved unanimously.

PUBLIC PORTION (CON'T)

Chairman Pace said that he would allow members of the public who came in late to make their comments. Mr. Anderson said he was a field representative for AFSCME Council 4 and introduced Chip Ross who was the president of Local 184 which represented MDC workers.

Mr. Anderson said that he was in opposition to the proposed Board action regarding CRRA's authorization to enter into a contract with CWPM to remove bulky waste at the Waterbury landfill. Mr. Anderson stated that CWPM was a company owned by the politically powerful Manafort Brothers and they appeared to break state transportation safety laws by running trucks with too much weight. CWPM too over operations of two CRRA transfer stations, he continued, that were formerly operated by MDC employees under contract with CRRA. Mr. Anderson stated that 676 of 714 trucks loaded and operated by Manafort were overweight as depicted in weight tickets from the Torrington and Watertown transfer stations. MDC trucks were less than 5% overweight, he added.

Another Manafort Brothers' company dumped 200 truckloads of contaminated soil at the Stowe Village Housing Project in Hartford, Mr. Anderson said. The contaminated soil contained benzene and heavy metals. These cancer causing chemicals caused long-term pollution to water sources, Mr. Anderson stated, and government accountability was crucial.

Mr. Anderson urged that the new Board of CRRA honor the arbitrator's decision in the contract dispute with MDC and return jobs to displaced workers. It would return the work to proven safe and reliable drivers and employees, he stated, and would help restore public trust in CRRA.

PROJECT REPORTS

BRIDGEPORT

Mr. Clark said CRRA staff attended the bi-monthly Solid Waste Advisory Board meeting and one of SWAB's key items was locating an additional in-state landfill for ash. The mercury control system and flare at the landfill were operational, he said.

Mr. Clark stated that an outside consulting firm was hired to examine contracts, provisions for extending terms with Wheelabrator, and all other issues regarding end of term

issues associated with the project in 2009. That was an ongoing issue associated with the Bridgeport project, he said.

Director Knopp asked what the existing ash disposal situation was like until 2009. Mr. Clark responded that the ash was being hauled to Putnam and would continue to be hauled to Putnam until 2009. Director Knopp asked whether Putnam had sufficient capacity to receive ash until 2009. Mr. Clark replied that it did.

ENVIRONMENTAL MONITORING, FISCAL YEAR 2003 FOR THE SHELTON LANDFILL

Chairman Pace requested a motion to open the agenda for the purpose of adding the referenced items to the agenda. The motion made by Director O'Brien and seconded by Director Cassano was approved unanimously.

Mr. Egan said that the referenced item did not require Board action but that the Board should be advised that it was an expenditure of \$120,000. Mr. Egan distributed a document to the Board regarding the annual environmental monitoring that CRRA was obligated to conduct at the Shelton landfill pursuant to several environmental permits. This was an annual operation, he said, and an environmental consulting firm was employed to conduct the activity. Mr. Egan added that HRP Associates had been conducting the activity for the seven previous years.

Mr. Egan said that he asked three companies for a cost proposal to conduct the monitoring for fiscal year 2003. One of the companies did not submit a proposal due to loss in key personnel, he said, and the other two companies bid in the low \$120,000 range. Mr. Egan recommended that CRRA continue to employ HRP Associates even at the slightly higher bid. HRP was conducting another activity at the Shelton landfill associated with a DEP zone of influence investigation, he said, and it was important they use the same consultant for both activities for consistency.

Director Cohn commented that he was concerned with the small number of firms who were asked to bid and the issue of what should and should not be brought to the Board. Mr. Egan responded that Shelton was not included in the bids for three-year contracts with the other four landfills that CRRA operated because staff believed it was important for consistency reasons to continue to use the consultant that had been there and was selected by DEP to perform the investigation. Upon completion of the investigation, Mr. Egan said that it was his intention to bid out the work through a full RFP. Mr. Egan stated that he specifically asked the three firms to place a bid because the Shelton landfill, from an environmental monitoring standpoint, was the most complex of the five landfills.

Director Cohn asked whether CRRA was required to take the lowest responsible bid. Chairman Pace responded that CRRA was not required to take the lowest bid if there were other characteristics to be considered, such as the consistency issue that Mr. Egan spoke of.

Director Lauretti asked whether the monies were budgeted to accommodate the request. Mr. Egan answered that it was. Director Lauretti asked how the price compared with previous years of service. Mr. Egan replied that the price was approximately \$70,000 less than the previous year.

The motion to adopt the recommendation for HRP at \$121,500 made by Director Cassano was seconded by Director O'Brien and approved unanimously.

MID-CONNECTICUT

AUTHORIZATION TO ENTER INTO A SOLID WASTE DELIVERY AGREEMENT WITH WASTE MANAGEMENT OF CONNECTICUT, INC.

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

RESOLVED: The Chairman, Vice Chairman, or President is authorized to enter into a solid waste delivery agreement for the Mid-Connecticut Project with Waste Management of Connecticut, Inc. substantially in accordance with the terms and conditions discussed at this meeting.

Director Cassano seconded the motion.

Mr. Clark explained that the Waste Management contract differed from standard solid waste agreements in that they could deliver acceptable waste to Mid-Connecticut from non-member towns. Mr. Clark said that Waste Management would pay \$57 for the first 650 tons per month of non-member waste delivered to Mid-Connecticut and \$61 for each ton in excess of 650 tons per month. Mr. Clark noted that those were exceptional rates for nonmember spot waste. Mr. Clark continued that non-member waste deliveries were also interruptible and Waste Management had a minimum tonnage commitment.

Director O'Brien asked whether acceptable waste from member communities had to be delivered to Mid-Connecticut. Mr. Clark responded that member waste must be delivered to Mid-Connecticut.

Director Sullivan asked whether staff analyzed the financial capabilities of the enterprises that CRRA engaged. Chairman Pace replied that page 4, item 16 of the document stated that "Hauler shall amend its Letter of Credit or surety bond or provide additional cashier's check to the CRRA if requested to do so by the CRRA for any additional amounts of Acceptable Waste delivered pursuant to this Agreement." CRRA had some protection in place, Chairman Pace stated. Mr. Clark said that the billing department also kept a close eye on the waste flow.

Director Rifkin asked how the waste stream was routed from the town to the hauler to Mid-Connecticut. Mr. Clark said that arrangements varied. Ms. Schmidt responded that CRRA

had municipal solid waste agreements with the towns and the towns generally chose to contract with individual haulers for their services and the haulers would enter into contracts with CRRA due to the Clarkstown decision by the United States Supreme Court. There was nothing that prohibited a town or CRRA from entering into a contract with a hauler, she said. Ms. Schmidt continued that contracts CRRA had with the towns protected the towns in that it allowed CRRA to control the haulers. A two-month security deposit was required from the haulers, she said, in case of any infractions.

Director Rifkin asked whether other haulers had the same requirements built into their agreements as with CRRA and Waste Management. Ms. Schmidt responded that every contract had a two or three-month provision and allowed CRRA, at its sole discretion, to automatically shut out haulers in case of an infraction on their part. Ms. Schmidt added that that was usually the only way to secure immediate payment from a hauler because it affected their commercial operation if they had no place to dispose of their waste.

Director Rifkin asked whether other haulers had the first right of refusal provision that Waste Management had. Ms. Schmidt responded that other haulers did not. Mr. Clark explained that the reason was to get Waste Management to deliver the additional waste and they did.

The motion previously made and seconded was approved unanimously.

INSURANCE

AUTHORIZATION TO EXECUTE THE AMENDMENT TO THE INSURANCE BROKER SERVICE AGREEMENT WITH MARSH USA, INC.

Director Sullivan made a motion to reorder the agenda to discuss the referenced item. The motion made and seconded by Director O'Brien was approved unanimously.

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

RESOLVED: that the Chairman is authorized to execute the Amendment to the Insurance Broker Services Agreement between CRRA and Marsh USA Inc. for the period of 7/1/02 to 12/31/02 for a fee not to exceed \$54,000 substantially as discussed at this meeting.

Director Sullivan seconded the motion.

Mr. Gendron said that CRRA's contract with its insurance brokerage firm, Marsh USA, would expire on June 30, 2002. Mr. Gendron stated that the previous Board voted to extend the contract for one year at their last meeting, but due to a quorum issue, the item has been brought back to the Board for action. Mr. Gendron said that upon discussion with Chairman Pace, his recommendation was to renew Marsh's agreement for six months at a price of \$54,000 versus

\$90,000 for the original one-year extension period. Staff would proceed with an RFP process, he said, during that six-month period.

Director Rifkin asked what the scope of work was for the six-month renewal. Mr. Gendron replied that they would be undertaking the casualty renewal program. The casualty renewal program was a very complex insurance program, he added, and the costs of Marsh's activities were frontloaded. Ms. Martin stated that the casualty renewal included auto liability, general liability, umbrella liability and pollution liability. There was also a fiduciary policy due for renewal in November, she added.

Ms. Martin said that Marsh did not only place insurance for CRRA, but acted as an extension of CRRA's Risk Management staff. They performed inspections and wrote reports on how to improve safety, she noted, and they would be continuing those activities through the six-month extension.

Director Ryan asked whether Marsh had any preferred relationships with certain insurers. Mr. Valzania, Vice President of Marsh, replied that they did not. Mr. Valzania said that as a broker and not an agent representing insurers, Marsh did not have preferred relationships with any insurers. Their relationship was with the client, he noted.

Director Cohn asked whether Marsh received a commission from the insurance companies that they placed the insurance with, in addition to the fee under the contract. Mr. Valzania responded that all the placements made on behalf of CRRA were net of any commission.

Director Lauretti asked what the cost for the previous year's insurance broker fee was. Ms. Martin replied that the contract was a three-year agreement for a total of \$140,000. Ms. Martin commented that, monetarily, future proposals were going to continue to become more expensive. Director Sullivan added that there was a great deal of turmoil in the insurance world and that the amount of work doubled to achieve the same rates.

The motion previously made and seconded was approved unanimously.

AUTHORIZATION TO PLACE CRRA'S FY '03 WORKERS' COMPENSATION INSURANCE WITH THE CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY (CIRMA)

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

RESOLVED: that CRRA is authorized to place its FY '03 Workers' Compensation insurance with the Connecticut Interlocal Risk Management Agency (CIRMA), for a premium of \$35,029, substantially as presented at this meeting.

Director Cassano seconded the motion.

Ms. Martin said that because the account was very small in terms of number of workers and premium and not many insurers were interested, Marsh could only get indications in the market. Ms. Martin stated that CIRMA placed a bid for \$35,029 for workers comp coverage, which included one million dollars employer's liability. It compared favorably to Marsh's assessments, she added.

Chairman Pace noted that the bid was \$1,364 over the budgeted amount of \$33,665 for workers' comp coverage. Chairman Pace said that he would recommend that the Board accept the resolution.

Director O'Brien asked how many employees were covered by the \$35,000 insurance policy. Ms. Martin replied that it covered approximately 55 and a half employees.

Director Lauretti asked whether there were statutes that capped the number of employees that CRRA could employ at 45. Ms. Martin responded that there was legislation that capped the number of employees at 65. Ms. Martin added that it was originally 45, but had been changed to 65 and then changed again. Director Lauretti asked whether the coverage was only for CRRA employees and not contractors. Ms. Martin replied that it did not cover contractors and it did not cover MDC. MDC had their own coverage, she said.

The motion previously made and seconded was approved unanimously.

AUTHORIZATION TO RENEW THE \$3,000,000 CRIME POLICY WITH TRAVELERS CASUALTY & SURETY COMPANY

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

RESOLVED: that CRRA is authorized to renew the \$3,000,000 Crime Policy with Travelers Casualty & Surety Company for the period 7/1/02 – 7/1/03 for a premium of \$3,852, substantially as discussed at this meeting.

Ms. Martin said that the renewal would cover public employee dishonesty, theft and disappearance and destruction of money. She noted that the coverage limit was three million dollars. Ms. Martin continued that two bids were received from Travelers, one for a higher deductible of \$25,000 for a lower premium. Since CRRA has never had claims of this nature and there were checks and balances within the organization, Ms. Martin said that payment of the additional premium for a lower deductible would not be worth it. Ms. Martin said that she would recommend the Option #2, with a lower premium. All the terms and conditions were the same except for the deductible, she said. Ms. Martin added that there was sufficient funds in the budget.

The motion previously made and seconded was approved unanimously.

PROJECT REPORTS (CON'T)

MID-CONNECTICUT

AUTHORIZATION TO EXTEND THE AGREEMENT WITH LANDFILL SERVICES CORPORATION FOR THE USE OF THE POSI-SHELL COVER SYSTEM

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

RESOLVED: That the President, Chairman, or Vice Chairman is authorized to extend the agreement with Landfill Services Corporation in order to continue to use the Posi-Shell Cover System at the Hartford Landfill, substantially as presented at this meeting.

Director Cassano seconded the motion.

Mr. Egan said that Landfill Services provided licensed technology that applied a very thin coat of cement-based material to the surface of the Hartford landfill. Permits required that both the ash area and MSW area be covered on a daily basis, he said, and historically soil had been used for that purpose. Mr. Egan added that there was a requirement of six inches of soil to be used. The posi-shell, Mr. Egan explained, would only require a quarter of an inch. Mr. Egan said that the key benefit to this technology was the air space that it would save over the remaining life of the Hartford landfill, which was five and a half years. It would save five and a half months of life, he stated, which would be a savings of approximately two million dollars.

Mr. Egan said that a significant amount of money was spent in the repair of erosion problems from the soil covering. Posi-shell would entomb certain areas of the landfill for an interim period of time and protect it from erosion.

Mr. Egan said that a permit modification to vertically expand the landfill was received from DEP and one of the conditions of the permit was to explore the potential of covering the ash area on a weekly basis instead of daily. Mr. Egan stated that he was going to petition the DEP to allow the covering of the ash landfill on a weekly basis. In the event that CRRA petitioned and prevailed at getting that authority, it would change the economics of the posi-shell system, he said. Mr. Egan stated that he did not know which way the DEP would go with its decision.

Director Ryan asked whether provisions could be made in the contract so that CRRA would not have to pay additional costs if it were to get the waiver from the DEP. Mr. Egan replied that he would approach the firm. Mr. Egan said that Landfill services reduced their licensing fee ten months prior. He explained that they reduced their licensing fee from \$7,500 to \$4,900 in order to secure a longer term. Mr. Egan stated that he believed CRRA would have

flexibility to back out on a much shorter notice if it were prepared to pay the full \$7,500 per month.

Director Rifkin asked whether CRRA was obligated to retroactively pay the licensing fee at \$7,500 per month if the contract was not extended over the five-year period. Mr. Egan responded that if CRRA did not extend, it would be obligated to pay the full \$7,500.

Director Ryan suggested that a different agreement be obtained from the original contract that provided for the possibility of DEP's decision to allow ash covering on a weekly basis. Director Ryan noted that regardless of an alternative agreement, it was a positive situation to move forward on. Mr. Egan replied that he would approach Landfill services and express the Board's position on the matter.

Chairman Pace asked whether the previous Board had approved the agreement. Mr. Egan responded that they approved it in September of 2001.

Director Rifkin asked whether there were other possible alternatives besides soil and posi-shell. Mr. Egan responded that tarps could be used, as well as foam. Mr. Egan said that, five years prior, Landfill Services approached CRRA to use the technology at the Shelton landfill. In 2001 Landfill Services approached CRRA again and posi-shell was tried on an experimental basis on the ash and it proved to work.

Director Cooper asked whether the use of crushed glass as daily cover would reduce the need for posi-shell. Mr. Egan replied that the crushed glass would be mixed 50/50 with soil and CRRA would still be required to use six inches of both materials as cover. Mr. Egan noted that the real savings with the posi-shell system was the air space. Director Mengacci added that the closure of the Hartford landfill had enormous implications on the Mid-Connecticut project. Mr. Mengacci said that the cost benefit analysis would be in favor of preserving air space.

The motion previously made and seconded was approved unanimously.

APPROVAL FOR CONTRACT EXTENSIONS FOR ON-CALL EQUIPMENT SERVICES FOR THE ELLINGTON, HARTFORD, SHELTON AND WALLINGFORD LANDFILLS

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

RESOLVED: That the President, Chairman, or Vice-Chairman is authorized to extend the contracts for on-call equipment services with Earth Technology, Inc., Infantino Property Services, Park Trucking and Contracting, LLC, and R.L. Rogers & Sons, Inc., through June 30, 2003, substantially as presented at this meeting.

Director Cassano seconded the motion.

Mr. Egan said that the contract represented service agreements. Mr. Egan stated that CRRA placed a request for proposals for construction companies to enter into service agreements on a task-by-task scope of work basis. CRRA would employ these companies for maintenance and construction activities at the landfills, he said. Mr. Egan explained that there were no dollar values assigned to the service agreements. If there was work that needed to be performed, such as stormwater swale maintenance, the contractors would be contacted to place bids on that particular project. Mr. Egan noted that the agreement allowed for contracts to be in place instead of a contract-by-contract approval basis on smaller activities.

Director Cassano commented that there were six original bidders and only four were mentioned in the resolution. Mr. Egan said that Botticello Incorporated had not yet signed the contract. Herb Holden ended up not wanting to sign the contract, he said. Director Cassano suggested that the resolution be amended to accommodate Botticello Inc. if they were to sign the contract. Director Cassano noted that it would reduce the Board's agenda to include Botticello Inc. at that time rather than having it return to the Board at a future time for approval.

Director O'Brien made the motion to amend which was seconded by Director Cassano. The amendment to the motion previously made and seconded was approved unanimously.

APPROVAL OF AN AGREEMENT FOR WASTE WATER REMOVAL AND TANK CLEANING SERVICES

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

RESOLVED: That the President, Chairman or Vice Chairman is authorized to enter into an agreement for waste water removal and tank cleaning services for the Mid-Connecticut Project Transfer Stations and the Ellington Landfill with United Industrial services, substantially as presented at this meeting.

Director Sullivan seconded the motion.

Mr. Egan said that the referenced item involved the removal of wastewater from the four Mid-Connecticut solid waste transfer facilities in the Ellington landfill. United Industrial Services was the lowest bidder, he stated, and they were a capable waste management company in the State of Connecticut. CRRA had shipped water to United Industrial in both Meriden and Bridgeport in previous years, Mr. Egan added, and the contractor performed well. Mr. Egan continued that he was comfortable with their financial strength and their capability to fulfill the contract. Mr. Egan said that he would recommend United Industrial to manage the wastewater at the facilities.

Director O'Brien asked if CRRA had completed a waste profile. Mr. Egan replied that CRRA was going to be establishing waste profiles for each of the four sites at a future date prior

to waste shipment. Director O'Brien asked whether CRRA had inspected the United Industrial facility. Mr. Egan responded that CRRA had not yet visited and conducted a due diligence liability audit on United Industrial. There may have been informal calls made to the government and to compliance managers at the facility, he said, but it has not been documented. Mr. Egan noted that he intended to change that program. Director O'Brien asked whether United Industrial had outstanding issues with DEP. Mr. Egan replied that, as every management facility in the country did, United Industrial has had some issues with the Federal and State Government. They had record keeping issues, he continued, and containment management issues. Mr. Egan noted that United Industrial has advised him that those issues were being addressed.

Director Sullivan asked why Earth Technology had a substantially higher bid than United Industrial. Mr. Egan replied that it was because Earth Technology did not own a wastewater treatment facility, nor did they own any waste disposal facilities. Mr. Egan explained that they were the middleman and would have to transport waste to another facility specified in their bid.

Director O'Brien asked whether CRRA received certificates of disposal from contractors. Mr. Egan replied that certificates of disposal were not received, but CRRA did receive a return copy of the nonhazardous waste manifest demonstrating that the contractor received the waste at their licensed facility.

The motion previously made and seconded was approved unanimously.

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss legal and personnel matters. Director O'Brien made the motion which was seconded by Director Francis. Chairman Pace requested that Ms. Schmidt and Mr. Bright to remain during the first half to discuss CRRA issues and Mr. Doolittle, Mr. Boucher and Mr. Clark remain during the second half of the executive session.

The Board meeting was recessed at 11:56 a.m. to convene an Executive Session to discuss matters related to possible litigation.

The Executive Session began at 11:58 a.m.

The Executive Session concluded at 2:11 p.m.

Chairman Pace reconvened the Board meeting at 2:12 p.m.

Chairman Pace noted that no votes were taken in Executive Session.

AUTHORIZATION TO TERMINATE THE LEGAL SERVICES CONTRACT WITH MURTHA CULLINA LLP

Chairman Pace requested a motion on the referenced item. Director Sullivan made the following motion:

RESOLVED: That the Chairman of the Authority be and is hereby authorized to terminate the legal services contract with Murtha Cullina LLP, per the recommendation of the Attorney General's office.

The motion made and seconded by Director Cooper was approved unanimously.

MID-CONNECTICUT (CON'T)

AGREEMENT WITH CWPM LLC. FOR THE REMOVAL OF BULKY WASTE AND NON-PROCESSIBLE WASTE

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

RESOLVED: The Chairman, Vice Chairman or President is authorized to enter into an agreement with CWPM LLC. for the removal of bulky waste and non-processible waste from the Waterbury landfill, substantially in the form as discussed at this meeting.

Director Cohn seconded the motion.

Mr. Clark said that a relatively similar document was brought to the previous Board at their May 2002 meeting. The previous Board had concerns regarding a contractor that proposed to use 100-yard trailers. Mr. Clark said that the Board requested that staff investigate the matter and determine the potential cost implications of using the 100-yard trailers.

Mr. Clark stated that the lowest bid for the hauling portion of the contract was CWPM. Mr. Clark said that he would recommend that the Board authorize the contract with CWPM for the hauling service.

Director Cassano asked whether there was any overcapacity concerns with CWPM, as indicated during the public portion by MDC workers. Mr. Clark replied that there had been issues between CRRA and CWPM but that there was no concern with the overload situation with the referenced item. Mr. Clark added that the contractor has been made aware of the overloading situation and has taken necessary precautions to resolve the issue.

Director Rifkin asked how long the term of the contract was. Mr. Clark replied that it was a three-year term with a fourth year optional. Director Lauretti asked whether the \$23 cost

per ton was locked down for the entire term of the contract including the optional year. Mr. Clark responded that it was.

Director Rifkin asked what length of term was with the existing contract. Mr. Clark replied that it was a one-year term with Botticello. Director Rifkin commented that he had concerns with entering into a multi-year agreement with a brand new Board. Director Rifkin said that the Board has not yet examined the procedures and procurement and issues were raised regarding that process. CRRA could terminate services with CWPM upon a 30-days' notice, Mr. Clark noted.

Director Lauretti asked whether the contractor could be employed for an interim period. Mr. Clark responded that staff had not evaluated that option. Chairman Pace asked what the cost would be for an extension of the existing contract. Mr. Clark replied that the price per ton would significantly be more than the recommended contract with CWPM.

Director O'Brien said that he would include the phrase "noting that there is a 30-day termination provision in the contract." Chairman Pace said that it would be included as a side note.

The motion previously made and seconded was approved. Directors Rifkin, Cassano and Lauretti voted "nay." Director Rifkin said that he was uncomfortable with committing to a multi-year contract without previously reviewing all policies and procurement procedures. Chairman Pace noted that it was a 5 to 3 vote.

ASBESTOS ABATEMENT AND HOUSES DEMOLITION 195 AND 207 SADD'S MILL ROAD, ELLINGTON, CONNECTICUT CONSTRUCTION BIDS

Mr. Clark said that there was a bidding procedure for the demolition of the referenced properties. The lowest bidder, Salecon, LLC, was employed to demolish the two buildings in Ellington, Mr. Clark stated.

Director O'Brien asked whether the DEP would be brought in to evaluate any oil tank removal issues with the property. Mr. Egan replied that there were no underground storage tanks on any of the properties. The fuel oil tanks were all in-basement tanks, he said, and would be removed as part of the demolition by the contractor.

Director O'Brien asked whether a lead assessment was performed. Mr. Egan responded that lead was evaluated in all the buildings and it was identified in one of the sites. The levels of lead, however, Mr. Egan noted, did not trigger any Department of Public Health or Hazardous Waste regulations that would require special management of the debris.

Chairman Pace requested a motion on the referenced topic. Director O'Brien made the motion to award the contract to Salecon, LLC in the amount of \$21,700. The motion made and seconded by Director Cohn was approved unanimously.

WALLINGFORD

AGREEMENT WITH WASTE MANAGEMENT OF CONNECTICUT, INC. FOR THE TRANSPORTATION OF BULKY WASTE AND NON-PROCESSIBLE WASTE FROM THE WALLINGFORD RESIDENTIAL DROP-OFF SITE

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

RESOLVED: The Chairman or Vice Chairman or President is authorized to enter into an agreement with Waste Management of Connecticut Inc. for the transportation of bulky and non-processible waste from the Wallingford residential drop-off site, substantially in the form presented as discussed at this meeting.

Director Cohn seconded the motion.

Mr. Clark said that this was a very short haul from the residential drop-off to the landfill across the street. It was operated by R.L. Rogers for the previous 6 years, Mr. Clark noted, but they had a price increase to \$50 and a call for bids was performed.

Chairman Pace asked what the length of the contract was with Waste Management. Mr. Clark responded that it was a three-year contract with a one-year option to extend.

The motion previously made and seconded was approved. Directors Rifkin and Laretti voted "nay." Director Rifkin noted that he was again uncomfortable with the multi-year term of the contract.

AGREEMENT WITH WASTE MANAGEMENT OF CONNECTICUT, INC.

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

RESOLVED: The Chairman, Vice Chairman, or President is authorized to enter into a solid waste delivery agreement for the Wallingford Project with Waste Management of Connecticut Inc. substantially in accordance with the terms and conditions discussed at this meeting.

Director Sullivan seconded the motion.

Mr. Clark said that this was a similar contract to the one previously discussed. The contract was for deliveries to the Wallingford project as opposed to the Mid-Connecticut project, he stated, and was a one-year term to deliver from the five-member towns associated with that project at \$55 per ton. Mr. Clark noted that CRRA had the right to divert the hauler to Mid-

Connecticut and the hauler could bring waste from within New Haven at a good tipping rate. It was at CRRA's option, he added.

The motion previously made and seconded was approved unanimously.

AGREEMENT FOR RESIDUE TRANSPORTATION AND DISPOSAL SERVICES

Chairman Pace requested a motion on the referenced material. Director Cassano made the following motion:

RESOLVED: The Chairman, Vice Chairman, or President is authorized to enter into an agreement with DW Transport and Leasing Inc. for Ash Residue transportation services, substantially in the form as discussed at this meeting.

Director O'Brien seconded the motion.

Mr. Clark said that the contract was to take the ash residue from the Wallingford project to the ash landfill in Putnam. Mr. Clark noted that it was another three-year contract with a one-year option to extend. Mr. Clark stated that it was a comparatively expensive hauling project compared to the other projects due to the configuration of the ash building. Staff would recommend the award of the contract to D.W. Transport, he said.

Director O'Brien asked whether plans were underway to mitigate the costs of the contract by improving the distribution of ash to the truck. Several options had been examined, he said, but it was a small project and that CRRA would lose the economy of scale at this 420 ton per day plant.

Director Sullivan asked whether Mr. Clark was satisfied with DW Transport's performance in the past. Mr. Clark said that he was. DW Transport had gone above and beyond their duties, he added.

The motion previously made and seconded was approved. Director Lauretti abstained from the vote and Director Rifkin voted "nay."

ASBESTOS ABATEMENT AND DEMOLITION OF FIVE STRUCTURES CONSTRUCTION BIDS

Mr. Clark said that it was the same situation discussed with the Mid-Connecticut project. Mr. Egan already answered the questions regarding oil tanks and wells, Mr. Clark added.

Director O'Brien made the motion to proceed with the demolition associated with the Wallingford project. The motion made and seconded by Director Cassano was approved unanimously.

RECYCLING

DIVISION OVERVIEW AND MAJOR ISSUES

Mr. Gaffey displayed a lay out of the CRRA recycling facilities and stated that the container processing plant was operated by FCR, Inc., under contract with CRRA. The container processing facility and paper processing facility were not owned by CRRA, he said, but the vendors who operated those facilities were contracted by CRRA. The two vendors for container and paper would expire in May of 2003. The bottle and can contract allowed for two successive one-year extensions, he added, and CRRA looked favorably upon entering into those extension discussions with the vendor.

Mr. Gaffey noted that CRRA was involved in a complex litigation with Allied which operated the Mid-Connecticut paper facility. Mr. Gaffey explained that on March of 1999, CRRA staff had discovered that Allied violated contract provisions relative to splitting revenues from the sale of commercial paper. A decision from Judge Satter favored CRRA, he said.

Mr. Gaffey stated that CRRA contracted with Northshore to process loose paper at \$18 per ton. CRRA had previously processed baled paper, he said, but the cost of baling paper was \$20 per ton. Mr. Gaffey noted that processing loose paper instead of baling paper has cut expenditures up to nearly one million dollars and has increased revenues by over half a million dollars.

Mr. Gaffey said that staff was examining options to consolidate Mid-Connecticut's container and paper operations at 211 Murphy Road in Hartford in order to obtain better operational control and cost savings. Mr. Gaffey added that there was \$1.8 million dollars in reserves dedicated to the project.

Director Rifkin asked whether the towns had separate recycling program agreements. Mr. Gaffey replied that a couple of towns had different programs but that most were member towns. Mr. Gaffey explained that CRRA offered member towns the ability to recycle their waste stream for free while nonmember towns had to pay a tipping fee. The Mid-Connecticut and Stratford facilities were the only recycling organization in the United States that did not charge a separate recycling fee for its member towns, Mr. Gaffey added. Chairman Pace stated that it was a public policy to encourage recycling as much as possible. Many of the municipalities thought it was against the education and the public policy to add a fee for recyclables, Chairman Pace stated.

AGREEMENT BY AND AMONG THE SOUTHWEST CONNECTICUT REGIONAL RECYCLING OPERATING COMMITTEE (SWEROC)

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

RESOLVED: The Chairman is authorized to execute the Amendment to the Supplement To The Amendment and Restated Agreement by and among the Southwest Connecticut Regional Recycling Operating Committee (“SWEROC”) and the Connecticut Resources Recovery Authority (“CRRA”), substantially in the form as discussed at this meeting.

Director Cooper seconded the motion.

Mr. Gaffey said that the contract was to extend the Supplement with SWEROC to continue the use of CRRA staff to operate the Southwest recycling education and museum services. Mr. Gaffey stated that the collaboration between CRRA and SWEROC was very successful and both parties desired to extend the arrangement for a three-year term.

Mr. Gaffey said that the SWEROC Children’s Garbage Museum was very similar to the Mid-Connecticut garbage museum. Visitors came from all over the world to examine the facilities, he continued, and local schools came through each year as well. Mr. Gaffey added that the educational programs at the museums were very popular.

The motion previously made and seconded was approved. Director Rifkin voted “nay” due to the multi-year contract arrangement.

AUTHORIZATION TO COMPLETE AN APPLICATION FOR ELECTRIC SUPPLIER LICENSE

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

RESOLVED: That the Chairman is hereby authorized to direct the CRRA Operations and Legal staff to complete an Application for Electric Supplier License, to submit such Application to the DPUC, and to take all other actions necessary to obtain an Electric Supplier License, including the obtaining of a surety bond for \$250,000, the premium for which shall not exceed \$5,000.

FURTHER RESOLVED: That the Chairman is authorized to sign the aforementioned surety bond on behalf of the Authority.

Director Sullivan seconded the motion.

Mr. Clark said that CRRA sold approximately 460,000-megawatt hours of power each year. Since July 1, 2001, the first 250,000-megawatt hours generated was received by EPMI, Enron Power Marketing, Inc., who then sold the power to CL&P. CRRA would receive 3.1 cents from Enron, Mr. Clark explained, and EPMI would received \$3.1 cents from CL&P.

Mr. Clark noted that EPMI had not paid CRRA for the output for November and December of 2001 and January of 2002 and they also did not pay the 2.2 million monthly capacity payment since November of 2001. CRRA has claimed that EPMI was in default for nonpayment, he said, and they owed \$2.904 million dollars for the electrical output portion of the months stated.

Mr. Clark said that in a parallel agreement, CL&P had been receiving power and selling that power. Mr. Clark stated that CL&P had placed the monies into an escrow account for the energy and the same \$2.904 million was in that escrow account waiting for a resolution.

Mr. Clark said that CRRA was pursuing a supplier license that was mandated and recommended by the Advisory Panel and the Cibes report. CRRA worked with the Office of Policy and Management to develop a load curve in order to establish a set of buildings that CRRA could supply power to. An application was submitted to DPUC, Mr. Clark noted, and CRRA had responded to interrogatories, participated in a hearing, engaged in ongoing discussions with energy experts and consultants regarding the implications and practicality of CRRA becoming a supplier on the retail market. CRRA also pursued becoming a member in NEPOOL, he added.

Mr. Clark stated that CRRA responded to the DPUC and the OCC request for Late-Filed Exhibits. One of the Late-Filed Exhibits requested by the DPUC, he noted, was verification from the new Board of Directors that CRRA had been properly authorized by the Board of Directors to pursue Licensure as an Electric Supplier.

Mr. Boucher said that the output of the South Meadows project was under a contract between CRRA and CL&P, which the DPUC previously evaluated and approved. Mr. Boucher explained that the Department would examine any arrangements CRRA may engage in with regards to the output that was in any way different from the existing contract. The hearings had been suspended, he said, and CRRA was not in any position to advise the Department as to what those arrangements could be. Mr. Boucher continued that there were on-going discussions with OPM and CL&P pertaining to developments of the bankruptcy court, and the Department was prepared to resume review of the application after further clarifications from the on-going discussions and negotiations.

Director O'Brien commented that it was important for CRRA to pursue the licensing and application into NEPOOL.

The motion previously made and seconded was approved unanimously.

GENERAL

AUTHORIZATION REGARDING THE DATA WAREHOUSE SERVICES AMENDMENT

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

RESOLVED: That the Chairman of the Authority be, and hereby is, authorized to execute, on behalf of the Authority, the Amendment to the Data Warehouse Services Contract between Martinez & Associates, LLC and CRRA, substantially in the form discussed or presented at this meeting.

Director O'Brien seconded the motion.

Mr. Gendron said that CRRA undertook the project of creating a data warehouse because CRRA had four different data collection systems at the various facilities, which resulted in the systems not being able to talk to each other. As the project was in progress, it was determined that the finance department could capitalize on opportunities held forth by the creation of the data warehouse. Mr. Gendron stated that the project went over the budget by \$33,000. Mr. Gendron continued that \$20,500 of that amount was attributed to CRRA decisions and the other \$12,000 was attributed to the vendor. The vendor took responsibility for the \$12,000, he said, and the resolution was asking the Board to authorize payment of the remaining balance of \$20,500.

Director Rifkin asked whether the data warehouse would be complete after the approval of the additional funds or were there ongoing issues that would need to come back to the Board for approval. Mr. Gendron replied that the system would be complete in the sense that the original scope of work and the additions that were asked for would be finished. Further enhancements to the system would need additional approval, he stated. Director Rifkin asked whether CRRA had legal custody of the data. Mr. May responded that CRRA owned all of it. Director O'Brien asked whether CRRA had the capabilities to maintain the system and Mr. Gendron replied that it did.

The motion previously made and seconded was approved unanimously.

**AUTHORIZATION REGARDING PART TIME CIO AND IT SUPPORT SERVICES
AMENDMENT**

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

RESOLVED: That the Chairman of the Authority be, and hereby is, authorized to execute, on behalf of the Authority, the Amendment to the Part Time CIO Position and IT Support Services Contract between Martinez & Associates, LLC and CRRA, substantially in the form discussed or presented at this meeting.

Director Cassano seconded the motion.

Mr. Gendron said that CRRA engaged the services of Martinez & Associates to provide part-time Chief Information Officer Services for CRRA. The determination was made at a time when the services of a CIO was very much needed for strategic prospective on IT investments, to provide critical break fix support for the existing CRRA staff and to serve as a gatekeeper and resource in determining what other IT resources were appropriate in managing CRRA's IT system.

Mr. Gendron said that there was a request for a three-month extension of the part-time CIO contract. Mr. Gendron added that he would like to put the contract out to bid in that three month time period.

Director O'Brien asked whether CRRA was committed to a long-term part-time CIO. Chairman Pace replied that Mr. May was the in-house CIO and the need for a long-term part-time CIO would be determined at a future date. Chairman Pace stated that the three months would give staff some time to evaluate finance needs and to determine whether an RFP would be sought for a longer-term CIO arrangement.

The motion previously made and seconded was approved unanimously.

LEGAL

AUTHORIZATION REGARDING THE CROC PARTY SETTLEMENT

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

RESOLVED: that the Chairman of the Authority be, and hereby is, authorized to execute, deliver and perform on behalf of the Authority the Limited Settlement Agreement between The CROC parties and CRRA substantially in the form discussed or presented at this meeting with such changes as the Chairman deems necessary or appropriate and in the best interest of the Authority.

Mr. Zitser said that CRRA was involved in a litigation against the CROC entities and the Allied Group for the wrongful deprivation of revenues involving the CRRA recycling facility in Hartford. The existing contractor of the Hartford facility was Allied Waste, Mr. Zitser said, and evidence showed that they were using the facility without proper credit given to CRRA.

A settlement was reached between CRRA and the old contractor, CROC, Mr. Zitser continued, to the interest of the litigation that existed between CRRA and Allied Waste. Under the old agreement, he said, the old contractor would pay CRRA \$375,000. Mr. Zitser said that this was money from the security deposit provided by CROC during the assignment, which was frozen and not returned to them pending the controversy. It was being held at the Treasurer's Office in a STIF fund, he stated. The \$375,000 would come from that security deposit, Mr. Zitser explained, and the amount left over from the accrued interest would be returned to CROC. The new contractor, Allied Waste, has indicated that they believed they may have a claim to that security deposit, he continued. Mr. Zitser noted that a review of the contract documents flatly contradicted their claim, but in order to protect the Authority against any possible litigation expenses as part of the agreement, CROC, backed by personal guarantees, would defend holdless and harmless and indemnify any payoff claim made by Allied with respect to the security deposit.

Mr. Zitser said that the draft settlement agreement agreeable to both parties needed approval from the Board.

The motion previously made and seconded was approved unanimously.

AUTHORIZATION REGARDING LEGAL SERVICES AGREEMENTS WITH NIXON PEABODY, LLP, CUMMINGS AND LOCKWOOD, LLC, AND COHN, BIRNBAUM AND SHEA

Ms. Schmidt said that due to the discussions held in Executive Session, she was withdrawing the contract for Nixon Peabody LLP and changing the contract for Cummings and Lockwood to extend the additional scope of services for a two-month period.

Director Cohn made the following motion: 1) That an RFP be performed for bond counsel, casting the net widely; 2) that the two month extension of the Cummings and Lockwood contract be approved; 3) that the agreement with Cohn, Birnbaum and Shea not to exceed two months be approved; 4) because of an immediate need for an environmental attorney, that an accelerated RFP involving invitations to not fewer than three firms be performed within the following weeks; 5) that these activities are performed under the auspices of the Finance Committee and 6) that general counsel excuse herself from the portions of the selection involving bond counsel, general counsel and bankruptcy counsel.

Director Rifkin offered a friendly amendment to the motion that would include an accelerated process for reviewing qualifications of environmental law firms with the Finance Committee making recommendations to the Chairman who could then enter into an agreement.

Director O'Brien seconded the motion.

Director Cohn said that the Authority would be establishing a list of firms that had been prequalified for all areas where the Authority needed legal service so that staff and the Chairman could select and negotiate a contract as needed without having to proceed through a selection process.

The motion previously made and seconded was approved unanimously.

ENCUMBRANCES FOR PAYMENT OF LEGAL SERVICES AND FEASIBILITY STUDY, AND FOR RETENTION OF LEGAL REPRESENTATION FOR ROBERT E. WRIGHT

Ms. Schmidt said that there were three encumbrances included in the Board materials. The first two encumbrances, she explained, were for payments to Hawkins Delafield & Wood for work they performed for the Mid-Connecticut restructuring and for an engineering feasibility study that they had entered into with R.W. Beck. The feasibility study would have been necessary to market the bonds in the event of a restructuring, she said.

Director Rifkin asked whether CRRA had products that were developed by Hawkins and R.W. Beck for the Board's review. Mr. Clark replied that a draft copy of the study done by R.W. Beck was available. Ms. Schmidt said that she was not positive whether Hawkins had materials that could be copied, but they most likely had drafts of documents available. Director Rifkin said that CRRA should secure the documents before the payment was made.

Director Cassano made a motion to adopt the payments to Hawkins Delafield & Wood, contingent to securing the work product. The motion was seconded by Director Cohn and approved unanimously.

Ms. Schmidt said that the third encumbrance was for payment for Mr. Robert Wright's representation per his Separation Agreement. CRRA received a bill for a \$15,000 retainer from Hope Seeley.

Director Rifkin made a motion to authorize a letter to be sent to the Attorney General asking his opinion as to the scope and authority of the previous Board to enter into such a contract with Mr. Wright. The motion made and seconded by Director Cohn was approved unanimously.

Director Rifkin made a motion to table the request for payment until the Board's next meeting. The motion made and seconded by Director O'Brien was approved unanimously.

GENERAL (CON'T)

SUBCOMMITTEES

Director Sullivan noted that the Finance Committee had a meeting prior to the Board meeting that day and they planned on having another meeting on June 26th. Director Cassano said that the Organizational Synergy and Personnel Committee spoke last week regarding the filling of certain key positions in the finance and legal departments of CRRA. Director Cassano noted that morale was also an issue that needed to be addressed as a priority. Director Cassano stated that his committee would be meeting on July 2nd.

Director Rifkin suggested that an acting president be hired for a period of time in order to determine the specific skills needed. Director Sullivan added that it was important for the interim president to participate in the recruitment process of the other vacancies as well.

Chairman Pace stated that the subcommittees needed to post their agenda and meeting notices with the Secretary of State. Staff would assist them in that regard, he said.

CRITICAL ISSUES AND CORRECTIVE ACTIONS

Mr. Gendron distributed materials for the Board regarding the referenced item. Mr. Gendron said that there were 13 items on the list that needed to be raised. Mr. Gendron recommended that a vote be made to refer the items to one of the three Board committees.

Mr. Gendron said that the first item was the outside lobbyist issue. The preliminary corrective action was a ban enacted by the legislature, he said, and there were follow-up tasks associated with that issue. Item number two was the vehicle and oil company charge cards. Mr. Gendron noted that the preliminary correction action would be the possibility of eliminating the personal assignment vehicles. Item number three, Mr. Gendron continued, was the American Express card, which had already been eliminated. The Travel and Expense Policy was being examined to formalize the ban on further issuance of credit cards on behalf of CRRA. Item number four was to analyze the business needs and purposes of cell phones and pagers. Item number five, Mr. Gendron said, was the headquarters at 100 Constitution Plaza. Mr. Gendron stated that investigation of the feasibility/cost effectiveness of a move to a lower-priced space would be conducted. Item number six was the incentive compensation system. Mr. Gendron said that payments were suspended by the previous Board, which would give the new Board time to analyze the appropriateness of incentive compensation for a quasi-public authority, within the context of CRRA's new enabling legislation. Issue number seven was review of the Travel & Expense reporting policy. Issue number eight was in regards to ethics questions. Mr. Gendron said that Ms. Schmidt was going to be making arrangements for an ethics seminar for both directors and applicable employees. Issue number nine was the CWP Ownership of transfer trucks. Mr. Gendron stated that a financial analysis would be performed on that transaction. Item number ten was to reaffirm uniformity of supervision of all CRRA employees and to address the issue of employees with political ties. Item number eleven was the issue with

employee morale. Mr. Gendron said that the Chairman had taken the lead in this area to develop a collaborative decision-making model. Item number twelve was the nonproject ventures. The finance and operations personnel were going to take the lead on the issue, Mr. Gendron stated, to determine how to unwind different arrangements that were already place. Issue number thirteen dealt with public image issues. Mr. Gendron said that Mr. Flaherty was addressing a number of different public image issues.

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 4:09 p.m.

Respectfully submitted,

Angelica Mattschi
Corporate Secretary to the Board

CONNECTICUT RESOURCES RECOVERY AUTHORITY

EXECUTIVE SESSION

JUNE 20, 2002

The Executive Session, called for the purposes of discussing outstanding legal issues and some personnel matter, was convened at 11:58 a.m.

DIRECTORS

Chairman Pace
Director Cohn
Director Ryan
Director Rifkin
Director Cassano
Director Francis
Director Knopp
Director Sullivan
Director Cooper
Director Mengacci
Director Lauretti
Director O'Brien

STAFF

Ann Stravalle-Schmidt (absent for some)
John Clark (absent for some)

CUMMINGS AND LOCKWOOD

William Bright (absent for some)

HALLORAN & SAGE

Peter Boucher (absent for some)

A.G.'S OFFICE

Theodore Doolittle (absent for some)

No votes were taken in Executive Session.

The Executive Session adjourned at 2:11 p.m.