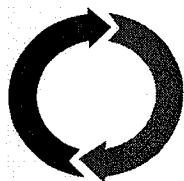


**CRRA  
BOARD MEETING  
OCTOBER 26, 2006**



**CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY**

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

## **MEMORANDUM**

**TO:** CRRA Board of Directors  
**FROM:** Kristen Greig, Secretary to the Board/Paralegal  
**DATE:** October 20, 2006  
**RE:** Notice of Meeting

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There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, October 26, 2006 at 9:30 a.m. The meeting will be held in the Board Room of 100 Constitution Plaza, Hartford, Connecticut.

Please notify this office of your attendance at (860) 757-7787 at your earliest convenience.

Connecticut Resources Recovery Authority  
Board of Directors Meeting

Agenda

October 26, 2006

9:30 AM

I. Pledge of Allegiance

II. Public Portion

A ½ hour public portion will be held and the Board will accept written testimony and allow individuals to speak for a limit of three minutes. The regular meeting will commence if there is no public input.

III. Minutes

1. Board Action will be sought for the approval of the September 28, 2006 Regular Board Meeting Minutes (Attachment 1).

IV. Finance

1. Board Action will be sought regarding the Certain Bridgeport Project Reserve Accounts (Attachment 2).
2. Board Action will be sought regarding Authorization of a Contract for Economic Advisory Services (Attachment 3).
3. Board Action will be sought Authorizing Senior Management to Apply Available Funds of the Authority to the Defeasance of Outstanding Mid-Connecticut System Indebtedness and the Execution and Delivery of an Escrow Deposit Agreement with U.S. Bank National Association to Provide for the Custody, Investment and Application of Such Funds to Effect Such Defeasance (Attachment 4).

V. Project Issues

A. Mid-Connecticut

1. Board Action will be sought regarding Refurbishment of Steel Pan Conveyor CV-200B Agreement at Mid-Connecticut Waste Processing Facility (Attachment 5).
2. Board Action will be sought regarding Electric Power Market Professional Services (Attachment 6).

VI. Chairman's, President's and Committee Reports

- A. Chairman's Report
- B. President's Report

C. Policies & Procurement Committee

1. The Policies & Procurement Committee will report on its October 12, 2006 meeting.
  - a. Board Action will be sought regarding Ratification of Emergency Procurement Contracts (Attachment 7).
  - b. Board Action will be sought regarding Revision to Procurement Policy (Attachment 8).

D. Organizational Synergy & Human Resources Committee

1. The Organizational Synergy & Human Resources Committee will report on its October 26, 2006 Meeting.
  - a. Board Action will be sought regarding Addition of Health and Dental Insurance for Part-Time Employees based on Employee Only Enrollment (Attachment 9).

VII. Executive Session

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

VIII. Legal

1. Board Action will be sought for Authorization of a Settlement with a Law Firm Which Formerly Represented Enron and/or Related Entities (Attachment 10).
2. Board Action will be sought regarding Execution of a General Release of American International Group, Inc. (Attachment 11).
3. Board Action will be sought Authorizing the President to Exercise CRRA's Option to Acquire the Parcel of Land in the South Meadows Known as Parcel 3 (Attachment 12).

# TAB 1



**PLEDGE OF ALLEGIANCE**

Chairman Pace requested that everyone stand for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

**PUBLIC PORTION**

Chairman Pace said that the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

The following people addressed the Board: Mr. Stephen Hillyer and Ms. Kathleen Henry.

Mr. Stephen Hillyer introduced himself as a member of the Connecticut Coalition for Environmental Justice. Mr. Hillyer stated that he was confused by Mr. Egan’s testimony at the DEP hearing regarding the recycling center. Mr. Hillyer said that he recalled a report of far more fires at the Waste Processing Facility than Mr. Egan testified to at the hearing. He asked that the number of fires be clarified.

Ms. Kathleen Henry of the Connecticut Coalition for Environmental Justice said that she has visited the Trash Museum in Hartford and said that even though people are taught about recycling at the museum, they do not learn how to recycle. Chairman Pace stated that recycling is a priority for CRRA. Chairman Pace stated that with anticipated changes to the Solid Waste Management Plan, recycling would be more important than ever, and an organization like CRRA could be much more effective if organizations like the Connecticut Coalition for Environmental Justice worked with CRRA instead of against CRRA.

With no further comments from the public, Chairman Pace stated that the regular meeting would commence.

**APPROVAL OF THE MINUTES OF THE JULY 27, 2006 REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the July 27, 2006 Regular Board Meeting. The motion was made by Director O’Brien and seconded by Director Francis.

The minutes were approved unanimously.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		

Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut			

**RESOLUTION RECOGNIZING AN OUTSTANDING ACT OF COURAGE**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O'Brien:

**WHEREAS**, on August 14, 2006, the Essex steam train and a garbage truck collided at a crossing in Essex and the force of the crash caused the garbage truck to flip on its side, trapping the driver inside; and

**WHEREAS**, without any thought for his own personal safety Mike Criniti, a CWPM employee who works at CRRA's Essex Transfer Station and certified Emergency Medical Technician, showed outstanding courage when he came to the aid of the driver by pulling him from the smoking vehicle and stabilizing him until an ambulance arrived; and

**WHEREAS**, due to Mr. Criniti's unselfishness and courage the driver of the garbage truck was safely removed from the truck and given necessary medical attention; and

**WHEREAS**, it is fitting and proper that the Connecticut Resources Recovery Authority recognize this gentleman for his selfless actions on that day.

**NOW, THEREFORE, BE IT RESOLVED:** That the Board of Directors of the Connecticut Resources Recovery Authority hereby goes on record as recognizing Mike Criniti for his outstanding act of courage.

Director Cooper seconded the motion.

Mr. Kirk stated that Mr. Criniti, a CWPM employee, exemplified outstanding courage when he assisted the driver of a garbage truck that was involved in a collision with a train. Mr. Criniti, who is also an EMT, removed the driver from the truck and stabilized him until emergency responders arrived. Mr. Kirk stated that CRRA is proud to acknowledge Mr. Criniti's courage.

The motion previously made and seconded was approved unanimously.



<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING THE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director Francis:

**RESOLVED:** That the Board hereby approves and endorses the Annual Financial Report for the Fiscal Year Ended June 30, 2006, substantially as discussed and presented at this meeting.

Director O'Brien seconded the motion.

Director O'Brien noted that the Finance Committee recommended this resolution. Mr. Bolduc stated that the audit would be submitted to the State by the end of the month.

Mr. Trenholm of Carlin, Charron & Rosen ("CCR") explained that the "Independent Auditors' Report" covers the financial reports, footnotes, and supplementary information such as the Management Discussion and Analysis. Mr. Trenholm reviewed the report in detail, noting that there is a delineation of responsibility with the financial statements being the responsibility of management and the opinion based upon those financial statements is the responsibility of CCR as the auditor. Mr. Trenholm stated that CCR was issuing an unqualified opinion, which extends to the attached schedules detailing the balance sheets of each project.

Mr. Trenholm referred the Committee to the report on Internal Control over Financial Reporting and Compliance on other Matters. Mr. Trenholm explained that this report, required by government auditing standards, requires the auditor to report any weaknesses with regard to control over financial reporting and to report any non-compliance of laws or regulations. Mr. Trenholm said that CCR came across a matter that is a reportable condition having to do with the Mid-Connecticut Project inventory and said that he understands that CRRA is taking steps to remedy the condition.

In a discussion regarding the report on Internal Control over Financial Reporting and Compliance on other Matters, Mr. Trenholm stated that CCR did not find any non-compliance with laws or regulations governing reporting in the course of the audit.

Director Francis referred the Board to the “Financial Position Summary” on page 3 and pointed out that the total assets increased by \$15 million and the total liabilities decreased by \$6.6 million over the last fiscal year. Director Francis stated that the other significant point to notice is the defeasance of some of the Mid-Connecticut bonds. These combined show a significant improvement in the financial status of the organization.

Mr. Bolduc added that, in private industry, one of the key factors of an audit is the relationship between debt and equity. Mr. Bolduc said that CRRA’s improved ratio between liabilities and assets would be very impressive in the private sector.

In a brief review of the reserve requirements, Mr. Bolduc referred the Board to the “Contingencies” section on page 43 and explained that the section indirectly relates to the levels and establishment of reserves. Mr. Bolduc noted that a full review of the reserves would take place in October.

Chairman Pace said that the financial health of CRRA continues to improve. Mr. Trenholm added that, as an auditing firm, CCR concerns itself mostly with the accuracy of the financials and while the numbers are correct, one thing that really stands out in this audit is the transparency of disclosure. Mr. Trenholm stated that the disclosure does a wonderful job of explaining what is happening at the Authority.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING THE PURCHASE OF COMMERCIAL GENERAL LIABILITY, UMBRELLA LIABILITY, POLLUTION LEGAL LIABILITY, COMMERCIAL AUTOMOBILE LIABILITY, AND WORKERS COMPENSATION/EMPLOYERS LIABILITY INSURANCE**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director Francis:

**RESOLVED:** That CRRA's Commercial General Liability insurance be purchased from Ace (Illinois Union Insurance Company) with a \$1,000,000 limit, \$50,000 deductible for the period 10/1/06 – 10/1/07 for a premium of \$305,000, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's Umbrella Excess liability insurance be purchased from Ace (Illinois Union Insurance Company) with a \$25 million limit, \$100,000 retention for the period 10/1/06 – 10/1/07 for a premium of \$351,750, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's Pollution Legal Liability insurance be purchased from Ace (Illinois Union Insurance Company) with a \$20 million limit, \$1 million retention for the period 10/1/06 – 10/1/07 for a premium of \$331,746; and

**FURTHER RESOLVED:** That CRRA's Commercial Automobile Liability insurance be purchased from Ace American Insurance Company with a \$1 million limit, comprehensive and collision only on five vehicles with a \$1,000 deductible, for the period 10/1/06 – 10/1/07 for a premium of \$81,025; and

**FURTHER RESOLVED:** That CRRA's Workers Compensation/Employers Liability insurance be purchased from Connecticut Interlocal Risk Management Agency (CIRMA) with a limit of \$1 million of Employers Liability insurance for the period 10/1/06 – 6/30/07 for a prorated premium of \$47,105. This policy includes mandatory TRIA coverage; and

**FURTHER RESOLVED:** That the Board of Directors endorses the recommendation of management for a comprehensive review of risk financing and risk transfer mechanisms as outlined in the materials to determine the most cost-effective program going forward.

The aggregate casualty premium is \$1,116,626 including all of the insurance outlined above for the period 10/1/06 – 10/1/07 (Workers Comp is 10/1/06-6/30/07). CRRA's 2007 budget for these policies was \$921,705.

Director Lauretti seconded the motion.

Director Francis stated that CRRA went out to bid for the Commercial General Liability, Umbrella Excess liability, Pollution Legal Liability, Commercial Automobile Liability, and Workers Compensation/Employers Liability policies. Director Francis said that the market was not kind, which resulted in some changes to policy amounts and costs.

Mr. Bolduc said that there was a slight change to the information in the package and explained that the original proposal from ACE required a \$100,000 Self-Insured Retention ("SIR"), which is similar to a deductible. Mr. Bolduc stated that a SIR would require that CRRA pay all costs up front for the first \$100,000 of a claim, which is different from a deductible where the insurance company pays claim costs and the insured reimburses the insurance company for the amount of the deductible. Mr. Bolduc said that when an SIR is required the carrier also requires a third-party administrator ("TPA") since the first \$100,000 is self-funded. Mr. Bolduc explained that the change was going from a \$100,000 SIR to a \$50,000 deductible, which also eliminates the need for a third-party administrator.

Mr. Bolduc informed the Board that AIG, CRRA's current carrier, declined to renew and only ACE submitted a quote for the casualty policies. Mr. Bolduc compared the coverage and prices of the quote for this year to last year's, and noted that overall premiums and deductibles increased while the amount of coverage decreased. Mr. Bolduc said that Ms. Martin and AON did a remarkable job getting ACE to submit a reasonable quote. Mr. Bolduc pointed out that had ACE not submitted that quote, CRRA would be in a self-insurance situation. Mr. Bolduc said that as a result of the shrinking insurance market, CRRA would be conducting an analysis of alternatives such as captives and self-insurance programs.

Mr. McStravick further explained that AIG, who has been CRRA's carrier for years, declined to renew after paying a significant claim. Mr. McStravick said that AON went out to the entire insurance market, including London and Bermuda, and added that ACE wrote a fairly competitive quote. Mr. McStravick stated that he agreed that CRRA should be looking forward and discussing alternatives to traditional funding.

Chairman Pace pointed out that the resolution deals with the current policies and incorporates a paragraph authorizing an analysis of traditional insurance alternatives. Chairman Pace said that he would like to remove the paragraph regarding the analysis from the original resolution and bring that discussion for full discussion at a later point. Chairman Pace stated that, while he understands the need for analysis, he has many concerns about CRRA getting into an insurance role.

The Board agreed to delete from the resolution the paragraph that states,

**"FURTHER RESOLVED:** That the Board of Directors endorses the recommendation of management for a comprehensive review of risk financing and risk transfer mechanisms as outlined in the materials to determine the most cost-effective program going forward."

Director Martland said that it is his understanding that the changing rules regarding landfills confuse the insurance industry and stated that CRRA should be prepared to discuss that with either the legislature or DEP. Director Martland suggested that there might be a middle ground between traditional insurance and self-insurance so the decision may not have to be one or the other.

Director Francis stated that there definitely needs to be some research into alternatives, and said that he would also like to find out why CIRMA did not step up to the plate when all

carriers except ACE declined to submit quotes. Director Francis explained that CIRMA was formed to help municipalities and entities such as CRRA in the insurance area so why CIRMA did not step up should be part of that research.

Director Francis pointed out that there was a significant change in the pollution liability coverage from \$30 million to \$20 million with a \$1 million retention. Director Francis stated that this would have an impact in the amount of reserves needed, which would be reviewed in the reserve analysis in October. Director Francis noted that even though there are have been changes that impact the costs of the insurance program, the positive experience with renewals earlier in the year offset some of the increases. Director Francis said that the policies in this resolution and the policies that were renewed earlier in the year would have a total impact of approximately \$48,600.

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

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland		X	
James Miron	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING AMENDMENT NO. 1 TO THE WINDSOR-BLOOMFIELD LANDFILL STANDARD AGREEMENT FOR LANDFILL DISPOSAL SERVICES FOR THE MID-CONNECTICUT PROJECT**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director Martland:

**RESOLVED:** That the President is hereby authorized to enter into Amendment No. 1 to the *Windsor-Bloomfield Landfill Standard Agreement for Landfill Disposal Services* for Acceptable Waste and process residue diversion services for the Mid-Connecticut Project.

Director Cooper seconded the motion.

Chairman Pace asked if this is a “put-or-pay” agreement. Mr. Kirk responded in the affirmative and said that CRRA generates more process residue than this contract requires. Mr. Kirk said that this is a favorable agreement for both the municipalities and the Town of Windsor.

Director O’Brien noted that the Windsor Town Council has approved this agreement. Director O’Brien said that he would have liked to see some quantification of that price difference between delivering to Windsor or an alternate landfill.

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

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

**RESOLUTION REGARDING ONGOING TECHNICAL SUPPORT FOR THE REVISED CLOSURE PLAN FOR THE CRRA HARTFORD LANDFILL**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O’Brien:

**RESOLVED:** That the President is hereby authorized to execute a Request for Services with Fuss & O’Neill Inc. to perform engineering services associated with Connecticut DEP review of a revised closure plan, the preparation and assembly of contract and bid documents, and general solid waste consulting services associated with the CRRA Hartford Landfill, substantially as discussed and presented at this meeting.

Director Cooper seconded the motion.

Mr. Kirk explained that this engineering firm would assist CRRA in the planning for the Hartford Landfill closure. Chairman Pace, in a brief review of the scope of services, asked for an explanation of what “General Waste Consultant Services” would consist of. Mr. Egan responded that the contractor would be available to CRRA for any technical, solid waste questions or issues that arise as CRRA moves through the permit modification process.

Director Martland asked how and when CRRA would interact with DEP on the closure plan. Mr. Egan responded that CRRA submitted a comprehensive solid waste permit modification application in July. Mr. Egan stated that Fuss & O'Neill assisted CRRA in assembling that application and added that CRRA also submitted a storm water general permit registration for construction activities related to the closure of the landfill. Mr. Egan said that DEP is reviewing that document and hopes that DEP will complete its review this fall.

Mr. Egan gave a brief overview of the highlights of the application including a proposal for a state-of-the-art synthetic cap, a request to fill a small sliver of airspace to bring one side of the landfill to a 3-to-1 slope, a date certain for final delivery of waste of December 31, 2008, and a discussion of a future use concept.

Director Griswold asked if the nine-month timeframe of this agreement would be sufficient to complete the scope of services. Mr. Egan responded that the RFS would be extended if necessary, and a new contract would be signed upon the expiration of the existing contract. Mr. Egan stated that the RFS would be brought back for approval if it will exceed \$50,000.

Director O'Brien said that he would have liked to know what Fuss & O'Neill has been paid to date for this project and an explanation of what services were performed that were out of the scope of the RFS. Mr. Egan stated that the information would be provided.

Director Horton Sheff asked if these efforts have been in conjunction with the City of Hartford. Chairman Pace responded that he was in contact with the Mayor and discussions were held regarding maintenance and costs of the closure. Chairman Pace proposed that if the City would work with CRRA on the approval of filling the sliver of airspace to a 3-to-1 slope, CRRA would be able to provide considerable funds to relieve Hartford of some of the closure and maintenance costs. Chairman Pace said that he believed the matter came before the City Council recently and it was supported to a degree, but the Council would like to see the final document. Chairman Pace emphasized that filling in that sliver would not be an expansion of the landfill and would allow CRRA to dedicate significant funds to the closure of the landfill. Mr. Kirk noted that CRRA is also working very closely with Hartford's engineering department and the Mayor's Chief of Staff regarding the responsibility for payments. Mr. Kirk stated that there are discussions taking place between CRRA and the City to try to obtain substantial State assistance for the funding of the closure. Mr. Kirk added that CRRA has also been communicating routinely with DEP regarding the closure plan.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		

Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

**RESOLUTION REGARDING THE PURCHASE OF AN ARTICULATING BOOM  
“HIGH LIFT” FOR THE MID-CONNECTICUT WASTE PROCESSING FACILITY**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O’Brien:

**RESOLVED:** That the Board of Directors, in accordance with the Connecticut Resources Recovery Authority’s Procurement Policy, hereby approves the procurement of a New Genie Z45/25 Articulating Boom High Lift from United Rentals of Connecticut, for use at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

The motion was seconded by Director Francis.

Chairman Pace noted that there is a one-year warranty on both parts and labor.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			



**RESOLUTION REGARDING ELECTRIC POWER MARKET PROFESSIONAL SERVICES**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O'Brien:

**RESOLVED:** That the President is hereby authorized to enter into a contract with Navigant Consulting, Inc. for Electric Power Market Professional Services for the Mid-Connecticut Electric Generating Facility, substantially as discussed and presented at this meeting.

Director Francis seconded the motion.

Chairman Pace began the discussion stating that the recommended vendor was not the lowest bidder. Chairman Pace asked President Kirk to begin the discussion. President Kirk stated that this contract involved the sale of Mid-Connecticut power (250,000 mega-watt hours). President Kirk indicated that CRRA had sold these mega-watt hours in the past using other consultants. President Kirk stated that management was not recommending the lowest bidder for the following reasons; 1) The benefit to the company is substantial, the opportunity for enhancing the value of the contract is directly related to the participation CRRA gets in the bidding process. 2) This market is a very volatile market in the deregulated power industry. There is substantial risk to CRRA of leaving money on the table. President Kirk indicated that management felt it was worth spending a little bit extra with Navigant as Navigant is judged to be capable of generating the broadest participation in the bidding process. President Kirk stated that management expected the bids to come in under \$50,000 because the last time CRRA sought bids for this service the winning bid was in the \$25,000 range. Management is asking more of the contractor this time. These additional services are reflected in the bid price.

Director Martland stated that the two other bidders were half the cost of Navigant and asked why there was such a big difference in bids.

Chairman Pace asked Mr. Gent to respond. Mr. Gent stated that he had reviewed the work of CRRA's previous vendor and felt that CRRA would be better served by using a firm that has more resources and could help CRRA identify more bidders. Mr. Gent indicated that Navigant's rates (as quoted) had been discounted. Mr. Gent explained that under the current contract, CRRA is receiving approximately \$13 million in energy payments annually from Select Energy. This contract expires in June 2007. Mr. Gent indicated that for every 1¢ per KWH more CRRA is able to obtain, CRRA will receive \$2.5 million. Mr. Gent stated that his expectation was that CRRA could be receiving as much as \$17 million for this contract. This amount would be influenced by how many bids are obtained.

Chairman Pace asked if these bidders would be from the State of Connecticut. Mr. Gent indicated that the bidders could be from anywhere in the United States. Mr. Gent did indicate that he was meeting with CL&P in the near future. The intent of this meeting is to request CL&P to purchase this power directly in order to bypass a wholesaler. Mr. Gent explained that he could not assure that CL&P would be receptive to this option.

Chairman Pace asked Director Karanian for her input. Director Karanian stated that she agreed with Mr. Gent. Director Karanian indicated that she had experience dealing with Navigant and had always been impressed with the firm. Director Karanian stated that the funds to be gained or lost versus the dollars spent to hire Navigant were cost justified. Director Karanian stated that she had not heard of the other two firms.

Director Lauretti asked why such a large difference in bid prices. Mr. Gent explained that while PLM was mainly a hardware company, dealing with transmission, PLM has bid indicating one individual would be dealing with bidders. Mr. Gent stated that the work involved is judged to be above the capability of one person. Mr. Gent went on to say that the process is very time consuming and time sensitive.

Director Karanian stated that this is a very specialized field. The chosen firm would need to understand the market. Director Karanian indicated that the more she heard about the other firms, the more she would endorse Navigant. Director Karanian stated that what is at stake is worth the extra cost.

Director O'Brien stated that he had concerns with management not choosing the lowest bidder. Director O'Brien indicated that the information provided was subjective. Director O'Brien stated that he would like to see an objective analysis of what Navigant has done for other clients.

Chairman Pace referred the Board to the Financial Summary. Chairman Pace stated that the contract would pay Navigant \$27,600 for the first two tasks and the remainder of the contract would be on an hourly basis to a ceiling of \$79,780.

Director Martland agreed with Mr. Gent that these energy prices change on a daily basis. Director Martland went on to say that when interviewed by the legislature, they emphasized their concern with the bidding process. Director Martland concluded by stating that he could not see why Navigant was worth double the cost and asked why ARI wasn't considered.

Mr. Gent stated that ARI was a very good consultant but their primary focus is solid waste and resource recovery. ARI has one individual who would be working with CRRA on this matter.

Mr. Gent indicated that if PLM was chosen, more costs would likely be incurred with Halloran & Sage. Mr. Gent added that if Navigant was chosen, there would be less legal costs incurred.

President Kirk asked Mr. Gent to address Director O'Brien's concern regarding a subjective analysis of Navigant over the other two vendors. Mr. Gent stated that management looked at the following issues; 1) how often had the vendors done the work; 2) what was the vendors' understanding of the issues in the market. Director Karanian added that it would be difficult to do an objective analysis or provide objective measures because of the changing market and client's decisions.

Director Griswold asked why The Shpigler Group would submit a fixed bid of \$125,250. Mr. Gent stated that the vendor indicated that they could market the power for this fixed price in lieu of a time and material price.

Chairman Pace asked President Kirk what the timetable was on this. President Kirk stated that the current contract expires in June 2007. Mr. Gent indicated that the contract must be in place by January 2007 in order to meet the June 2007 contract deadline.

Director O'Brien stated that he would be more comfortable if Navigant could give CRRA a fixed price for tasks 1, 2 and 3. Director O'Brien reiterated that he would like more information on Navigant's performance. Director Karanian indicated that this type of data is very client specific. Director Karanian stated that every company has different risk profiles and different objectives and that ultimately the client makes the decision. Director Karanian stated that the best a client can do is get the best information available, but ultimately the decision rests with the client, not the vendor.

Mr. Bolduc stated that he had participated in the vendor interviews. Mr. Bolduc indicated that ARI's primary business is in solid waste and the energy generated by solid waste. Mr. Bolduc added that PLM, though very competent in its past work for CRRA, has only one individual who would be working on a multi-million contract. Mr. Bolduc concluded that there is too much at stake and that Navigant is going to give CRRA the best value.

President Kirk stated that he did not want to push the Board into making a decision that that the Board was not comfortable with. President Kirk indicated that there were two issues involved with this decision; 1) CRRA's capability of doing the work in house. CRRA does not have the capability or skill set to properly evaluate a (potentially) 20-year power contract. 2) Is Navigant worth the extra \$40,000? President Kirk reiterated that the extra \$40,000 is worth the price because the resulting contract could be worth as much as \$20 million annually. President Kirk stated that if the Board decided to go with one of the other vendors, it could be a very costly decision. President Kirk concluded that there was very little additional information that could be supplied to the Board to help in their decision between these vendors.

Director Griswold stated that he felt that Navigant should be able to give a fixed price. Mr. Gent explained that there were many issues to consider; 1) how many bidders would be involved; 2) what are the options (1, 2, 3 or 5 year agreements); 3) what participants would be willing to lock in a long-term deal.

Director O'Brien stated that he would like more information before making a decision; 1) a fixed price for items 1, 2 & 3; 2) quantified estimate of what the reduction in legal costs would be if the Board went with Navigant. Director O'Brien asked how these vendors were selected. President Kirk stated that Halloran and Sage, given our general counsel's extensive energy practice, was asked to provide a list of potential bidders.

Chairman Pace stated that it was his feeling that the Board needed more time to review this matter. Chairman Pace suggested that the motion be tabled.

Director Martland made a motion to table the above-captioned matter. Director O'Brien seconded the motion. The motion to table previously made and seconded was approved by roll call. Director Jarjura voted nay.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura		X	
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

**RESOLUTION REGARDING NON-MEMBER WASTE DELIVERY AGREEMENT FOR MID-CONNECTICUT PROJECT**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O'Brien:

**RESOLVED:** That the President is hereby authorized to enter into agreements with private waste transportation haulers for the delivery of Acceptable Municipal Solid Waste generated within the boundaries of non-member CRRA project municipalities, substantially in accordance with the terms and conditions discussed at this meeting.

Director Cooper seconded the motion.

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

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		

Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

**RESOLUTION ADOPTING REVISIONS TO THE CONNECTICUT RESOURCES RECOVERY AUTHORITY ETHICS POLICY**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O'Brien:

**RESOLVED:** That the Board hereby adopts the revisions to the Authority's Ethics Policy, as presented and discussed at this meeting.

Director Martland seconded the motion.

Director O'Brien explained that this revision cleared up some confusion in the existing policy and said that the change does not have to be noticed publicly because it is an internal policy.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
<b>Non Eligible Voters</b>			
Timothy Griswold, Ad Hoc, Mid-Connecticut			
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut			

**RESOLUTION REGARDING RATIFICATION OF EMERGENCY PROCUREMENT CONTRACTS**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O’Brien:

**RESOLVED:** That the Authority Board of Directors ratifies the Emergency purchases as substantially presented and discussed at this meeting.

Director Martland seconded the motion.

Director Martland noted that for these items, there is only one vendor who can provide the items.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

**RESOLUTION AUTHORIZING TRANSFER OF EXCESS NO<sub>x</sub> DISCRETE EMISSION REDUCTION CREDITS**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O’Brien:

**RESOLVED:** That the Board of Directors, in acknowledgement of CRRA’s contractual obligation under Section 5.11 of the Power Purchase and Sales Agreement, as amended, to return unused NO<sub>x</sub> credits to Select Energy, hereby authorizes the President to execute documentation required to accomplish said return.

Director Cooper seconded the motion.

Director O'Brien noted that this action is required by the contract and stated that the credits are actually owned by the party that CRRA is returning them to. Mr. Kirk said that this was brought to the Board because it is an unusual circumstance in that something of value is being transferred back to a vendor for no consideration. Mr. Kirk reiterated that is part of a contractual arrangement. Chairman Pace asked for confirmation that the credits were provided to CRRA at no cost. Mr. Kirk confirmed.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

### **RESOLUTION AUTHORIZING REVIEW AND REDUCTION OF SANCTIONS**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director O'Brien:

**RESOLVED:** That the President is hereby authorized to review the sanctions imposed on a Mid-Connecticut permitted hauler, for which an appeal was filed on March 17, 2006, and to reduce or waive such sanctions, at his discretion, in the event that he determines the circumstances to warrant such reduction or waiver.

Director Cooper seconded the motion.

Mr. Kirk said that management is looking to confirm its ability to rule on proposed penalties to customers who violate procedures. Chairman Pace agreed that doing so is part of day-to-day operations and asked if there is an appeal process. Mr. Kirk responded in the affirmative and said that the appeals process is very open, transparent and fair. Mr. Kirk stated that, in this case, management feels that the penalty assessed is inappropriate.

Director O'Brien stated that he is not completely convinced that the policy allows management to overrule penalties, but agrees that management should have that discretion in this one instance. Chairman Pace noted that this is a case-specific authorization.

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

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Laretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
<b>Non Eligible Voters</b>			
NONE			

**PRESIDENT'S REPORT**

Mr. Kirk informed the Board that the Strategic Planning Retreat has been scheduled to take place on October 16<sup>th</sup> in Old Saybrook.

Mr. Kirk stated that three public hearings were held by the DEP to accept testimony on the Solid Waste Management Plan and CRRA attended and testified at all three hearings. Mr. Kirk reported that the DEP Commissioner expects to have the final version completed in November.

Regarding the modification to the recycling center, Mr. Kirk said that the DEP hearing, required because of the intervention by the Connecticut Coalition for Environmental Justice, was complete. Mr. Kirk stated that a decision was expected by January and then the DEP Commissioner would have 30 days to either accept or reject the decision of the hearing officer.

Mr. Kirk stated that management brought a resolution to the last Board meeting for the purchase of a sweeper and a used sweeper became available at the last minute so the resolution was left open-ended to determine if the used sweeper would be acceptable for CRRA's use. Mr. Kirk informed the Board that the used sweeper was sold the day after the meeting before CRRA could look at it so the new sweeper was purchased.

Mr. Kirk said that CRRA is disappointed that MDC is continuing litigation against CRRA. Mr. Kirk stated that CRRA has been in mediation with Judge Wagner, who is



determined to have CRRA and MDC resolve this issue. Mr. Kirk informed the Board that he anticipates a resolution of the MDC appeal of the binding arbitration award of \$3.8 million will likely be resolved acceptably for both organizations.

Mr. Kirk informed the Board that a letter to the Mid-Connecticut towns has been prepared providing them with an update on the status of the Enron recovery and future planning. Mr. Kirk said that even though the letter does not address any pending litigation, CRRA's attorneys have asked that the Attorney General review the letter. Chairman Pace stated that he read the letter and thinks it is appropriate. Mr. Kirk added that the towns may be surprised to learn that there is only a very small premium remaining in the tip fee as a result of Enron losses. Mr. Kirk said that it is important for the towns to understand that many other costs, unrelated to Enron, have increased since 2001.

Mr. Kirk said that a tour of the Hartford Landfill would be given for Hartford residents or anyone else who might be interested on October 28, 2006. Mr. Kirk explained that the tour is part of CRRA's outreach to the community and will review the schedule for closure and possible future uses of the landfill. Mr. Kirk stated that recent outreach efforts have been well received. Director Horton Sheff requested to be sent information on the tour.

Mr. Kirk informed the Board that an engineer was hired to review the condition of the Mid-Connecticut Waste Processing Facility and referred the Board to the Condition Report in the Supplemental Package. Mr. Kirk noted that one of the reasons that bidders declined to bid on the operation of the plant was because of its condition. Mr. Kirk stated that the report details a number of issues that are being addressed with the cooperation of MDC but, overall, the report was favorable. Mr. Kirk added that there is a need for capital improvements, but those improvements are not of the dramatic nature that some of the declining bidders may have suspected.

Regarding the condition report, Director O'Brien stated that it is a very good report and noted that he has some concerns. Director O'Brien pointed out that the report identifies approximately \$500,000 of major items identified and said that he would like to know that those repairs/improvements have been scheduled. Director O'Brien also observed that there were several items that stated that the task is not assigned to anyone at this time and said he wants to know that individuals to perform those tasks have been identified. Director O'Brien stated that a common comment in the report was that certain tasks could be completed using existing staff, but noted that there is no confirmation of that being done. Referring to page 13, Director O'Brien stated that if a chain guard is to be removed, the language "may not be necessary" is not definitive enough. Director O'Brien stated that the guard either is or is not required by OSHA. Director O'Brien said that, overall, it is a good report and was money well spent if management follows up on the recommendations.

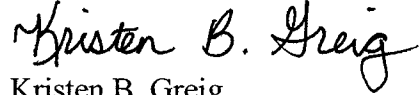
Mr. Kirk said that the recommendations have been shared with MDC and noted that many of the issues would be addressed by MDC. Mr. Kirk stated that the intent is to address all of the recommendations.

**ADJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 12:00 p.m.

Respectfully submitted,



Kristen B. Greig  
Secretary to the Board/Paralegal

## **TAB 2**

**RESOLUTION REGARDING CERTAIN  
BRIDGEPORT PROJECT RESERVES**

**RESOLVED:** That \$230,000 is re-designated from the Waterbury Landfill Closure reserve to the Waterbury Postclosure Reserve.

# **Connecticut Resources Recovery Authority**

## **Reserve Analysis**

*October 30, 2006*

Every year the Authority's management performs a review of its restricted and unrestricted reserves. The purpose of this review is to determine if additional funds will be required to be deposited in the upcoming budget process or if certain reserves can be dissolved or funds re-designated.

Based upon this year's review management is seeking approval to submit the following recommendation to the CRRA Board of Directors for adoption at the October 2006 meeting.

- Re-designate funds from Bridgeport Project Waterbury Closure Reserve to the Waterbury Post-Closure Reserve – the closure reserve is over funded based upon current estimates and the post-closure reserve is under funded.

In addition to these changes, management will be making some additional changes during the budget process including but not limited to the following.

- Re-designate funds to be deposited into the Wallingford Landfill Post-Closure Reserve to cover the insurance premiums post project.
- Re-designate funds from the Mid-Connecticut Project Regional Recycling Center Equipment Replacement Reserve (Container) since the reserve is no longer required under the existing contract with the recycling facility operator.
- Discuss additional funding requirements for the Risk Funds based upon the insurance bid results.

Copies of the Individual Reserve Summaries are also attached for your review.



# Connecticut Resources Recovery Authority

## SUMMARY OF RESERVES AS OF JUNE 30, 2006 (In Thousands)

	Designation	General Fund	Bridgeport Project	Mid-Connecticut Project (1)	Southeast Project	Wallingford Project	Total
<b>Restricted Reserves:</b>							
Debt service reserve funds	Trustee	\$ -	\$ 948	\$ 24,235	\$ 909	\$ 608	\$ 26,700
Debt service funds	Trustee	-	666	678	342	472	2,158
Revenue fund	Trustee	-	-	7,101	3,339	973	11,413
Rebate fund	Trustee	-	4	-	159	116	279
State loans	Trustee	-	-	15,998	-	-	15,998
Collection and paying agency account	Trustee	-	-	-	-	-	-
Revenue - General	Trustee	-	-	119	-	-	119
Equipment replacement	Trustee	-	-	1,575	-	-	1,575
Operating and maintenance	Trustee	-	-	1,575	-	-	1,575
Customer guarantee of payment	Restricted	-	16	212	-	82	310
Select energy	Trustee	-	-	1,000	-	-	1,000
Jets / Energy generating facility	Restricted	-	-	20,962	-	-	20,962
MDC arbitration	Restricted	-	-	5,154	-	-	5,154
Recycling Center Container Equipment	Restricted	-	-	458	-	-	458
Recycling Education	Restricted	-	-	417	-	-	417
Montville landfill postclosure	Restricted	-	-	-	327	-	327
Town of Ellington trust	Restricted	-	-	42	-	-	42
Tip fee stabilization	Restricted	-	-	-	-	14,481	14,481
DEP trust - landfills	Trustee	-	158	445	-	139	742
Shelton Landfill Future Use	Restricted	-	792	-	-	-	792
Mercury public awareness	Restricted	21	-	-	-	-	21
<b>Total Restricted Reserves</b>		<b>\$ 21</b>	<b>\$ 2,584</b>	<b>\$ 79,971</b>	<b>\$ 5,076</b>	<b>\$ 16,871</b>	<b>\$ 104,523</b>
<b>Unrestricted Reserves:</b>							
Postclosure care of landfills	Board	\$ -	\$ 5,387	\$ 3,759	\$ -	\$ 6,740	\$ 15,886
Closure care of landfills	Board	-	731	9,208	-	-	9,939
Risk	Board	-	-	4,935	252	1,047	6,234
Debt Service Stabilization	Board	-	-	16,476	-	-	16,476
Facility Modification	Board	-	-	4,720	-	-	4,720
Rolling stock	Board	-	-	3,389	-	-	3,389
Wallingford Future Use	Board	-	-	-	-	2,805	2,805
Recycling	Board	-	94	1,872	-	-	1,966
Capital Improvement	Board	-	-	-	-	-	-
Benefit	Board	230	-	-	-	-	230
South Meadows site remediation	Board	-	-	249	-	-	249
Landfill Development	Board	-	-	1,306	-	-	1,306
<b>Total Unrestricted Reserves</b>		<b>\$ 230</b>	<b>\$ 6,212</b>	<b>\$ 45,914</b>	<b>\$ 252</b>	<b>\$ 10,592</b>	<b>\$ 63,200</b>
<b>Total Reserves</b>		<b>\$ 251</b>	<b>\$ 8,796</b>	<b>\$ 125,885</b>	<b>\$ 5,328</b>	<b>\$ 27,463</b>	<b>\$ 167,723</b>

(1) Account balances may vary from financial statements which include accruals.

# Connecticut Resources Recovery Authority Reserves

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# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** MERCURY PUBLIC AWARENESS.

**Designation:** Restricted

**Project:** General

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

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

**Fund Source:** Being reviewed.

**Fund Amount as Of June 30, 2006:** \$20,864

**Term:** When the fund balance is zero.

## **Supporting Documentation:**

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

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

## **Recommendation:**

Continue to maintain the reserve as required.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** BENEFIT FUND

**Designation:** Board Designated

**Project:** General

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

**Fund Basis:** Basis to be reviewed annually.

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

**Fund Amount as Of June 30, 2006:** \$230,216

## **Supporting Documentation:**

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

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

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

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

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

## **Recommendation:**

Continue to maintain reserve and review annually.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE RESERVE FUND

**Designation:** Restricted - Trustee

**Project:** Bridgeport

**Purpose:** To secure debt service payments for bondholders.

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

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

**Fund Amount as of June 30, 2006:** \$947,679

**Term:** Upon final payment of bonds.

## **Supporting Documentation:**

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

## **Recommendation:**

Continue to review during annual reserve analysis cycle.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE FUND

**Designation:** Restricted - Trustee

**Project:** Bridgeport

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

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

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

**Fund Amount as of June 30, 2006:** \$665,575

**Term:** Upon final payment of bonds.

### **Supporting Documentation:**

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

### **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** REBATE ACCOUNT

**Designation:** Restricted - Trustee

**Project:** Bridgeport

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

**Fund Basis:** As required by Indenture.

**Fund Source:** Interest earnings in Debt Service Reserve Fund that would result in positive arbitrage.

**Fund Amount as of June 30, 2006:** \$3,632

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 3.1 of the Supplement Indenture of Trust dated August 1, 2000.

**Recommendation:**

Continue to have outside arbitrage consultant review on an annual cycle.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** COLLECTION & PAYING AGENCY ACCOUNT

**Designation:** Restricted - Trustee

**Project:** Bridgeport

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

**Fund Basis:** None

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

**Fund Amount as of June 30, 2006:** \$0

**Term:** Upon final payment of bonds.

### **Supporting Documentation:**

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

### **Recommendation:**

Continue to review during annual reserve analysis cycle.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** CUSTOMER GUARANTEE OF PAYMENT

**Designation:** Restricted

**Project:** Bridgeport

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

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

**Fund Source:** Authority customers

**Fund Amount as of June 30, 2006:** \$16,054

**Term:** Various

**Supporting Documentation:**

Permitting, Disposal and Billing Procedures all for cash GOP's.

**Recommendation:**

Continue to maintain the reserve.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** WATERBURY LANDFILL TRUST

**Designation:** Restricted - Trustee

**Project:** Bridgeport

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

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

**Fund Source:** Being reviewed.

**Fund Amount as Of June 30, 2006:** \$158,219

**Term:** To be reviewed in fiscal year 2007.

### **Supporting Documentation:**

The following is language from the regulations.

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

### **Recommendation:**

Management will evaluate whether this reserve can be resolved since a post closure reserve has been established for the landfill.



# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** SHELTON LANDFILL FUTURE USE

**Designation:** Restricted

**Project:** Bridgeport

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

**Fund Basis:** Amount based upon a DEP Consent Orders (\$330k) plus a preliminary estimate of the cost to implement the future use options at the landfill (\$530k) as required by the permit.

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

**Fund Amount as Of June 30, 2006:** \$792,006

**Term:** Upon completion of the work.

## **Supporting Documentation:**

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

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

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

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

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

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

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

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** WATERBURY POSTCLOSURE RESERVE

**Designation:** Board Designated

**Project:** Bridgeport

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

**Fund Basis:** The basis is reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill is \$1,050,000, which includes estimated costs for insurance premiums. These estimates do not include any funds for future changes in law.

**Fund Source:** Past funding has come from operating budgets. An additional \$400,000 will be deposited into the reserve in fiscal year 2006 and \$40,000 in fiscal year 2007.

**Fund Amount as of June 30, 2006:** \$408,982

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

### **Supporting Documentation:**

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

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

### **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** SHELTON LANDFILL POSTCLOSURE

**Designation:** Board Designated

**Project:** Bridgeport

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

**Fund Basis:** The basis is reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill is \$12,070,000 plus administrative and insurance costs.

**Fund Source:** Past funding has come from operating budgets. An additional \$1,000,000 will be deposited into the reserve in fiscal year 2006 and \$2,400,000 will be deposited in fiscal year 2007. These estimates do not include any funds for future changes in law.

**Fund Amount as Of June 30, 2006:** \$4,977,496

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

## **Supporting Documentation:**

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** WATERBURY CLOSURE

**Designation:** Board Designated

**Project:** Bridgeport

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

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

**Fund Source:** Past funding has come from operating budgets. An additional \$400,000 was deposited into the reserve in fiscal year 2006.

**Fund Amount as Of June 30, 2006:** \$730,884

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

### **Supporting Documentation:**

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

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

### **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** RECYCLING CAPITAL RESERVE

**Designation:** Board Designated

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

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

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

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

**Fund Amount as of June 30, 2006:** \$94,407

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

## **Supporting Documentation:**

The Board approved the following resolution at their October 2005 meeting.

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE RESERVE FUND

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

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

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

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

**Fund Amount as of June 30, 2006:** \$24,234,896

On July 27, 2006 the Authority defeased bonds and as of July 31, 2006 the account balance was \$4,464,360.

**Term:** Upon final payment of bonds.

### **Supporting Documentation:**

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

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

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

### **Recommendation:**

Continue to maintain the as required by the indenture.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE FUND

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

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

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

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

**Fund Amount as of June 30, 2006:** \$678,416

**Term:** Upon final payment of bonds.

### **Supporting Documentation:**

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

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

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

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

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

### **Recommendation:**

Continue to review during annual reserve analysis cycle.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** REVENUE FUND

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

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

**Fund Basis:** None

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

**Fund Amount as of June 30, 2006:** \$7,100,637

**Term:** Upon final payment of bonds.

### **Supporting Documentation:**

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

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

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

### **Recommendation:**

Continue to review during annual reserve analysis cycle.



# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** STATE LOANS

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

**Purpose:** Irrevocable escrow account created to provide payment for the outstanding State Loan Borrowings.

**Fund Basis:** Funded at outstanding principal balance of the State Loans as of March 2005 plus the net present value of 25 basis points of calculated amount of interest earnings on the remaining balance of the State Loans through 2012.

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

**Fund Amount as of June 30, 2006:** \$15,997,889

**Term:** Terminates when loans paid in full.

## **Supporting Documentation:**

The Board created this fund at the February 2005 meeting.

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

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

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

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

**Section 4.** This resolution shall take effect immediately.”

## **Recommendation:**

Continue to review during annual reserve analysis cycle.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** GENERAL FUND

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

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

**Fund Basis:** None

**Fund Source:** Initial funding came from the proceeds from the sale of the Enron claims. The amounts applied to the bonds and used to pay the state loan were based upon the actual account balance as of March 1, 2005. The current balance represents interest earned.

**Fund Amount as of June 30, 2006:** \$119,430

**Term:** Anytime

## **Supporting Documentation:**

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

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

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

## **Recommendation:**

Continue to review during annual reserve analysis cycle.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** RENEWAL & REPLACEMENT FUND

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

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

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

**Fund Source:** Series 1985 Bonds

**Fund Amount as of June 30, 2006:** \$1,575,346

**Term:** Upon final payment of bonds.

## **Supporting Documentation:**

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

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

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

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

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

## **Recommendation:**

Continue to review during annual reserve analysis cycle.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** OPERATING & MAINTENANCE FUND

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

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

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

**Fund Source:** Series 1985 Bonds.

**Fund Amount as of June 30, 2006:** \$1,575,348

**Term:** Upon final payment of bonds.

## **Supporting Documentation:**

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

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

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

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

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

## **Recommendation:**

Continue to review during annual reserve analysis cycle.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** CUSTOMER GUARANTEE OF PAYMENT

**Designation:** Restricted

**Project:** Mid-Connecticut

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

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

**Fund Source:** Authority customers

**Fund Amount as of June 30, 2006:** \$212,077

**Term:** Various

**Supporting Documentation:**

Permitting, Disposal and Billing Procedures all for cash GOP's.

**Recommendation:**

Continue to maintain the reserve.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:**        SELECT ENERGY ESCROW

**Designation:** Restricted - Trustee

**Project:**        Mid-Connecticut

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

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

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

**Fund Amount as Of June 30, 2006:**        \$1,000,000

**Term:**            Until expiration of the Energy Purchase Agreement with Select Energy.

### **Supporting Documentation:**

The Board approved the following resolution at their June 2003 meeting.

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

### **Recommendation:**

Continue to maintain the reserve as required by contract.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** JETS / ENERGY GENERATING FACILITY RESERVE

**Designation:** Restricted

**Project:** Mid-Connecticut

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

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

**Fund Source:** Initial funding of \$20M was received as part of the CL&P and Enron Power Marketing, Inc agreement. An additional \$1,124,000 will be deposited into the reserve in fiscal year 2007.

**Fund Amount as Of June 30, 2006:** \$20,961,698

On July 19, 2006 \$10,073,698 was withdrawn from this account and used to defease bonds on July 27, 2006.

**Term:** Upon final payment of bonds.

### **Supporting Documentation:**

In addition to the letter to State Street Bank and Trust dated December 28, 2000, the Board minutes and resolutions from the November and December 2000 Board meetings imply that the intent of the prior Board was to set aside these funds to cover future costs of the EGF. Furthermore, although there is no specific resolution in regards to this reserve, it is management's opinion that this reserve was set-aside for the specific purpose stated above to satisfy the Trustee. On July 5, 2006 the Authority received an analysis from R.W. Beck that states the \$20 million was no longer necessary to be maintained in this account, but rather only \$10,888,000.

### **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** MDC ARBITRATION ESCROW

**Designation:** Restricted

**Project:** Mid-Connecticut

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

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

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

**Fund Amount as Of June 30, 2006:** \$5,153,889

On July 19, 2006 the entire amount of this account was withdrawn and used to defease bonds on July 27, 2006.

**Term:** Upon decision regarding Notice to Vacate or withdrawal of funds.

### **Supporting Documentation:**

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

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

### **Recommendation:**

Close account.



# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** REGIONAL RECYCLING CENTER EQUIPMENT  
REPLACEMENT RESERVE (CONTAINER)

**Designation:** Restricted

**Project:** Mid-Connecticut

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

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

**Fund Source:** Past funding has come from the operating budget and an additional \$40,600 will be deposited into the reserve in fiscal year 2007.

**Fund Amount as Of June 30, 2006:** \$458,043

**Term:** Upon contract termination.

## **Supporting Documentation:**

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

### Section 3.11 Capital Repair and Replacement Fund

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

## **Recommendation:**

Continue to maintain reserve as required by contract.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** RECYCLING EDUCATION RESERVE

**Designation:** Restricted

**Project:** Mid-Connecticut

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

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

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

**Fund Amount as Of June 30, 2006:** \$416,587

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

## **Supporting Documentation:**

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

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

## **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** TOWN OF ELLINGTON TRUST

**Designation:** Restricted

**Project:** Mid-Connecticut

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

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

**Fund Source:** Being reviewed.

**Fund Amount as Of June 30, 2006:** \$42,054

**Term:** To be reviewed in fiscal year 2007.

## **Supporting Documentation:**

The following is language from the Certificate of Special Permit.

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

## **Recommendation:**

Continue to maintain reserve as required by permit.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** ELLINGTON LANDFILL TRUST

**Designation:** Restricted - Trustee

**Project:** Mid-Connecticut

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

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

**Fund Source:** Being reviewed.

**Fund Amount as Of June 30, 2006:** \$445,208

**Term:** To be reviewed during fiscal year 2007.

### **Supporting Documentation:**

The following is language from the regulations.

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

### **Recommendation:**

Management will evaluate whether this reserve can be resolved since a post closure reserve has been established for the landfill.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** HARTFORD LANDFILL POSTCLOSURE

**Designation:** Board Designated

**Project:** Mid-Connecticut

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

**Fund Basis:** The basis is reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill for a five year period is approximately \$2.3 million. These estimates do not include any funds for future changes in law.

**Fund Source:** Initial funding of \$500,000 came from a previous reserve called the Hartford Landfill Closure / Postclosure Reserve. Additional funding came from past operating budgets and in fiscal year 2007 another \$300,000 will be deposited into the reserve.

**Fund Amount as Of June 30, 2006:** \$1,951,975

**Term:** Upon certified closure of the landfill

### **Supporting Documentation:**

The Board approved the following resolution at their October 2003 meeting.

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

### **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** ELLINGTON LANDFILL POSTCLOSURE

**Designation:** Board Designated

**Project:** Mid-Connecticut

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

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

**Fund Source:** Past funding has come from operating budgets. An additional \$175,000 will be deposited into the reserve for year fiscal year from 2007. These estimates do not include any funds for future changes in law.

**Fund Amount as Of June 30, 2006:** \$1,807,389

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

## **Supporting Documentation:**

The Board approved the following resolution at their October 2003 meeting.

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

## **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** HARTFORD LANDFILL CLOSURE

**Designation:** Board Designated

**Project:** Mid-Connecticut

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

**Fund Basis:** The basis is reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Under the existing permit the Authority is only responsible to pay for closure using a soil cap. However, the Authority may have to cover the landfill with a synthetic cap which in current real dollars could cost \$23,000,000.

**Fund Source:** Initial funding came from a prior Hartford Landfill Closure/Postclosure Reserve. Another \$1.5 million will be deposited into the reserve in fiscal year 2007 and the balance of the required funds will come from future operating budgets.

**Fund Amount as Of June 30, 2006:** \$9,208,381

**Term:** Upon certified closure of the landfill.

## **Supporting Documentation:**

The Board approved the following resolution at their October 2003 meeting.

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** RISK FUND

**Designation:** Board Designated

**Project:** Mid-Connecticut

**Purpose:** To protect the project against catastrophic losses.

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

**Fund Source:** Past funding has come from operating budgets.

**Fund Amounts as Of June 30, 2006:** \$4,935,514

**Term:** When Board dissolves the reserve.

### **Supporting Documentation:**

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

### **Recommendation:**

Reevaluate the risk assessments and update during the annual budget process.



# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE STABILIZATION RESERVE

**Designation:** Board Designated

**Project:** Mid-Connecticut

**Purpose:** This reserve is to provide a source of funds which will be used to ameliorate future debt service.

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

**Fund Source:** During fiscal year 2006, \$14,663,000 was deposited into the reserve. The Board authorized an additional \$1.4 million from the fiscal year 2005 surplus to be deposited into this reserve. An additional \$4.3 million has been budgeted to be deposited into this account in fiscal year 2007.

**Fund Amount as of June 30, 2006:** \$16,475,899

On July 19, 2006 \$16,409,855 was withdrawn from this reserve and used to defease debt on July 27, 2006.

**Term:** Upon final payment of bonds or when the Board dissolves the reserve.

## Supporting Documentation:

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

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

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

The Board approved the following resolution at their October 2005 meeting.

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

## Recommendation:

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** FACILITY MODIFICATION

**Designation:** Board Designated

**Project:** Mid-Connecticut

**Purpose:** To cover capital expenditures associated with the Mid-Connecticut Project facilities.

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

**Fund Source:** Past funding has come from operating budgets and retained earnings. An additional \$2,000,000 will be deposited into the reserve in fiscal year 2007.

**Fund Amount as Of June 30, 2006:** \$4,720,430

**Term:** When Board dissolves the reserve.

## **Supporting Documentation:**

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

The Board approved the following resolution at their October 2005 meeting.

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** ROLLING STOCK

**Designation:** Board Designated

**Project:** Mid-Connecticut

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

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

**Fund Source:** Past funding has come from operating budgets and retained earnings. An additional \$600,000 will be deposited into the reserve in fiscal year 2007.

**Fund Amount as Of June 30, 2006:** \$3,387,994

**Term:** When Board dissolves the reserve.

### **Supporting Documentation:**

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

### **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** RECYCLING RESERVE

**Designation:** Board Designated

**Project:** Mid-Connecticut

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

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

**Fund Source:** On June 30, 2003, the entire balance of \$1,739,925 from the Regional Recycling Center Paper Equipment Reserve was transferred into this reserve.

**Fund Amount as Of June 30, 2006:** \$1,871,907

**Term:** When Board dissolves the reserve.

## **Supporting Documentation:**

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

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

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

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** SOUTH MEADOWS SITE REMEDIATION RESERVE

**Designation:** Board Designated

**Project:** Mid-Connecticut

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

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

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

**Fund Amount as of June 30, 2006:** \$249,225

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

### **Supporting Documentation:**

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

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

### **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** LANDFILL DEVELOPMENT FUND

**Designation:** Board Designated

**Project:** Mid-Connecticut

**Purpose:** To cover ash landfill development expenditures.

**Fund Basis:** Based upon preliminary estimate for development costs.

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

**Fund Amount as Of June 30, 2006:** \$1,306,338

**Term:** When Board dissolves the reserve.

### **Supporting Documentation:**

The Board approved the following resolution at their October 2005 meeting.

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

### **Recommendation:**

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

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE RESERVE FUND

**Designation:** Restricted - Trustee

**Project:** Southeast

**Purpose:** To provide debt service payment security to bondholders.

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

**Fund Source:** 1998 Series Bonds

**Fund Amount as of June 30, 2006:** \$909,293

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 5.1 (A) (3) of the Indenture of Mortgage and Trust dated as of December 1, 1988 as supplemented.

**Recommendation:**

Continue to review during annual reserve analysis cycle.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE FUND

**Designation:** Restricted - Trustee

**Project:** Southeast

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

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

**Fund Source:** Monthly transfers from the Revenue Fund.

**Fund Amount as of June 30, 2006:** \$342,472

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 5.1 (A) (2) of the Indenture of Mortgage and Trust dated as of December 1, 1988, as supplemented.

**Recommendation:**

Continue to review during annual reserve analysis cycle.



# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** REVENUE FUND

**Designation:** Restricted - Trustee

**Project:** Southeast

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

**Fund Basis:** None

**Fund Source:** Tip fees and energy revenues.

**Fund Amount as of June 30, 2006:** \$3,338,798

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 5.1 (A) (8) of the Indenture of Mortgage and Trust dated as of December 1, 1988, as supplemented.

**Recommendation:**

Continue to review during annual reserve analysis cycle.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** REBATE FUND

**Designation:** Restricted - Trustee

**Project:** Southeast

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

**Fund Basis:** As required by the Indenture

**Fund Source:** 1998 Series A Bonds

**Fund Amount as of June 30, 2006:** \$159,435

**Term:** Upon final payment of bonds.

## **Supporting Documentation:**

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

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

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

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

## **Recommendation:**

Continue to have outside arbitrage consultant review on an annual cycle.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** MONTVILLE POST-CLOSURE

**Designation:** Restricted

**Project:** Southeast

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

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

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

**Fund Amount as Of June 30, 2006:** \$326,564

**Term:** Thirty years after the landfill is certified closed.

## **Supporting Documentation:**

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

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

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

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

## **Recommendation:**

Continue to maintain the reserve as required by SCRRA.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** RISK FUND

**Designation:** Board Designated

**Project:** Southeast

**Purpose:** To protect the project against catastrophic losses.

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

**Fund Source:** Past funding has come from operating budgets.

**Fund Amounts as Of June 30, 2006:** \$251,972

**Term:** When Board dissolves the reserve.

### **Supporting Documentation:**

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

### **Recommendation:**

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

**Connecticut Resources Recovery Authority**

October 30, 2006

**Reserve:** DEBT SERVICE RESERVE FUND

**Designation:** Restricted - Trustee

**Project:** Wallingford

**Purpose:** To secure bond debt service payment for bondholders.

**Fund Basis:** 10% of original issue par value.

**Fund Source:** 1998 Bond Series

**Fund Amount as of June 30, 2006:** \$608,364

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 5.1 (A) (3) of the Indenture of Trust dated December 1, 1985.

**Recommendation:**

Continue to review during annual reserve analysis cycle.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** DEBT SERVICE FUND

**Designation:** Restricted - Trustee

**Project:** Wallingford

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

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

**Fund Source:** Under review

**Fund Amount as of June 30, 2006:** \$471,658

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 5.1 (A) (2) of the Indenture of Trust dated December 1, 1985. Composed of Debt Service Interest Fund and Debt Service Principal Funds.

**Recommendation:**

Continue to review during annual reserve analysis cycle.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** REVENUE FUND

**Designation:** Restricted - Trustee

**Project:** Wallingford

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

**Fund Basis:** None

**Fund Source:** Tip fees and energy revenues.

**Fund Amount as of June 30, 2006:** \$973,473

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 5.1 (A) (5) of the Indenture of Trust dated December 1, 1985.

**Recommendation:**

Continue to review during annual reserve analysis cycle.

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** REBATE FUND

**Designation:** Restricted - Trustee

**Project:** Wallingford

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

**Fund Basis:** As required by the Indenture.

**Fund Source:** 1998 Series A, B & C Bonds

**Fund Amount as of June 30, 2006:** \$115,888

**Term:** Upon final payment of bonds.

**Supporting Documentation:**

Section 3.3 of the Fourth Supplement to the Amended and Restated Indenture of Mortgage and Trust dated September 1, 1998.

**Recommendation:**

Continue to have outside arbitrage consultant review on an annual cycle.



## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** CUSTOMER GUARANTEE OF PAYMENT

**Designation:** Restricted

**Project:** Wallingford

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

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

**Fund Source:** Authority customers

**Fund Amount as of June 30, 2006:** \$81,933

**Term:** Various

**Supporting Documentation:**

Permitting, Disposal and Billing Procedures all for cash GOP's.

**Recommendation:**

Continue to maintain the reserve.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** TIP FEE STABILIZATION

**Designation:** Restricted

**Project:** Wallingford

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

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

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

**Fund Amount as Of June 30, 2006:** \$14,480,515

**Term:** Upon termination of the municipal solid waste agreements.

## **Supporting Documentation:**

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

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

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** WALLINGFORD LANDFILL TRUST

**Designation:** Restricted - Trustee

**Project:** Wallingford

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

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

**Fund Source:** Under review

**Fund Amount as Of June 30, 2006:** \$139,156

**Term:** To be reviewed in fiscal year 2007

### **Supporting Documentation:**

The following is language from the regulations.

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

### **Recommendation:**

Management will evaluate whether this reserve can be resolved since a post closure reserve has been established for the landfill.

# Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** WALLINGFORD POST-CLOSURE

**Designation:** Board Designated

**Project:** Wallingford

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

**Fund Basis:** The basis is reviewed annually by internal staff and on occasion by an outside consultant to verify that the reserve is adequately funded. Current cost estimate in real dollars to monitor and maintain the landfill is \$5,080,000 plus administrative and insurance costs. These estimates do not include any funds for future changes in law.

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

**Fund Amount as Of June 30, 2006:** \$6,739,986

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

## **Supporting Documentation:**

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

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

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

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

## **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** RISK FUND

**Designation:** Board Designated

**Project:** Wallingford

**Purpose:** To protect the project against catastrophic losses.

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

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

**Fund Amounts as Of June 30, 2006:** \$1,047,107

**Term:** When Board dissolves the reserve.

### **Supporting Documentation:**

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

### **Recommendation:**

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

## Connecticut Resources Recovery Authority

October 30, 2006

**Reserve:** FUTURE USE/PLANNING RESERVE

**Designation:** Board Designated

**Project:** Wallingford

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

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

**Fund Source:** \$2,805,000 was deposited into this reserve in fiscal year 2006. An additional \$3,873,000 is budgeted to be deposited into this reserve in fiscal year 2007.

**Fund Amount as of June 30, 2006:** \$2,805,000

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

### **Supporting Documentation:**

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

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

### **Recommendation:**

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

# TAB 3

**RESOLUTION AUTHORIZING CONTRACT FOR ECONOMIC ADVISORY  
SERVICES**

**RESOLVED:** That the President be authorized to enter into a contract for economic advisory services to Environmental Capital, LLC to assist management with work on a variety of projects including, but not limited to, financial and economic evaluation with regard to the strategic plans of the Authority, market information on other comparable solid waste authorities and innovations within the solid waste field; financial feasibility analyses; and analysis of state and federal laws and regulations relative to solid waste management and municipal bonds. This contract will be for a three-year period, from November 1, 2006 to October 31, 2009.



## **Economic Advisor Request for Qualifications and Selection - 2006**

The Authority's current contract for Economic Advisor will expire on October 31, 2006. Management has completed the Request for Qualifications ("RFQ") process and is presenting its recommendation below.

The Authority placed ads for Economic Advisory Services in *The Hartford Courant* and *The Bond Buyer* between August 27 – 30, 2006 and *La Voz Hispana* on August 31<sup>st</sup> and September 7<sup>th</sup> (only publish once a week) stating that RFQs were available on the Authority's internet site. Proposals were due on September 28<sup>th</sup>. The Authority received five proposals, which are summarized on the Analysis of Economic Advisor Proposals Matrix - 2006 on the following page.

**Management Recommendation:** To authorize a contract for Economic Advisory Services to Environmental Capital, LLC for a three year term commencing November 1, 2006 based on the following:

- Firm was founded to advise public sector solid waste clients. Resource recovery is their core business focus.
- Has extensive experience advising clients on long-term strategic planning.
- Have served as the Authority's Economic Advisor since 2003. Has extensive familiarity with the Authority, requiring no "ramp up" time.
- Have already constructed many financial models for the Authority.
- Firm has rail haul experience listed in their proposal.
- They are not an underwriter or provider of investments; therefore there is no incentive to issue debt or conflict of interest should the Authority wish to issue debt.
- Principal is a CPA.
- Lowest rates of the five respondents.

# CONNECTICUT RESOURCES RECOVERY AUTHORITY

## TIMETABLE for ECONOMIC ADVISOR RFQ and SELECTION

August 2006						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September 2006						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October 2006						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Event:	Responsibility:	Date:	Completed
Review previous RFQ for Financial Advisory Services: give edits to PD; distribute to JB and RC	BB	8/11	√
Comments due back to PD	JB/BB/RC	8/15	√
Second draft of RFQ distributed	PD	8/16	√
First draft of advertising prepared	BB	8/18	√
Obtain price quotes from <i>The Bond Buyer</i> , <i>The Hartford Courant</i> and <i>La Voz Hispana</i>	DT	8/21	√
Finalize ad and give clearance to print in <i>The Bond Buyer</i> , <i>The Hartford Courant</i> and <i>La Voz Hispana</i>	JB/BB	8/23	√
Submit ads to the newspapers – confirm prices, prepare POs, if not completed already	DT	8/24	√
Place final RFQ on CRRA Website	PD/RG	8/28	√
Two day run of ad in <i>The Hartford Courant</i>	--	8/27 & 8/28	√
Three consecutive days ad appears in <i>The Bond Buyer</i>	--	8/28-30	√
Two day run of ad in <i>La Voz Hispana</i> (publish only on Thursdays)	--	8/31 & 9/7	√
<b>LABOR DAY WEEKEND</b>			
Deadline for written questions	--	9/15	√
Deadline to post answers to questions on CRRA Website	BB/RG	9/21	√
<b>Deadline for proposal submissions</b>	--	<b>9/28</b>	√
Develop proposal matrix	BB	10/2	√
Finance Committee Meeting and Management recommendation	--	10/19	
<b>Resolution adopted by CRRA Board to offer contract to Economic Advisor for three year term based upon Finance Committee recommendation</b>	--	<b>10/26</b>	
New contract executed	--	11/1	

KEY: BB=Bettina Bronisz JB=Jim Bolduc RC=Rob Constable PD=Paul Doyle RG=Ron Gingrich DT=Donna Tracy

**CRRRA - Analysis of Economic Advisor Proposals Matrix - 2006**

Question	Acacia Financial Group	Environmental Capital	Fairmont Capital Advisors	First Southwest Company	Public Financial Management (PFM)
1 Contact Person	Kim Whelan	Rick McCarthy	Rodney Johnson	Steven Kantor	Nancy Winkler
1 Ownership (partnership, sole)	Subchapter S Corp.	Limited Liability Corp.	Subchapter S Corp.	National private investment banking corporation	National firm, owned by its Managing Directors
1 Location	Mount Laurel, NJ	New York, NY	Philadelphia, PA	New York, NY	New York, NY
2 Experience with Solid Waste and Resource Recovery or other similar complex revenue bond issues	Extensive	Extensive	Mr. Hansel has experience at previous firm	Extensive	Extensive
3 Prior participation with CRRRA	None	Current Economic Advisor	None - firm Yes - Mr. Hansel	None	CRRRA's Financial Advisor from 1992 - 2003
4 Prior participation with Covanta or Wheelabrator	Yes	Yes	None - firm Yes - Mr. Hansel	None	Yes
5 Economic Advisory Experience	Extensive	Extensive	Extensive	Extensive	Extensive
6 Background of Personnel Assigned Provided?	Yes	Yes	Yes	Yes	Yes
7 Special Qualifications of Firm	Quantitative analysis; contract negotiations; investment strategies; not an underwriter	Firm specializes in solid waste; has rail haul experience; current advisor; not an underwriter	Expertise with long term recovery plans for municipalities; not an underwriter	Innovative financing solutions resulted in receipt of "Deal of the Year" award seven times; equipment leasing; swaps; East Hartford office	Ranked No. 1; national financial advisory, asset management and swap advisory experience; strong Conn. experience; not an underwriter
8 Research/Analytical Capabilities Provided?	Yes	Yes	Yes	Yes	Yes
9 Conflicts with CRRRA	None	None	None	None	None
10 Opportunities for CRRRA?	Utilize derivatives	Business model has changed: credit issues; examine recycling revenue stream; State Revolving Funds; system restructuring	Utilize swaps	Develop debt management model utilizing variable rate, swaps and commercial paper	Variable rate bonds; review of investments
11 Certificate of Insurance Provided?	Yes	Yes	Yes	No - will provide if selected	Yes
12 Client References	Burlington, NJ; Camden Co. Pollution Control; Warren Co. Pollution Control	Oneida-Herkimer (NY) Solid Waste Mngt. Auth.; Rockland Co. (NY) Solid Waste Mngt. Auth.; Dev. Auth. Of North Country (NY)	Delaware Co. (PA); David Baxter (Wadsworth Athenaeum); Eastern Montgomery Co. (PA)	Narragansett Bay; Rhode Island Resource Recovery Corp.; Sacramento Sanitary Authority	York Co. (PA) Solid Waste Auth.; Montgomery Co. (MD); City and County of Honolulu, HI
Rate per hour for Senior Personnel:	\$225	\$205	\$275	Standard Rate: \$350 Discounted Rate: \$250	\$285

REQUIRED FORMS PROVIDED:					
Non-Collusion Certificate Provided?	Yes	Yes	Yes	Yes	Yes
Third Party Affidavit	Yes - None	Yes - None	Yes - None	Yes - None	Yes - None
Waiver of Damages	Yes	Yes	Yes	Yes	Yes
Request for Qualifications Form	Yes	Yes	Yes	Yes	Yes, not signed
Background Questionnaire	Yes	Yes	Yes	Yes	Yes
Certificate Concerning RFQ	Yes	Yes	Yes	Yes	Yes
Affirmative Action Questionnaire	Yes - has no AAP	Yes - has AAP	Yes - has no AAP	Yes - has no AAP	Yes - has AAP

AAP = Affirmative Action Policy

**TAB 4**

## **CONNECTICUT RESOURCES RECOVERY AUTHORITY**

### **A RESOLUTION AUTHORIZING SENIOR MANAGEMENT TO APPLY AVAILABLE FUNDS OF THE AUTHORITY TO THE DEFEASANCE OF OUTSTANDING MID-CONNECTICUT SYSTEM INDEBTEDNESS AND THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT WITH U.S. BANK NATIONAL ASSOCIATION TO PROVIDE FOR THE CUSTODY, INVESTMENT AND APPLICATION OF SUCH FUNDS TO EFFECT SUCH DEFEASANCE**

WHEREAS, the Connecticut Resources Recovery Authority (the "Authority") now has outstanding under its resolution adopted March 13, 1985 as supplemented and amended (the "Bond Resolution") approximately \$30 million in debt, consisting of \$15,290,000, Mid-Connecticut System Bonds, 1996 Series A (the "Bonds") and \$15,066,061 Subordinated Indebtedness owing to the State (the unpaid amount thereof, the "State Loan" and, collectively, with the outstanding Bonds, "Outstanding Indebtedness"); and

WHEREAS, the Authority anticipates that it will from time to time realize additional funds that, together with funds available for the purpose under the Bond Resolution (all such funds collectively, "Available Funds"), may be applied to the payment, redemption or defeasance of all or a portion of the Outstanding Indebtedness; and

WHEREAS, the Board of Directors of the Authority (the "Board") has determined to confer upon senior management of the Authority discretion as to when, which and in what amounts Available Funds are to be applied to the payment, redemption and defeasance of Outstanding Indebtedness, taking into account the best interests of the Authority and the holders of its Outstanding Indebtedness; and

WHEREAS, a legal defeasance of Outstanding Indebtedness will require the Authority to enter into an agreement with the Trustee under the Bond Resolution to provide irrevocably for the custody, investment and payment or redemption of the Outstanding Indebtedness to be defeased, to the end that such Outstanding Indebtedness shall be deemed to have been paid in accordance with the provisions of Section 11.1(B) of the Bond Resolution; now, therefore, be it

**RESOLVED:** That the Board hereby authorizes the President and the Chief Financial Officer of the Authority (the "Officials"), in their discretion, to apply, at one time or from time to time, all or any of the Authority's Available Funds, not to exceed \$31,000,000 in the aggregate, to payment, redemption or defeasance of so much of the Outstanding Indebtedness, as the Officials shall determine at the time to be in the best interests of the Authority and the holders of its Outstanding Indebtedness; and

**FURTHER RESOLVED:** That the Board hereby approves the execution and delivery by the Officials of an Escrow Deposit Agreement or Agreements, substantially the form of the escrow deposit agreement approved by resolution of the Board on May 26, 2006 in connection with a prior defeasance under the Bond Resolution, with such changes as the Officials shall approve as necessary to provide at one time or from time to time for the defeasance of all or any portion of the Outstanding

Indebtedness and as in the best interests of the Authority, their execution and delivery thereof being conclusive evidence of their approval of any such changes; and

FURTHER RESOLVED: That the Officials be, and hereby are, authorized to take all such further actions, including, without limitation, the withdrawal and transfer of Available Funds, not in excess of \$31 million in the aggregate, to the Escrow Fund or Funds created under the Escrow Deposit Agreement and to execute such further documents on behalf of the Authority to accomplish the defeasance of Outstanding Indebtedness as contemplated hereby, and as otherwise may be necessary and appropriate or required by the terms and conditions of any and all the aforesaid documents.

Capitalized terms not defined herein shall have the meanings accorded to them by the Bond Resolution. This resolution shall take effect immediately.

Adopted:

**CONNECTICUT RESOURCES RECOVERY  
AUTHORITY**

By: \_\_\_\_\_  
Corporate Secretary

**PLEDGE ACKNOWLEDGMENT AND CONFIRMATION  
AND AGREEMENT AS TO PROOFS OF CLAIM**

THIS PLEDGE ACKNOWLEDGMENT AND CONFIRMATION AND AGREEMENT AS TO PROOFS OF CLAIM, dated as of July 28, 2004 (this "Agreement") is made between Connecticut Resources Recovery Authority (the "Authority") and U.S. Bank National Association, as Trustee ("Trustee").

WHEREAS, the Trustee serves as the trustee under a *Resolution Authorizing the Issuance of Mid-Connecticut System Bonds* adopted March 13, 1985 by the Authority, as amended (the "Resolution"), providing for the issuance of the Authority's Mid-Connecticut System Bonds, including Bonds of Series 1996A, Series 1997A, and Series 2001A, and the Loans from the State of Connecticut constituting Subordinate Indebtedness made pursuant to Supplemental Resolutions of the Authority adopted on September 25, 2003 and January 22, 2004 (collectively, the "Bonds");

WHEREAS, the Authority entered into an Amended and Restated Energy Purchase Agreement (the "*Energy Purchase Agreement*") dated as of December 22, 2000, between Enron Power Marketing, Inc. ("EPMI") and the Authority, which agreement was guaranteed by Enron Corp. ("Enron") pursuant to a Guaranty dated as of December 20, 2000 (the "Enron Guaranty");

WHEREAS, the Energy Purchase Agreement and the Enron Guaranty constitute an Energy Purchase Agreement, as defined in the Resolution, which pursuant to Section 5.1 of the Resolution was pledged to the Trustee to secure the Bonds and the obligations of the Authority under the Resolution;

WHEREAS, Enron and its affiliates including EPMI filed petitions for reorganization under the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York, Case Number 01-16034, and related cases (the "Enron Bankruptcy Proceedings"), and Trustee caused proofs of claim (the "Trustee Proofs of Claim") to be filed, and the Authority filed proofs of claim (the "Authority Proofs of Claim"), against EPMI and Enron relating to the Energy Purchase Agreement and the Guaranty [copies of which Trustee Proofs of Claim and Authority Proofs of Claim are attached hereto as Exhibits A and B, respectively];

WHEREAS, the Authority has reached agreement in principle with EPMI and Enron to allow the Authority Proofs of Claim in their full amount in the amount of \$221,284,716.00, provided the Trustee withdraws the Trustee Proofs of Claim which are duplicative of the Authority Proofs of Claim;

WHEREAS, the plan of reorganization of Enron and its affiliates including EPMI in the Enron Bankruptcy Proceedings provides for payments on allowed proofs of claim in the classes in which the allowed Authority Proofs of Claim would be included in an amount that would produce a substantial distribution to the holder or holders of such allowed proofs of claim, and the Authority and the Trustee agree that it is in the best interests of the holders of the Bonds for the claims to be promptly allowed in their full respective amounts, without duplication;

NOW, THEREFORE, the parties hereto agree as follows:

1. The Authority represents that it has reached an agreement in principle with Enron and EPMI for the allowance of the two Authority Proofs of Claim in their full amount of \$221,284,716.00 against each of Enron and EPMI, and that one of the conditions of the allowance of the Authority Proofs of Claim in such amounts is the withdrawal of the Trustee Proofs of Claim.

2. The Authority hereby acknowledges and agrees that all distributions under the Authority Proofs of Claim would constitute Revenues, as defined in the Resolution, that have been pledged under the Resolution to secure the Bonds and the Authority's obligations under the Resolution.


3. The Authority hereby agrees that in consideration of the withdrawal by the Trustee of the Trustee Proofs of Claim, as duplicative of the Authority Proofs of Claim, the Authority will cause all payments to be made with respect to the Authority Proofs of Claim (the "Enron Distributions") to be paid directly to the Trustee for deposit in the Revenue Fund under the Resolution.

4. The Authority further agrees that the Authority will exercise any discretion it may have as to the application of the Enron Distributions to cause the Enron Distributions to be held as collateral for the Bonds or to be used for payments on, or the defeasance of, Bonds.


5. In consideration of the undertakings of the Authority in this Agreement, the Trustee agrees to withdraw the Trustee Proofs of Claim when requested by the Authority or its counsel in connection with the allowance of the Authority Proofs of Claim in the Enron Bankruptcy Proceedings and will cooperate with the Authority in the prompt completion of the proposed settlement between the Authority and Enron and EPMI for the allowance of the Authority's Proofs of Claim.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers hereunto duly authorized, as of the day and year first above written.

CONNECTICUT RESOURCES RECOVERY  
AUTHORITY

By:   
Thomas D. Kirk  
President

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By:   
Mark A. Forgetta  
Vice President



# TAB 5

**RESOLUTION REGARDING THE  
REFURBISHMENT OF STEEL PAN CONVEYOR CV-200B  
AGREEMENT AT THE WASTE PROCESSING FACILITY**

**RESOLVED:** That the President is hereby authorized to execute an agreement with Construction Network Services to implement the Refurbishment of Steel Pan Conveyor CV-200B located at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

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

**Refurbishment of Steel Pan Conveyor CV-200B Agreement**

Presented to the CRRA Board on:	October 26, 2006
Vendor/ Contractor(s):	Construction Network Services
Effective date:	Upon Execution
Contract Type/Subject matter:	Public Bid/Construction
Facility Affected:	Mid-CT Waste Processing Facility
Original Contract:	NA
Term:	2 &1/2 days as specified in the Notice to Proceed
Contract Dollar Value:	\$52,125.00
Amendment(s):	NA
Term Extensions:	N/A
Scope of Services:	Refurbishment of Steel Pan Conveyor CV-200B at the Mid-CT Waste Processing Facility.
Bid Security	Bid Bond
Contract Security	Construction Performance Bond, Construction Payment Bond – Amount of Contract
Other Pertinent Provisions:	None

# **Connecticut Resources Recovery Authority Mid-Connecticut Project – Waste Processing Facility Refurbishment of Steel Pan Conveyor CV-200B**

*October 26, 2006*

## **Executive Summary**

This is to request approval of the CRRRA Board of Directors for the President to enter into an agreement with Construction Network Services, to refurbish steel pan conveyor CV-200B at the Mid-Connecticut Waste Processing Facility (WPF).

## **Discussion**

The steel pan conveyor that is targeted to be refurbished is located in the municipal solid waste (MSW) storage area of the WPF. CV-200B is integral with processing line #2 and is responsible for transferring stored MSW from the storage floor up to the “waterfall” area in front of line #2’s operator picking station. CV-200B has not been refurbished for at least seven years and is now due for a complete major refurbishment.

CV-200B is identified in the facility condition report titled “Report on Condition and Refurbishment Needs of the Mid-Connecticut Waste Processing Facility”, dated September 20, 2006, prepared by Grillo Engineering as a high priority item in need of a complete overhaul.

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

- Removal of existing conveyor CV-200B (a 72" wide, style "A" chain and pan assembly) parts, cut to size and disposed of in a steel dumpster.
- Installation of the following new conveyor CV-200B parts: new feed, return, push down and impact rails, for the full length on both sides of the conveyor.
- Install new tail and head assemblies which consist of conveyor chain sprockets, bearings, driven and floating sprockets along with new head and tail shafts.
- Installation of all new steel conveyor pans, conveyor chain, and conveyor wheels (Blocks), belonging to conveyor CV-200B.
- The contractor shall furnish all necessary equipment, tools, labor and supervision to perform the replacement.
- Refurbishing activities will take place around the clock over a weekend.
- Refurbishing activities shall be coordinated with Owner (“CRRRA”) and Operator (“MDC-Metropolitan District Commission”) as needed.
- Clean-up, disposal of waste and debris, and restoration of work site to satisfaction of Owner and Engineer.
- All other related work required to complete the Project.

- This is a labor only project – Contractor to provide only those incidentals and miscellaneous materials necessary for assembly of project components.

**Financial Summary**

The project was solicited through a public procurement process. The project was advertised in the Hartford Courant, Journal Inquirer and La Voz Hispana, a minority publication. Additionally the project was solicited through 2 construction trade journals. Sealed public bids were received on October 13, 2006, by 2 PM. Bids were received from 4 qualified bidders, and are tabulated below.

Bidder	Bid Price
Construction Network Services	\$52,125.00
Infinity Constructors, Inc.	\$69,650.00
Castine Energy Construction Co.	\$99,000.00
Gardner Constructors, Inc.	\$195,000.00

The work for the project was bid as a lump sum. CRRA has met with the low bidder on the project, Construction Network Services and examined their references. Per discussions with them, CRRA management is satisfied that they can complete the work as specified in the contract documents.

CRRA's cost for this project will be \$52,125.00.

The project will be funded from the WPF Modification Reserve Fund as planned for in the fiscal year 2007 Mid-Connecticut capital improvement budgets.

# TAB 6

**RESOLUTION REGARDING ELECTRIC POWER MARKET  
PROFESSIONAL SERVICES**

**RESOLVED:** That the President is hereby authorized to enter into a contract with Navigant Consulting, Inc. for Electric Power Market Professional Services for the Mid-Connecticut Electric Generating Facility, substantially as discussed and presented at this meeting.

# Connecticut Resources Recovery Authority

## Contract Summary for Contract entitled

### Electric Power Market Professional Services

Presented to the CRRA Board on:	October 26, 2006
Vendor/Contractor(s):	Navigant Consulting, Inc.
Effective Date:	November 1, 2006
Contract/Type/Subject matter:	Professional Services Agreement
Facility Affected:	Mid-Connecticut Electric Generating Facility ("EGF")
Original Contract:	N/A
Term:	Through June 30, 2007
Contract Dollar Value	\$76,000
Amendment(s):	Not applicable
Term Extensions:	Not applicable
Scope of Services:	Professional consulting services to assist CRRA in marketing a portion of the energy generated by the EGF to maximize the value to CRRA consistent with prevailing market practices and in accordance with CRRA's Procurement Policies and Procedures.
Other Pertinent Provisions:	None



# **Connecticut Resources Recovery Authority Mid-Connecticut EGF Electric Power Market Professional Services**

*October 26, 2006*

## **Executive Summary**

Presently, CRRA is selling annually the first 250,000 Mwh of energy output of the Mid-Connecticut Electric Generating Facility to Select Energy, Inc. pursuant to an Energy Purchase Agreement (“EPA”). The EPA was amended in August 2004 to extend the term from June 30, 2005 to June 30, 2007. As the amended agreement expires at the end of FY 2007, CRRA plans to market this energy product for sale to qualified credit worthy counterparties through a competitive bid process over the next three to four months. Given the unique and changing nature of the New England Power Market, CRRA desires to retain the professional services of an electric power consultant to assist CRRA through the entire procurement process.

This is to request that the CRRA Board of Directors authorize the President to enter into a contract with Navigant Consulting, Inc. for Electric Power Market Professional Services for the Mid-Connecticut Electric Generating Facility.

## **Discussion**

On October 6, 2006 CRRA issued a **Request for Proposals for Electric Power Market Professional Services**. The availability of the RFP was advertised on two national web sites that specialize in making private sector companies aware of government procurements (bidnet.com and onvia.com). The availability of the RFP documents was also advertised in two Connecticut newspapers and the entire RFP package was posted on CRRA’s internet site for downloading by interested firms. In addition, CRRA electronically mailed the entire RFP document to seven (7) firms known to provide electric market consulting services.

In the RFP CRRA requested that the consultants specify their proposed approach for developing and conducting a competitive solicitation to maximize the revenues received from the sale of energy from the Mid-Connecticut Project to credit worthy counterparties for a term of one year or longer. The Proposers were required to provide pricing to complete a scope of work divided into five tasks:

**Task 1: Power Market Analysis**

**Task 2: RFQ and RFP Framework**

**Task 3: Preparation of Procurement Documents**

**Task 3A: Draft the RFQ and RFP**

**Task 3B: Assist CRRA and its Legal Council in Drafting the Electric Purchase Agreement**

**Task 4: Assist CRRA in Responding to Prospective Bidders Questions**

**Task 5: Evaluate Proposals**

On October 13, CRRA received five (5) proposals as summarized in the following table.

<b>FIRM</b>	<b>PROPOSAL PRICE</b>
Navigant Consulting, Inc.	\$76,000
Alternative Resources, Inc.	\$79,000
NcNees, Wallace, & Nurick, LLC	\$102,000
The Shpigler Group	\$125,000
Concentric Energy Advisors	\$192,000

All Proposers except The Shpigler Group met all the requirements of the RFP. The Shpigler Group offered a lump sum fixed price for all the work instead of providing a breakdown of hours and costs by tasks.

Based upon both the qualifications of the firms submitting proposals and the prices provided to complete the scope of services, CRRA is recommending the contract be awarded to the lowest cost qualified Proposer, Navigant Consulting, Inc.

**Financial Summary**

CRRA would pay Navigant Consulting, Inc. a fixed price of \$40,400 for completion of Tasks 1, 2 and 3A and on a time and materials basis estimated to be \$35,600 for Tasks 3B, 4 and 5.

This work will be funded out of the Mid-Connecticut operating budget for FY07 under consulting services. The total amount budgeted for consulting services in FY07 is \$150,000. There have been no expenditures to that budget account to date.

**TAB 7**

**RESOLUTION REGARDING RATIFICATION OF EMERGENCY PROCUREMENT  
CONTRACTS**

**RESOLVED:** That the Authority Board of Directors ratifies the Emergency purchases as substantially presented and discussed at this meeting.

## Emergency Procurement Contracts

*October 26, 2006*

The following written evidence is being provided to the Board for ratification pursuant to Section 5.10 of the CRRA Procurement Policy.

### **5.10 Emergency Procurements**

In the event of an Emergency Situation as defined herein, the procedures for pre-approval of Contracts in these Policies and Procedures by the Board do not apply. When the President, Chairman, or their designee determines that an Emergency Situation has occurred, the President, Chairman, or their designee is authorized to enter into a Contract under either a competitive or sole source basis, in such amount and of such duration as the President, Chairman, or their designee determines shall be necessary to eliminate the Emergency Situation. Such Emergency Situation contract(s), with written evidence of said Emergency Situation, shall be presented to the Board for ratification as soon as practicable following the execution of the Contract. The Board shall ratify such emergency Contract unless it is determined that under no circumstances would a reasonable person believe that an Emergency Situation existed.

## Emergency Procurements

<u>Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Vendor</u>
09/12/06	FY07 – Emergency Repairs to Maxim Road Rail Crossing by A.J. Belliveau, Not Covered in Standard Agreement	\$ 810.00	A.J. Belliveau

# Memorandum

**To:** Tom Kirk  
**From:** John Romano  
**Date:** August 28, 2006  
**Cc:** Floyd Gent; Jim Bolduc  
**RE:** Emergency Rail Road Services

---

*oboy  
to Kirk*

The CRRA Mid Connecticut Project is responsible to maintain the Brainard & Maxim rail road crossing and rail line access to the Regional Recycling Center (RRC) for shipment of bailed recyclables. The cost of repairs to the line is shared with the other businesses located on the line such as Seven Dee's Lumber and the All Waste operation.

CRRA and the other businesses have a contract with A. J. Belliveau Co. to perform annual railroad maintenance and inspections. The CRRA cost for this service for FY07 is \$8,150.00. This service agreement does not include emergency repairs being from storm damage, accident damage or rail deterioration. This spring / summer as a result of heavy storms passing through this area damage occurred to the crossing signal not functioning correctly and being a safety problem with heavy debris causing damage to the crossing tracks. On both occasions A. J. Belliveau was called in as directed by the State of CT DOT to perform the safety repairs. This is a major crossing because of the amount of vehicle traffic especially trucks that pass this point going to various businesses but especially the Mid Connecticut project. It should also be noted that earlier this calendar year there was a major accident at the rail crossing between the train and a CWPM driven roll off truck.

A.J. Belliveau Company inspected the damaged areas and performed the necessary repairs. The CRRA shared cost for these repairs is \$810.00 which has recently been invoiced to us. Therefore I am requesting that the CRRA Board of Directors authorize the President to follow through with the procurement procedures in order to pay A. J. Belliveau Co. for their services.

**TAB 8**



## **RESOLUTION REGARDING REVISION TO PROCUREMENT POLICY**

**RESOLVED:** That the Authority's Board of Directors adopt the changes to Section 5.10 of the Procurement Policies and Procedures pertaining to Emergency purchases as substantially presented at this meeting.

# Emergency Procurement Contracts

*October 26, 2006*

The following was discussed with the Policy & Procurement Committee (the "Committee") at their October 12, 2006 meeting. The Committee voted to recommend the attached resolution be presented to the Board of Directors (the "Board"). In addition, the Committee suggested that the attached table and chart showing the historical emergency purchases be included with the package provided to the Board of Directors.

As discussed at the July 2006 Committee meeting, management conducted an analysis of the number and amount of the emergency purchases made by the Authority for fiscal year 2006. This review was conducted to evaluate what, if any, changes could be made to the Procurement Policies and Procedures to reduce the number of emergency purchases the Board ratifies. The current procedures require the Board to ratify all emergency purchase regardless of the purchase amount.

The Authority made 25 emergency purchases in fiscal year 2006 of which approximately 72% cost less than \$10,000. Management also reviewed the existing list of exceptions to the competitive process as outlined in the procedures to determine if any of the exceptions listed provided management with discretion for certain purchases up to a pre-defined dollar amount. The one exception listed in the procedures that provides for management discretion is: for purchases of \$10,000 or less pertaining to goods or services provided by a contractor who has a special capability or unique experience.

After reviewing the number of purchases and amounts and in an effort to standardize the limit with similar exception purchases, management recommends the following language change, underlined, to Section 5.10 of the procedures.

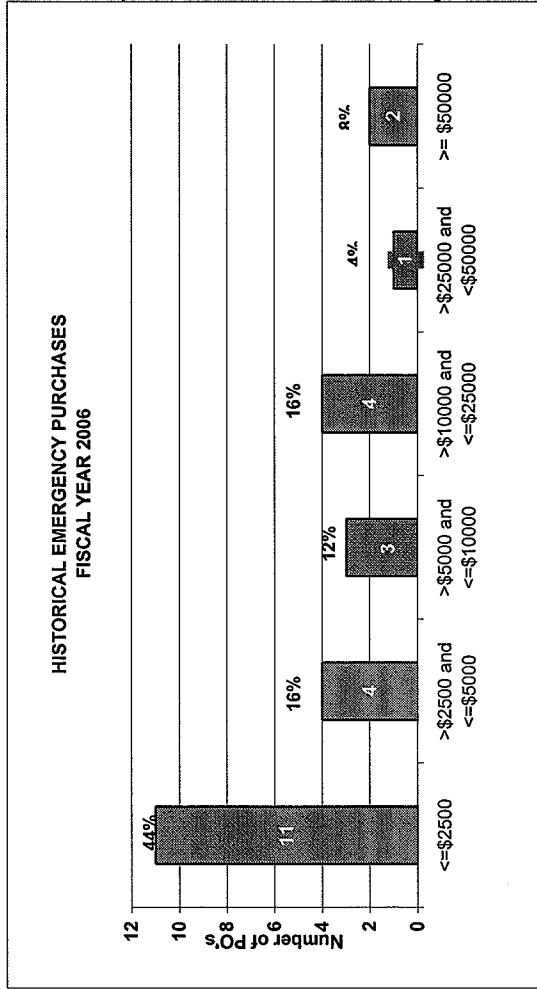
## **5.10 Emergency Procurements**

In the event of an Emergency Situation as defined herein, the procedures for pre-approval of Contracts in these Policies And Procedures by the Board do not apply. When the President, Chairman, or their designee determines that an Emergency Situation has occurred, the President, Chairman, or their designee is authorized to enter into a Contract under either a competitive or sole source basis, in such amount and of such duration as the President, Chairman, or their designee determines shall be necessary to eliminate the Emergency Situation. Such Emergency Situation contract(s) for cost of the goods or services in excess of \$10,000, with written evidence of said Emergency Situation, shall be presented to the Board for ratification as soon as practicable following the execution of the Contract. The Board shall ratify such emergency Contract unless it is determined that under no circumstances would a reasonable person believe that an Emergency Situation existed.

Per the request of the Committee, management also confirmed that purchases of less than \$10,000 will still be required to be reported to the Committee and the Board, even with the recommended change to Section 5.10 as stated above.

**Connecticut Resources Recovery Authority  
Emergency Requisition History**

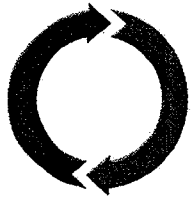
Purchase Date	<=\$2500	Purchase Date	>\$2500 and <=\$5000	Purchase Date	>\$5000 and <=\$10000	Purchase Date	>\$10000 and <=\$25000	Purchase Date	>\$25000 and <=\$50000	Purchase Date	>=\$50000
10/17/2005	\$ 140.00	8/18/2005	\$ 2,565.00	8/22/2005	\$ 7,500.00	5/24/2006	\$ 11,000.00	12/9/2005	\$ 42,600.00	12/9/2005	\$ 78,500.00
11/6/2005	\$ 300.00	8/25/2005	\$ 3,623.65	8/4/2005	\$ 7,750.00	4/20/2006	\$ 13,481.50	12/9/2005	\$ 42,600.00	3/17/2006	\$ 220,769.32
4/26/2006	\$ 638.36	7/5/2006	\$ 4,500.00	6/7/2006	\$ 8,736.00	5/1/2006	\$ 13,481.50				
8/17/2005	\$ 700.00	4/26/2006	\$ 4,850.00	12/27/2005	\$ 18,198.00						
11/17/2005	\$ 743.75										
3/3/2006	\$ 800.00										
9/30/2005	\$ 800.00										
8/28/2006	\$ 810.00										
8/15/2005	\$ 991.40										
10/20/2005	\$ 1,000.00										
3/6/2006	\$ 1,400.00										
<b># of Purchases</b>	<b>11</b>		<b>4</b>		<b>3</b>		<b>4</b>		<b>1</b>		<b>2</b>
<b>% of Purchases</b>	<b>44%</b>		<b>16%</b>		<b>12%</b>		<b>16%</b>		<b>4%</b>		<b>8%</b>
<b>Cumulative %</b>			<b>60%</b>		<b>72%</b>		<b>88%</b>		<b>92%</b>		<b>100%</b>



# TAB 9

**RESOLUTION REGARDING HUMAN RESOURCES COMMITTEE  
RECOMMENDATION TO THE BOARD OF DIRECTORS REGARDING  
ADDITION OF HEALTH AND DENTAL INSURANCE FOR PART-TIME  
EMPLOYEES BASED ON EMPLOYEE ONLY ENROLLMENT**

**RESOLVED:** That the Board of Directors approves the proposal to add health and dental benefits for part-time employees as recommended by the CRRA Organizational Synergy & Human Resources Committee and CRRA management.



CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY

TO: The Organizational Synergy & Human Resources Committee

FROM: Human Resources & Management

DATE: October 26, 2006

SUBJECT: Addition of Health & Dental Benefits for Part-Time Employees

## **Proposed Addition of Health and Dental Benefits for Part-Time Employees**

***October 26, 2006***

CRRA management discussed and reviewed this proposal to add health and dental benefits for part-time employees with a coverage tier of "Employee Only." Management and the supervisors who have part-time employees believe this benefit will provide CRRA with needed flexibility and certain advantages discussed later. There are no current plans to offer life or disability insurance to part-time employees.

The cost share for part-time employees will be 80% employer and 20% employee. Part-time employees that want to add coverage for a spouse and dependents will pay 100% of the premium. It is an insurance carrier policy that part-time employees work at least 30 hours per week to become eligible for medical/dental benefits. Five of CRRA's part-time employees are involved in education at the two visitor's centers and the other two part-time employees are part of the Operations group. The money to fund this additional program will come from the Contingency Account (**insurance rates in this proposal are subject to change based on annual premium increase and employee enrollment**). The advantages to increasing the hours of the part-time employees in order to offer this benefit program are outlined below:

1. In the future the Authority may find itself in a position to restructure the organization. CRRA management may need to have a flexible workforce to meet the needs of its customers, in the event that this happens.
2. With the focus of the Solid Waste Management Plan on Recycling, educators may be called upon to conduct additional outreach programs with project member towns.
  - Stratford was able to increase outreach programs with additional hours of a third full-time educator. Programs were offered on weekends and occasional evenings increasing the amount of visitors served in a project. Additionally, this would allow one educator to remain at the museum while another is conducting an outreach program at a school or community group.

3. The visitor's centers would be able to open on Mondays and increase its public hours on Tuesdays in Hartford.
  - Mondays may be used to accommodate groups on the waiting list, groups rescheduled due to inclement weather, complete administrative tasks, prepare for upcoming programs or accommodate groups that are not able to come any other day of the week. Currently, Hartford is open from 10 a.m. to 2 p.m. during the summer. With the additional hours, the museum may remain open until 4 p.m. Stratford is currently open from 10 a.m. to 4 p.m. Tuesdays through Friday during July and August and has been able to accommodate additional visitors from the public. Having additional staff scheduled will help with security concerns as well.
4. Educators may work on additional long-term projects such as:
  - Align the new state science standards with all CRRA educational programs and provide written material to public and private educators either on our website or in the form of handouts.
  - Create a map of the inside of the education centers to accommodate self-guided tours.
  - Conduct recycling workshops for school teachers so they can establish recycling programs.
  - Research and provide a listing of recycled products and companies for school teachers and the general public.
  - Expand the education centers' libraries, resources, and movies.
  - Ensure that information on all aspects of CRRA, such as electronics recycling is provided to the public and to school teachers.
5. Inclusion of the part-time employees into the health/dental plan would also help attract and retain employees valuable to the Authority with regard to a flexible workforce.

### **Recommendation**

**In consultation with the President and Management, the Human Resources Committee recommends that the Board approve the addition of part-time employees to the health and dental plans as outlined.**

**TAB 10**



**RESOLUTION AUTHORIZING SETTLEMENT WITH A LAW FIRM WHICH  
FORMERLY REPRESENTED ENRON AND/OR RELATED ENTITIES**

RESOLVED: That the President is hereby authorized to agree to settlement of the Authority's lawsuit against a law firm which formerly represented Enron and/or related entities, including taking all actions, executing all documents, and doing all other things necessary to accomplish a settlement substantially on the terms discussed at this meeting, subject and pursuant to the approval of the Attorney General.

**TAB 11**

## **RESOLUTION REGARDING EXECUTION OF A GENERAL RELEASE OF AMERICAN INTERNATIONAL GROUP, INC.**

WHEREAS, pursuant to the terms of a Settlement Agreement between American International Group, Inc. ("AIG") and the New York Attorney General and Superintendent of Insurance ("Settlement Agreement"), the Authority is eligible to receive payments from the Excess Casualty Fund established by AIG; and

WHEREAS, in order to participate in the Fund, the Authority must execute and return the General Release prescribed by the Settlement Agreement by January 26, 2007; and

WHEREAS, the Board has reviewed the said General Release and determined that it is in the best interests of the Authority to execute the said Release, so as to participate in the Excess Casualty Fund as described therein;

NOW, THEREFORE, IT IS RESOLVED: That the President of the Authority is hereby authorized to execute and return the General Release required by the Settlement Agreement, as presented and discussed at this meeting, and to take all related actions in connection with said General Release necessary to participate in the Excess Casualty Fund as provided therein.

# **Connecticut Resources Recovery Authority Proposed Settlement Offer**

October 26, 2006

## **Executive Summary**

This is to request that the Board authorize the President to execute and return the General Release required in order for CRRA to participate in the settlement fund established by AIG as part of its resolution of the investigations of AIG by the Superintendent of Insurance and the Attorney General of the State of New York.

## **Discussion**

In order to resolve allegations of improper bidding arrangements and steering practices involving the use of contingent commissions, American International Group (AIG) has entered into a settlement agreement with New York State regulators. Under the agreement, \$375 million will go to AIG policyholders who purchased or renewed excess casualty policies through Marsh & McLennan during the period 1/1/00 through 9/30/04. Based on CRRA's pro rata portion of the total AIG excess casualty premium written through Marsh during that time, AIG has calculated that CRRA is eligible to receive \$149,763.44 from the Excess Casualty Fund.

In order to participate in the Fund, CRRA must sign the prescribed form of Release (a copy of which is included herewith), giving up its right to pursue any of the settled matters. If CRRA elects to participate, AIG will mail payment by February 28, 2007. Additionally, in the event that any money remains in the Excess Casualty Fund as of January 31, 2008, it will be distributed to participating policyholders on a pro rata basis.

Note that, as discussed at prior Finance Committee and Board meetings, Marsh's Global Professional Standards and Compliance Group, Kroll, Inc., and other forensic accountants who were not involved in the service of CRRA's account, reviewed CRRA's marketing files for the relevant time period and determined that there was no improper conduct by members of Marsh's Client Advisory Practice servicing CRRA's account. The AIG Settlement Agreement provides that excess casualty policyholders are eligible to participate in the Excess Casualty Fund without being required to demonstrate that they suffered any actual harm or injury.

Must be Postmarked  
No Later Than  
January 26, 2007

AIG Excess Casualty Settlement  
c/o The Garden City Group, Inc.  
PO Box 9000 #6402  
Merrick, NY 11566-9000  
(888) 355-5464

AIN



Settlement Identification Number: 01004864



CONNECTICUT RESOURCES RECOVERY AUTHORITY  
THOMAS D KIRK  
100 CONSTITUTION PLZ FL 17  
HARTFORD, CT 06103-1703

**ADDRESS CORRECTIONS**

Write any address corrections below. Any changes to RELEASOR name must be submitted in writing with explanation for change.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**GENERAL RELEASE**

This RELEASE (the "Release") is executed this \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by RELEASOR (defined below) in favor of RELEASEE (defined below).

**DEFINITIONS**

"RELEASOR" refers to CONNECTICUT RESOURCES RECOVERY AUTHORITY and any of its affiliates, subsidiaries, associates, general or limited partners or partnerships, predecessors, successors, or assigns, including, without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of RELEASOR.

"RELEASEE" refers to American International Group, Inc. and any of its subsidiaries, associates, general or limited partners or partnerships, predecessors, successors, or assigns, including, without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers (collectively, "AIG").

"AGREEMENT" refers to a certain agreement between AIG and the Attorney General of the State of New York ("NYAG") dated January 18, 2006 and an accompanying stipulation between AIG and the Superintendent of Insurance of the State of New York ("NYSI") dated January 18, 2006, relating to (i) an action commenced against AIG by the NYAG and NYSI dated May 26, 2005, captioned The People of the State of New York v. American International Group, Inc., Maurice R. Greenberg and Howard I. Smith, Index No. 401720/2005, and an investigation by the NYAG and NYSI relating to same (the "COMPLAINT"); (ii) an investigation by the NYAG and NYSI related to AIG's alleged use of contingent commission agreements or placement service agreements to steer business; and (iii) an investigation by the NYAG and NYSI related to AIG's alleged participation in bid rigging schemes.

**RELEASE**

1. In consideration for the total payment of \$ 149,763.44 plus any interest or investment income earned thereon in accordance with the terms of the AGREEMENT, RELEASOR does hereby fully release, waive and forever discharge RELEASEE from any and all claims, demands, debts, rights, causes of action or liabilities whatsoever, including known and unknown claims, now existing or hereafter arising, in law, equity or otherwise, whether under state, federal or foreign statutory or common law, and whether possessed or asserted directly, indirectly, derivatively, representatively or in any other capacity (collectively, "claims"), to the extent any such claims are based upon, arise out of or relate to, in whole or in part, (i) any of the allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of the COMPLAINT, described in the AGREEMENT, or were subject to investigation by NYAG and NYSI as referenced in the AGREEMENT; (ii) any allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of In re Insurance Brokerage Antitrust Litigation, MDL No. 1663, or the actions pending in the United States District Court for the District of New Jersey captioned In re: Insurance Brokerage Antitrust Litigation, Civ. No. 04-5184 (FSH), and In re Employee Benefit Insurance Brokerage Antitrust Litigation, Civ. No. 05-1079 (FSH) or any related actions filed or transferred to the United States District Court for the District of New Jersey that are consolidated into either of the preceding Civil Action dockets; or (iii) any allegations of bid-rigging or of the use of contingent commission agreements or placement service agreements to steer business; provided, however, that RELEASOR does not hereby release, waive, or discharge RELEASEE from any claims that are based upon, arise out of or relate to (a) the purchase or sale of AIG securities; and (b) AIG's Life Insurance Operations (as defined by the Agreement to which this Release is an exhibit).

2. In the event that the total payment referred to in paragraph 1 is not made for any reason, then this RELEASE shall be deemed null and void, provided that any payments received by RELEASOR shall be credited to AIG in connection with any claims that RELEASOR may assert against AIG, or that are asserted on behalf of RELEASOR or by a class of which RELEASOR is a member, against AIG.

3. This RELEASE may not be changed orally and shall be governed by and interpreted in accordance with the internal laws of the State of New York, without giving effect to choice of law principles, except to the extent that federal law requires that federal law governs. Any disputes arising out of or related to this RELEASE shall be subject to the exclusive jurisdiction of the Supreme Court of the State of New York or, to the extent federal jurisdiction exists, the United States District Court for the Southern District of New York.

4. Releasor represents and warrants that the claims have not been sold, assigned or hypothecated in whole or in part.

RELEASOR:	<input type="text"/> (must match RELEASOR as defined above)	Date:	<input type="text"/> / <input type="text"/> / <input type="text"/>	Is RELEASOR a US Person / Entity? <input type="checkbox"/> Yes <input type="checkbox"/> No
Signed By:	<input type="text"/>	Taxpayer ID No.:	<input type="text"/>	
Print Name:	<input type="text"/>	Phone Number:	<input type="text"/>	
Title:	<input type="text"/> (must have authority to sign RELEASE)	Email Address:	<input type="text"/>	

DO NOT ALTER THIS RELEASE

**TAB 12**

**RESOLUTION AUTHORIZING THE PRESIDENT TO EXERCISE CRRA'S  
OPTION TO ACQUIRE THE PARCEL OF LAND IN THE SOUTH MEADOWS  
KNOWN AS PARCEL 3**

**RESOLVED:** That the President is hereby authorized to exercise the option granted to CRRA in the Substation and Storage Area Option Agreement between The Connecticut Light and Power Company and CRRA dated December 22, 2000 (the "Agreement") to acquire for \$1.00 the land known as Parcel 3 and more particularly described in Attachment A to the Agreement; and

**FURTHER RESOLVED:** That the President is hereby authorized to take any and all such other action as is necessary or desirable in order to expeditiously complete the acquisition of Parcel 3 in accordance with the terms of the Agreement as discussed at this meeting.

**SUBSTATION AND STORAGE AREA OPTION AGREEMENT**

**BY AND BETWEEN**

**THE CONNECTICUT LIGHT AND POWER COMPANY**

**(OPTIONOR)**

**AND**

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**(OPTIONEE)**

**December 22, 2000**



# SUBSTATION AND STORAGE AREA OPTION AGREEMENT

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## EXHIBITS

- Exhibit A - Legal Description of the Property
- Exhibit B - Legal Description of the Substation Area
- Exhibit C - Legal Description of the Storage Area
- Exhibit D - Storage Area Permitted Encumbrances
- Exhibit E - Property Permitted Encumbrances
- Exhibit F - Form of Storage Area Deed
- Exhibit G - Form of Property Deed
- Exhibit H - Form of Tax Allocation Agreement
- Exhibit I - Form of Notice of Option

## SUBSTATION AND STORAGE AREA OPTION AGREEMENT

THIS SUBSTATION AND STORAGE AREA OPTION AGREEMENT ("Agreement") made and concluded this 22nd day of December, 2000 (the "Execution Date"), by and between THE CONNECTICUT LIGHT AND POWER COMPANY, a specialty chartered Connecticut corporation (herein, the "Optionor") and CONNECTICUT RESOURCES RECOVERY AUTHORITY, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut established, created and existing under the laws of the State of Connecticut (herein, the "Optionee").

### WITNESSETH:

WHEREAS, the Optionor owns a certain piece or parcel of land located in the City of Hartford, County of Hartford and State of Connecticut and being the so-called Parcel 3 which is more particularly described in Exhibit A attached hereto (the "Property"); and

WHEREAS, the Optionee has requested, and the Optionor is willing to grant to the Optionee an exclusive right and option to purchase the Property (or subject to the terms of this Agreement specifically allowing therefor, the portion of the Property described herein as the "Storage Area") under the terms and conditions more particularly hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. The Optionor hereby grants to the Optionee the exclusive option, right and privilege to purchase (i) the Property or (ii) if the Optionee obtains all of the Necessary Approvals as provided in Section 3 hereof, the Storage Area, as defined in Section 3 hereof, all in the manner and upon the terms and conditions hereinafter set forth.
2. Term of Option. This Option Agreement shall be effective as of the date hereof and shall expire, unless sooner exercised the later to occur of (i) June 30, 2004 or (ii) one hundred eighty (180) days following the Optionee's receipt of written notice from the Optionor referring to this Agreement and informing the Optionee that its rights under this Agreement are subject to expiration as provided in this Section 2 (the "Expiration Notice"); provided, however, the Optionor shall not be entitled to deliver the Expiration Notice any earlier than December 31, 2003.
3. Subdivision of the Property. The Optionor and the Optionee agree that it would be in their mutual best interests if they were able to (i) subdivide the Property into two (2) separate parcels, one parcel having the description set forth in Exhibit B hereof (the "Substation Area") and one parcel having the description set forth in Exhibit C hereof (the

"Storage Area") such that the Substation Area would constitute a lot (whether by variance or otherwise) for all subdivision and zoning purposes and (ii) have the Optionor retain title to the Substation Area while the Optionee obtains title to the Storage Area pursuant to the terms of this Agreement; therefore, from and after the date hereof, the Optionee, in its sole discretion, shall have the right to seek all permits and approvals which are required from all governmental, regulatory and administrative bodies, including but not limited to variances, special permits, and zoning changes, which are required to permit the division of the Property into two (2) separate lots, the Substation Area and the Storage Area, such that each of the Substation Area and the Storage Area would be "lots" for subdivision and zoning purposes consistent with the continued use of the Substation Area for Optionor's conducting and supporting the transmission and distribution of electricity notwithstanding that the Substation Area (i) would only have access to a public street by means of an access easement and not by means of frontage on a public street or (ii) would only have access to a public street over a strip of land having a width which is the minimum required frontage along a public street for a lot under the Hartford subdivision and zoning regulations (all such necessary permits and approvals herein called the "Necessary Approvals"). Whether Optionee would seek the Necessary Approvals by way of leaving the Substation Area with frontage on a public street or by providing the Substation Area with access to a public street only by means of an easement would be entirely within the discretion of Optionee provided that in either case, the location of the access area is practical for its intended use by Optionor. Optionor agrees that at Optionee's sole cost and expense, Optionor will cooperate with Optionee in Optionee's pursuit of the Necessary Approvals, including, but not limited to, signing or consenting to, any applications required for the Necessary Approvals which are required to be filed in Optionor's name or with Optionor's consent.

4. Exercise of Option and Closing.

(a) If Optionee has obtained the Necessary Approvals in final non-appealable form, Optionee may exercise its option to purchase the Storage Area by delivering to Optionor, at any time prior to the expiration of the term of this Agreement, a written notice (the "Storage Area Purchase Notice") of the Optionee's election to purchase the Storage Area.

(b) If Optionee shall not have been able to obtain the Necessary Approvals, or if Optionee, in its sole discretion, decides not to seek the Necessary Approvals or to cease the pursuit of the Necessary Approvals once such pursuit is begun, Optionee may exercise its option to purchase the entire Property (in which event Optionee will be obligated to acquire all of the entire Property and not a portion thereof) by delivering to Optionor at any time prior to the expiration of the term of this Agreement a written notice (the "Entire Property Purchase Notice") of the Optionee's election to purchase the entire Property.

(c) IF THE OPTIONEE EXERCISES ITS OPTION TO ACQUIRE ALL, OR PART OF, THE PROPERTY UNDER THIS AGREEMENT, EXCEPT FOR ANY REPRESENTATIONS, WARRANTIES AND/OR COVENANTS MADE BY THE OPTIONOR WITH RESPECT TO THE PROPERTY, OR ANY PART THEREOF, IN THE TRANSFER AGREEMENT OR HEREIN, (i) THE PROPERTY, OR THE STORAGE

"Storage Area") such that the Substation Area would constitute a lot (whether by variance or otherwise) for all subdivision and zoning purposes and (ii) have the Optionor retain title to the Substation Area while the Optionee obtains title to the Storage Area pursuant to the terms of this Agreement; therefore, from and after the date hereof, the Optionee, in its sole discretion, shall have the right to seek all permits and approvals which are required from all governmental, regulatory and administrative bodies, including but not limited to variances, special permits, and zoning changes, which are required to permit the division of the Property into two (2) separate lots, the Substation Area and the Storage Area, such that each of the Substation Area and the Storage Area would be "lots" for subdivision and zoning purposes consistent with the continued use of the Substation Area for Optionor's conducting and supporting the transmission and distribution of electricity notwithstanding that the Substation Area (i) would only have access to a public street by means of an access easement and not by means of frontage on a public street or (ii) would only have access to a public street over a strip of land having a width which is the minimum required frontage along a public street for a lot under the Hartford subdivision and zoning regulations (all such necessary permits and approvals herein called the "Necessary Approvals"). Whether Optionee would seek the Necessary Approvals by way of leaving the Substation Area with frontage on a public street or by providing the Substation Area with access to a public street only by means of an easement would be entirely within the discretion of Optionee provided that in either case, the location of the access area is practical for its intended use by Optionor. Optionor agrees that at Optionee's sole cost and expense, Optionor will cooperate with Optionee in Optionee's pursuit of the Necessary Approvals, including, but not limited to, signing or consenting to, any applications required for the Necessary Approvals which are required to be filed in Optionor's name or with Optionor's consent.

4. Exercise of Option and Closing.

(a) If Optionee has obtained the Necessary Approvals in final non-appealable form, Optionee may exercise its option to purchase the Storage Area by delivering to Optionor, at any time prior to the expiration of the term of this Agreement, a written notice (the "Storage Area Purchase Notice") of the Optionee's election to purchase the Storage Area.

(b) If Optionee shall not have been able to obtain the Necessary Approvals, or if Optionee, in its sole discretion, decides not to seek the Necessary Approvals or to cease the pursuit of the Necessary Approvals once such pursuit is begun, Optionee may exercise its option to purchase the entire Property (in which event Optionee will be obligated to acquire all of the entire Property and not a portion thereof) by delivering to Optionor at any time prior to the expiration of the term of this Agreement a written notice (the "Entire Property Purchase Notice") of the Optionee's election to purchase the entire Property.

(c) IF THE OPTIONEE EXERCISES ITS OPTION TO ACQUIRE ALL, OR PART OF, THE PROPERTY UNDER THIS AGREEMENT, EXCEPT FOR ANY REPRESENTATIONS, WARRANTIES AND/OR COVENANTS MADE BY THE OPTIONOR WITH RESPECT TO THE PROPERTY, OR ANY PART THEREOF, IN THE TRANSFER AGREEMENT OR HEREIN, (i) THE PROPERTY, OR THE STORAGE

AREA, AS THE CASE MAY BE, IS SOLD "AS IS, WHERE IS,"; (ii) OPTIONOR EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO LIABILITIES, TITLE, CONDITION, VALUE OR QUALITY OF THE PROPERTY OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE PROPERTY; AND (iii) OPTIONOR SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PROPERTY, OR ANY PART THEREOF, OR COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS, OR AS TO THE CONDITION OF THE PROPERTY, OR ANY PART THEREOF. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE TRANSFER AGREEMENT OR HEREIN, OPTIONOR EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE PROPERTY OR THE SUITABILITY OF THE PROPERTY AS A SITE FOR ANY FUTURE DEVELOPMENT AND NO SCHEDULE OR EXHIBIT TO THIS AGREEMENT OR ANY RELATED AGREEMENT, NOR ANY OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY OPTIONOR, OR BY ANY BROKER OR INVESTMENT BANKER, AND ANY ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST PROVIDED TO OPTIONEE, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE PROPERTY.

5. Purchase Price.

(a) Optionor and Optionee acknowledge that prior to the execution of this Agreement, based upon Order No. 2, Docket No. 99-06-27, of the Connecticut Department of Public Utility Control (the "Order"), Optionor and Optionee were negotiating for the Optionee's acquisition of the Property as a piece of a larger parcel to be acquired by the Optionee pursuant to such Order. For various reasons, Optionee and Optionor determined that it was in their mutual best interests to proceed with the acquisition of the other land (the "Other Land") pursuant to the terms of that certain Title Transfer Agreement dated the date hereof between the Optionee and the Optionor (the "Title Transfer Agreement") and to deal with the acquisition of the Property pursuant to the terms of this Agreement. Optionee and Optionor acknowledge that part of the consideration paid by Optionee to Optionor for the Other Land reflects the value of the Property, or the portion thereof which may be acquired by the Optionee pursuant to the terms hereof.

(b) If the Optionee exercises its option to purchase the Storage Area as provided in Section 4(a) hereof, in addition to the consideration already paid for the value of the Storage Area as part of the consideration paid by the Optionee for the Other Land, the consideration for the acquisition of the Storage Area by the Optionee hereunder will be (i) One Dollar (\$1.00) plus (ii) the release by the Optionee of its option hereunder to acquire fee title to any other portion of the Property hereunder.

(c) If the Optionee exercises its option to purchase the Property as provided in Section 4(b) hereof, in addition to the consideration already paid for the value of the Property as part of the consideration paid by the Optionee for the Other Land, the consideration for the acquisition of the Property by the Optionee hereunder will be One Dollar (\$1.00).

(d) If the Optionee shall exercise its option to purchase (i) the Storage Area as provided in Section 4(a) above or (ii) the entire Property as provided in Section 4(b) above, then this Agreement shall thereupon be and constitute a binding contract for the Optionor to sell the Storage Area or the Property, as the case may be, to the Optionee and for the Optionee to purchase the Storage Area or the Property, as the case may be, from the Optionor, all in the manner and upon the terms and conditions set forth herein, and the Storage Area Deed or the Property Deed (each as herein defined), as the case may be, shall be delivered and received and the purchase price as described in Section 5(b) or 5(c) above, as applicable, shall be paid at the offices of Murtha Cullina LLP, CityPlace I, 185 Asylum Street, Hartford, Connecticut 06103, or at such other location as the parties shall in writing mutually agree upon, on such date and at such time as the parties shall in writing mutually agree upon, but in no event sooner than Optionor has relocated its facilities and equipment from the Storage Area to another location that is suitable for such use, and no later twelve (12) months from the date of receipt by Optionor of the Storage Area Purchase Notice or the Entire Property Purchase Notice, as the case may be, as provided above (the "Closing").

6. Title; Permitted Encumbrances.

(a) If Optionee shall exercise its option to acquire the Storage Area pursuant to Section 4(a) hereof, title to the Storage Area shall be fee simple title, free and clear of all liens, encumbrances, easements or other matters effecting title except those matters set forth on Exhibit D attached hereto (the "Storage Area Permitted Encumbrances").

(b) If Optionee shall exercise its option to acquire the Property pursuant to Section 4(b) hereof, title to the Property shall be fee simple title, free and clear of all liens, encumbrances, easements or other matters effecting title except those matter set forth on Exhibit E attached hereto (the "Property Permitted Encumbrances").

(c) The Optionor covenants and agrees with the Optionee that from and after the date hereof, (i) except for any Environmental Land Use Restrictions requested by Optionee, the Optionor shall not voluntarily grant any easements, rights of way, liens or encumbrances with respect to the Property and (ii) the Optionor shall not otherwise cause or permit the status of title to the Property to be modified in any way, in either case, without the prior written consent of the Optionee which will not be unreasonably withheld.

(d) If the Optionee exercises its option either under Section 4(a) hereafter or Section 4(b) hereof, the Optionee shall notify the Optionor in writing, not less than ten (10) days prior to the Closing date of the existence of any encumbrances or defects in title other than (i) the Storage Area Permitted Encumbrances if the Optionee exercises its option to acquire the Storage Area pursuant to Section 4(a) hereof or (ii) the Property Permitted



Encumbrances if the Optionee exercises its option to acquire the Property pursuant to Section 4(b) hereof.

(e) If at the Closing, the Optionor is unable to convey title to the Storage Area or the Property, as the case may be, free and clear of all encumbrances, other than (i) the Storage Area Permitted Encumbrances, if the Optionee exercises its option to acquire the Storage Area pursuant to Section 4(a) hereof or (ii) the Property Permitted Encumbrances, if the Optionee exercises its option to acquire the Property pursuant to Section 4(b) hereof, Optionor shall be responsible for removing all encumbrances and other title defects other than those permitted hereunder, and, in connection therewith shall have the right by written notice to the Optionee to extend the date of Closing for thirty (30) days to effect the removal of any such non-permitted encumbrances or defects, or if an encumbrance or defect is not susceptible of cure within thirty (30) days, such reasonable time (not exceeding an additional ninety (90) days) as is appropriate to remove the same provided the Optionor commences such activity within the thirty (30) day period and thereafter proceeds in a diligent manner to completion. No such extension of time shall be allowed with respect to a matter which can be removed of record by the payment of money or by bonding. If the Optionor does not so elect to postpone the Closing as provided in this Section 6(e) so as to have additional time to remove any non-permitted title encumbrance or defect, or if at the end of such extension period (i) title to the Storage Area is not subject only to the Storage Area Permitted Encumbrances, if the Optionee exercises its option under Section 4(a) hereof or (ii) title to the Property is not subject only to the Property Permitted Encumbrances, if the Optionee exercises its option under Section 4(b) hereof, then Optionee shall be entitled to all remedies available at law and in equity against the Optionor for its breach of this covenant, including but not limited to specific performance against the Optionor with respect to the Optionor's obligations to remove such non-permitted encumbrances and/or defects and to sell the Storage Area or the Property, as the case may be, to the Optionee as otherwise provided herein.

(f) No matter shall be construed as an encumbrance or defect in title so long as such matter is not construed as such under the Standards of Title of the Connecticut Bar Association whenever the Standards shall be applicable.

7. Remediation under Environmental Laws, including the Connecticut Transfer Act.

(a) Determination and Filing. Optionee agrees that the Property may be an establishment as defined in the Connecticut Transfer Act (C.G.S. §22a-134 et seq.) (the "Transfer Act"), and that if Optionee exercises its option to acquire the Property or the Storage Area hereunder it shall be Optionee's responsibility in connection with the Optionee's acquisition of the Storage Area or the Property, as the case may be to determine the applicability of the Transfer Act, subject to Optionor's approval not to be unreasonably withheld, and if applicable, (i) to determine which form or forms must be filed under such Transfer Act; (ii) to comply, at its sole cost and expense, with any requirement for executing appropriate forms and making necessary submissions in connection with the Transfer Act; (iii) to comply, at its sole cost and expense, with any requirement under the Transfer Act for

investigations or Remediation of Hazardous Substances Released at the Property, or Storage Area, as the case may be; (iv) to pay any transfer fees due the Connecticut Department of Environmental Protection ("DEP") and other related fees or costs; and (v) to designate a party associated with the transfer of the Property or the Storage Area, as the case may be, to be the certifying party as defined in and in accordance with such Transfer Act; provided, however, that the Optionee shall be the certifying party if the DEP does not accept the party designated by the Optionee.

(b) The Optionor and the Optionee acknowledge and agree that (i) they have reached an agreement under the Title Transfer Agreement relating to the responsibilities and obligations of Optionor and Optionee with respect to certain environmental conditions at the Property, (ii) such agreements with respect to environmental conditions at the Property as set forth in the Title Transfer Agreement shall survive and remain enforceable as therein set forth notwithstanding whether or not the Optionee exercises its right to acquire the Storage Area or the Property hereunder and (iii) nothing in this Agreement nor anything in any documents filed by the Optionee in connection with its compliance with its obligations set forth in Section 7(a) hereof is intended to, or shall, change, alter or modify in any way the agreements entered into by the Optionor and the Optionee in the Title Transfer Agreement with respect to the environmental conditions at the Property.

(c) All capitalized terms used in this Section 7 which are not otherwise defined in this Agreement shall have the meanings ascribed to them in the Title Transfer Agreement.

8. Delivery of Documents.

(a) At the Closing, the Optionor shall deliver, or cause to be delivered, to the Optionee the following documents in executed and where appropriate, acknowledged form:

(i) If the Optionee exercises its option to acquire the Storage Area pursuant to Section 4(a) hereof, the following:

A. A deed for the Storage Area, substantially in the form of the deed attached here to as Exhibit F (the "Storage Area Deed"), together with any necessary real estate conveyance tax statements;

B. Affidavit(s) customarily required by title insurance companies in the State of Connecticut for the issuing of title insurance protecting against mechanics liens and parties in possession;

C. Releases of mechanics liens or receipts marked "paid in full" executed by or on behalf of all persons, firms and corporations who shall have furnished materials or performed work or services on or at the Storage Area during any period which would allow such party to file a lien against the Storage Area which would have priority over the Storage Area Deed, but

excluding any such party that is acting, directly or indirectly, for Optionee or its agents, servants, employees or independent contractors;

D. Affidavit, in form satisfactory to the Optionee, certifying that the Optionor is not a "foreign person" as such term is defined in the Foreign Investment In Real Property Tax Act; and

E. Releases or other evidence of satisfaction, in form and substance reasonably satisfactory to the Optionee, with respect to any encumbrance or other title defect affecting the Storage Area other than the Storage Area Permitted Encumbrances.

(ii) If the Optionee exercises its option to acquire the Property pursuant to Section 4(b) hereof, the following:

A. A deed for the Property, substantially in the form of the deed attached hereto as Exhibit G (the "Property Deed") together with any necessary real estate conveyance tax forms;

B. Affidavit(s) customarily required by title insurance companies in the State of Connecticut for the issuing of title insurance protecting against mechanics liens and parties in possession;

C. Releases of mechanics liens or receipts marked "Paid in Full" executed by or on behalf of all persons, firms or corporations who shall have furnished materials or performed work or services on or at the Property during any period which would allow such party to file a lien against the Property which would have priority over the Property Deed, but excluding any such party that is acting, directly or indirectly, for Optionee or its agents, servants, employees or independent contractors;

D. Affidavit in form satisfactory to the Optionee certifying that the Optionor is not a "foreign person" as such term is defined in the Foreign Investment In Real Property Tax Act;

E. Real and Personal Property Tax Allocation Agreement in the form of the Real and Personal Property Tax Allocation Agreement attached hereto as Exhibit H (the "Tax Allocation Agreement"); and

F. Releases or other evidence of satisfaction, in form and substance reasonably satisfactory to the Optionee, with respect to any encumbrance or other title defect affecting the Property other than the Property Permitted Encumbrances.

(b) At the Closing, the Optionee shall deliver, or cause to be delivered, to the Optionor One Dollar (\$1.00) and the following documents in executed and where appropriate, acknowledged form:

(i) If the Optionee exercises its option to acquire the Storage Area pursuant to Section 4(a) hereof, the following:

A. A release in form and substance reasonably satisfactory to the Optionor, terminating and releasing any other rights which the Optionee has under this Agreement to any other portion of the Property;

B. If the same is required to allow the Optionee to obtain all of the Necessary Approvals, and is located on land other than the Storage Area, the access easement which was to be appurtenant to Parcel 3A (as identified in Exhibit B hereto) ("Parcel 3A") as required to obtain the Necessary Approvals in form and substance reasonably acceptable to the Optionor and free and clear of any encumbrances or other defects (or together with duly executed nondisturbance agreements with respect thereto) which would prevent the Optionee's use of such access easement for ingress and egress to and from Parcel 3A to a public street (it is understood and agreed that if such access easement is necessary for obtaining the Necessary Approvals and if such access easement is to be located over a portion of the Storage Area, then such access easement shall be reserved by the Optionor in the Storage Area Deed.

C. If the same is required to allow the Optionee to obtain all of the Necessary Approvals and involves land other than a portion of the Storage Area, a quitclaim deed to so much land as is necessary to be included with Parcel 3A so as to allow the Optionee to obtain the Necessary Approvals. Such quitclaim deed shall convey good and marketable title to such area free and clear of any monetary liens and free and clear of any encumbrances or title defects which would prevent the Optionee's use of such area for ingress and egress to and from Parcel 3A to a public street; provided, however, it is understood and agreed that the Optionee shall have a right to have an easement for access and utilities (both underground and overhead) over such area. It is understood and agreed that if such area fronting on a public street which is required to be added to or included with Parcel 3A so as to obtain the Necessary Approvals is within the Storage Area, then such portion of the Storage Area shall not be conveyed to the Optionee by the Storage Area Deed, but the Optionee shall receive an easement for access and utilities (both underground and overhead) over and through such area;

D. Any and all documents and forms necessary for the Optionee to comply with the Transfer Act as provided in Section 7 hereof

(ii) If the Optionee exercises its option to acquire the Property pursuant to Section 4(b) hereof, the following:

A. The Tax Allocation Agreement; and

B. Any and all documents and forms necessary for the Optionee to comply with the Transfer Act as provided in Section 7 hereof.

9. Possession. At the Closing, (i) if the Optionee shall have exercised its option to acquire the Storage Area pursuant to Section 4(a) hereof, the Optionor shall deliver to the Optionee possession of the Storage Area subject only to the Storage Area Permitted Encumbrances and (ii) if the Optionee shall have exercised its option to acquire the entire Property pursuant to Section 4(b) hereof, the Optionor shall deliver to the Optionee possession of the Property subject only to the Property Permitted Encumbrances.

10. Prorations. Adjustment of real property taxes, utilities, if any, and other assessments shall be made at the Closing in accordance with the practices of the Hartford County Bar Association.

11. Condemnation. In the event that prior to the Closing, all or part of the property to be acquired by the Optionee hereunder is condemned by a governmental authority (other than the Optionee) asserting the right of eminent domain, the Optionee may elect to rescind this Agreement, or, at its option, it may purchase the Property or the Storage Area, as the case may be, as provided herein in which event the condemnation award shall be allocated between the Optionor and the Optionee as follows: (i) first to the Optionor in an amount equal to the lesser of such award or (A) if the Optionee exercised its option to purchase the Storage Area, an amount equal to the cost to the Optionor to relocate those existing facilities which the Optionor was to retain in the Retained Easement Area, as defined in the Storage Area Deed (but not the replacement cost of such facilities themselves) which have to be relocated due to such condemnation or (B) if the Optionee exercised its option to purchase the Property, an amount equal to the cost to the Optionor to relocate those existing facilities which the Optionor was to retain in the Reserved Easement Areas, as defined in the Property Deed (but not the replacement cost of such facilities themselves) which have to be relocated due to such condemnation and (ii) second the balance of such award to the Optionee.

12. Right of Access.

(a) From and after the date hereof and until the expiration or earlier termination of this Agreement, the Optionee and the Optionee's architects, engineers, surveyors, appraisers, prospective mortgage lenders and other representatives shall have the right to enter upon the Property to inspect the same and to conduct and make such surveys and other engineering tests and studies as the Optionee may deem advisable; provided, however, that the Optionee (i) shall enter the Substation Area only in accordance with the terms and provisions of the Interconnection and Operating Agreement of even date herewith, between the Optionor and the Optionee; (ii) shall give reasonable advance written notice thereof to the Optionor's Regional Manager of Test and Maintenance by any of the methods specified in Section 24 of this Agreement; and (iii) shall leave the Property in substantially the same condition as when entered by the Optionee. Before the Optionee or any of the Optionee's agents, representatives or contractors shall enter the Property pursuant to this Section 11, the

Optionor shall provide the Optionee with a copy of a policy of public liability and property damage insurance with respect to the Property (or the Optionee's activities on the Property) or a certificate of insurance with respect thereto in which (i) the limits shall not be less than \$1,000,000 combined single limit and (ii) the Optionee shall be named as an additional insured.

(b) To the extent permitted by law, the Optionee shall hold the Optionor free and harmless from, and agrees to indemnify the Optionor against any loss, damage or claim for property damage or personal injury resulting from such entry upon the Property or from any of such tests, studies or surveys undertaken by or on behalf of the Optionee pursuant to this Section 12.

13. Optionor's Remedies for Optionee's Default. If the Optionee shall exercise its option to purchase the Storage Area or the Property, as the case may be, in accordance with the provisions of this Agreement and shall thereafter fail to perform any of the obligations herein imposed upon the Optionee, as its sole and exclusive remedy, the Optionor shall have the right to (i) reimbursement for all costs and expenses incurred by Optionor after the date of receipt from the Optionee of the notice of exercise of its option in preparation for the sale of the Storage Area or the Property, as the case may be, and (ii) to terminate this Agreement and to have returned to the Optionor all signed counterparts of this Agreement theretofore delivered to the Optionee. Upon such reimbursement and termination, the parties hereto shall be released from all liability and obligations hereunder, it being understood that because the amount paid by the Optionee to the Optionor for the Other Land already included an amount for the value of the Property, the Optionor's right to such aforesaid reimbursement and to terminate this Agreement shall be the sole remedy available to the Optionor in the event of any default by the Optionee hereunder. Thereafter, the Optionor shall continue to own the Property free and clear of this Agreement and may, at its option, record in the Hartford Land Records an affidavit to that effect which will terminate and end of record the Notice of Option delivered as provided in Section 31 of this Agreement.

14. Optionee's Remedies for Optionor's Default. If the Optionor fails to perform any of the obligations herein imposed upon the Optionor, the Optionee shall be entitled to all remedies available at law or in equity.

15. Time of the Essence. Time whenever specified hereunder for performance by the Optionor or the Optionee is hereby made and declared to be of the essence of this Agreement.

16. Brokers. The parties hereto respectively represent and warrant to each other than they have dealt with no broker, finder or other party in connection with this Agreement and that no party is entitled to a commission for representing them or interesting them in this transaction. To the extent permitted by law, the Optionor shall indemnify and save the Optionee harmless from and against any loss or damage arising from the Optionor's breach of its representation and warranty contained in this Section 16. To the extent permitted by law, the Optionee shall indemnify and save the Optionor harmless from and against any loss or

damage arising from the Optionee's breach of its representation and warranty contained in this Section 16.

17. Optionee's Right to Terminate. The Optionee shall have the right at any time to terminate this Agreement by giving written notice of such termination to the Optionor, which notice shall be acknowledged and otherwise in recordable form. In the event the Optionee shall so terminate this Agreement pursuant to this Section 17, the parties hereto shall be released from all further liability and obligations hereunder.

18. Integration. This Agreement and the Exhibits attached hereto set forth all of the promises, agreements, conditions and understandings between the Optionor and the Optionee relative to the Optionee's right to purchase the Property (or any portion thereof), and there are no promises, agreements, conditions or understandings, either oral or written, between them other than as are herein set forth.

19. Successors and Assigns. This Agreement and the rights and obligations set forth herein shall bind and inure to the benefit of the Optionor and the Optionor's successors and assigns and to the Optionee and the Optionee's successors and permitted assigns. The Optionee shall not have the right to assign this Agreement without the written approval of the Optionor, which approval shall not be unreasonably withheld.

20. Further Assurances. In addition to the actions herein specifically required, the Optionor and the Optionee agree to perform, execute and deliver at the Closing, or after the Closing, any and all such further acts, deeds, writings and assurances as may be necessary to more fully consummate and confirm the transactions contemplated herein.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

22. Headings. The Section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

23. Exhibits. All Exhibits referred to herein are intended to be and hereby are specifically incorporated herein and made a part of this Agreement.

24. Notices.

(a) All notices, requests, demands, claims and other communications hereunder will be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (i) upon confirmation of facsimile, (ii) one (1) Business Day following the date sent when sent by overnight delivery and (iii) five (5) Business Days following the date mailed when mailed by registered or certified mail return receipt requested and postage prepaid at the following address:

If to Optionor:

The Connecticut Light and Power Company  
107 Selden Street  
Berlin, Connecticut 06037  
Attn: Manager, Real Estate and Land Planning  
Facsimile: (860) 665-6933

Copy to:

Northeast Utilities Service Company  
107 Selden Street  
Berlin, Connecticut 06037  
Attn: General Counsel  
Facsimile: (860) 665-4886

If to Optionee:

Connecticut Resources Recovery Authority  
100 Constitution Plaza  
17<sup>th</sup> Floor  
Hartford, Connecticut 06103  
Attention: President  
Facsimile: (860) 727-4141

Copy to:

Murtha Cullina LLP  
CityPlace I  
185 Asylum Street  
Hartford, Connecticut 06103  
Attention: Frank J. Saccomandi, III, Esquire  
Facsimile: (860) 240-6150

Either party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Either party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.



(b) As used herein, the term "Business Day" means any day other than Saturday, Sunday or a day on which banks are legally closed for business in Hartford, Connecticut.

25. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Connecticut without giving effect to any choice or conflict of law provision or rule (whether of the State of Connecticut or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Connecticut.

26. Change in Law. If and to the extent that any laws or regulations that govern any aspect of this Agreement shall change, so as to make any aspect of this transaction unlawful, then the Optionor and the Optionee agree to make such modifications to this Agreement as may be reasonably necessary for this Agreement to accommodate any such legal or regulatory changes.

27. Nondiscrimination in Employment.

(a) Optionor agrees and warrants that, in the performance of this Agreement, Optionor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by Optionor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut. Optionor further agrees to take affirmative action to ensure that applicants with job related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by Optionor that such disability prevents performance of the work involved. Optionor agrees, in all solicitations or advertisements for employees placed by or on behalf of Optionor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Connecticut Commission on Human Rights and Opportunities (the "Commission"). Optionor agrees to provide each labor union or representative of workers with which Optionor has a collective bargaining agreement or other contract or understanding and each vendor with which Optionor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of Optionor's commitments under Connecticut General Statutes Section 4a-60 and to post copies of the notice in conspicuous places available to employees and applicants for employment. Optionor agrees to comply with each applicable provision of Connecticut General Statutes Sections 4a-60, 46a-68e and 46a-68f, inclusive, and with each regulation or relevant order issued by the Commission pursuant to Connecticut General Statutes Sections 46a-56, 46a-68e and 46a-68f. Optionor agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts concerning the employment practices and procedures of Optionor as relate to the applicable provisions of Connecticut General Statutes Sections 4a-60 and 46a-56.

(b) Optionor agrees and warrants that in the performance of this Agreement, it will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation. Optionor agrees to provide each labor union or representative of workers with which Optionor has a collective bargaining agreement or other contract or understanding, and each vendor with which Optionor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of Optionor's commitments under Connecticut General Statutes Section 4a-60a and to post copies of the notice in conspicuous places available to employees and applicants for employment. Optionor agrees to comply with each applicable provision of Connecticut General Statutes Section 4a-60a and with each regulation or relevant order issued by the Commission pursuant to Connecticut General Statutes Section 46a-56. Optionor agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts concerning the employment practices and procedures of Optionor which relate to provisions of Connecticut General Statutes Sections 4a-60a and 46a-56.

28. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Optionee and Optionor. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

29. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

30. Construction. Ambiguities or uncertainties in the wording of this Agreement will not be construed for or against any party, but will be construed in the manner that most accurately reflects the parties' intent as of the date this Agreement was executed. Each of the Optionor and the Optionee acknowledges that it has been represented by counsel in connection with the review and execution of this Agreement, and, accordingly, there shall be no presumption that this Agreement or any provision hereof be construed against the party that drafted this Agreement.


31. Notice of Option. Simultaneously with the execution hereof, the Optionor and the Optionee shall execute and deliver to each other counterparts of a Notice of Option in the form of the Notice of Option attached hereto as Exhibit I.

32. Impairment of Obligations. Pursuant to Section 22a-274 of the Connecticut General Statutes, the Optionee hereby includes the following herein: The State of Connecticut will not limit or alter the rights vested in CRRA by Chapter 446(e) of the Connecticut General Statutes until this Agreement is fully performed by the Optionee, unless adequate provision

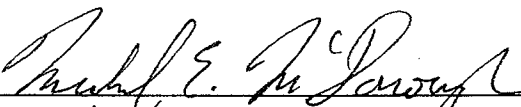
shall be made by law for the protection of the Optionor. The Optionee agrees not to take any action, the result of which might be to adversely affect the benefits to the Optionor of such statutory provision.

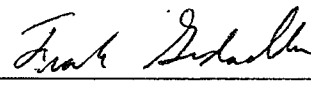
IN WITNESS WHEREOF, the Optionor and the Optionee have caused this Option Agreement to be duly executed as of the day and year first above written.

Signed, Sealed and Delivered  
in the Presence of:

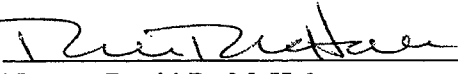
  
Name: Donald W. Haight

  
Name: Joseph Deratived

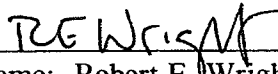
  
Name: Michael E. McDonough

  
Name: Frank Giordanello

THE CONNECTICUT LIGHT AND  
POWER COMPANY

By:   
Name: David R. McHale  
Title: Vice President and Treasurer of  
Northeast Utilities Service Company  
as Agent for The Connecticut Light  
and Power Company  
Hereunto Duly Authorized

CONNECTICUT RESOURCES  
RECOVERY AUTHORITY

By:   
Name: Robert E. Wright  
Title: President  
Hereunto Duly Authorized

STATE OF CONNECTICUT

:

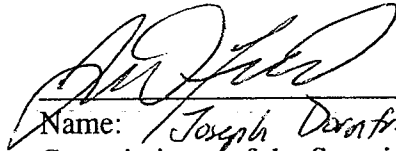
: SS. *Berlin*

December 27, 2000

COUNTY OF HARTFORD

:

Personally appeared David R. McHale, Vice President and Treasurer of Northeast Utilities Service Company as Agent for THE CONNECTICUT LIGHT AND POWER COMPANY, a specially chartered Connecticut corporation, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, as such Officer, and the free act and deed of such corporation, before me.



Name: *Joseph Desrosiers*  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

STATE OF CONNECTICUT

:

: SS. *Hartford*

December 25, 2000

COUNTY OF HARTFORD

:

Personally appeared Robert E. Wright, President of CONNECTICUT RESOURCES RECOVERY AUTHORITY, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, as such Officer, and the free act and deed of that Authority, before me.



Name: *Frank Giordanello*  
Commissioner of the Superior Court  
~~Notary Public~~  
~~My Commission Expires:~~

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY (Parcel 3)

ALL THAT CERTAIN piece or parcel of land located on the easterly side of Reserve Road in the City of Hartford, County of Hartford and State of Connecticut shown and designated as "Parcel 3 Area = 455,477 Sq. Ft. (10.46 Acres)" on a certain map entitled "Map Showing Property To Be Retained By The Connecticut Light & Power Company (Parcel 3) Reserve Road Hartford, Connecticut", prepared by HRP Associates Inc. 167 New Britain Avenue Plainville, CT 06062 Scale 1" = 100' Date Dec. 15, 2000 Project No. CRR0064SW CRR0067SW CRR0092SW Sheet 4 of 4 (the "Map"), a copy of which Map is on file in the Office of the Hartford Town Clerk and being more particularly bounded and described as follows:

BEGINNING at a monument found in the easterly street line of Reserve Road, which point marks the northwestern corner of the herein described parcel; thence N 55° 46' 57" E for a distance of 536.04 feet along land now or formerly of the City of Hartford to a point; thence N 55° 33' 03" E for a distance of 228.07 feet to a point; thence N 55° 32' 16" E for a distance of 109.48 feet to a point; thence S 48° 41' 26" E for a distance of 324.14 feet to a point; thence S 51° 05' 04" E for distance of 128.44 feet to a point; thence S 29° 28' 30" W for a distance of 15.87 feet to a point; thence S 49° 02' 47" E for a distance of 31.76 feet to a point; thence S 55° 15' 00" E for a distance of 13.57 feet to a point; thence S 64° 31' 55" E for a distance of 27.62 feet to a point; thence S 55° 09' 26" E for a distance of 2.69 feet to a point; thence S 33° 17' 46" W for a distance of 25.39 feet to a point; thence S 56° 17' 32" E for a distance of 33.57 feet to a point; thence S 34° 56' 53" W for a distance of 47.11 feet to a point; thence S 55° 31' 23" E for a distance of 36.00 feet to a point; thence S 34° 11' 24" W for a distance of 154.74 feet to a point; thence N 74° 57' 38" W for a distance of 39.90 feet to a point; thence N 47° 53' 47" W for a distance of 123.03 feet to a point; thence N 40° 53' 11" W for a distance of 103.83 feet to a point; thence N 76° 40' 43" W for a distance of 72.96 feet to a point; thence N 54° 46' 39" W for a distance of 71.53 feet to a point; thence N 44° 04' 07" W for a distance of 38.17 feet to a point; thence S 51° 09' 29" W for a distance of 546.50 feet to a point; thence S 38° 50' 57" E for a distance of 420.45 feet to a point; thence S 82° 04' 29" W for a distance of 332.30 feet to a point on the easterly street line of Reserve Road, the last twenty-three (23) courses being along land now or formerly of The Connecticut Light & Power Company; thence N 34° 13' 14" W for a distance of 276.72 feet to a monument found; thence along an arc curving to the right having a radius of 359.26 feet and a central angle of 43° 10' 31" for a distance of 270.72 feet to a point; thence N 08° 57' 17" E for a distance of 58.01 feet to the point and place of beginning, the last three (3) courses being along the easterly street line of Reserve Road.