



# CONNECTICUT RESOURCES RECOVERY AUTHORITY

**FOR IMMEDIATE RELEASE**

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## **CRRA Board Agrees to Sell Enron Bankruptcy Claim For More than Amount of Settlement Sale Will Also Eliminate Risk, Accelerate Receipt of Funds, Ensure Financial Stability of Mid-Connecticut Project**

HARTFORD, Conn. – The Connecticut Resources Recovery Authority Mid-Connecticut Project will receive a premium for its bankruptcy claim against Enron Corp. under terms of a sale of the claim approved by the CRRA Board of Directors today. Under a plan approved in July by a bankruptcy court in Houston, the Mid-Connecticut Project was to receive cash and stock totaling about \$82.7 million, about 37 percent of the \$221 million lost when Enron declared bankruptcy in 2001.

CRRA today conducted an auction of its bankruptcy claim to determine whether it would be advantageous to sell the claim to a third party now or hold it and receive payment from the Enron estate. CRRA was under no obligation to sell the claim if its board was not satisfied with bids received.

Under the agreement with the successful bidder, the purchase price and the identity of the successful bidder can be announced on Monday, Aug. 30. The sale will be completed immediately after the bankruptcy court approves CRRA's bankruptcy settlement with Enron, which is expected by the end of 2004.

“Today is a landmark date in the history of the new CRRA,” said Chairman Michael A. Pace. “This sale will assure the financial stability of the Mid-Connecticut Project and will enable us to focus more of our energies on CRRA's mission of developing and implementing environmentally sound solutions and best practices for managing the state's trash and recycling.”

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“Some people predicted that the Mid-Connecticut Project was headed for a death spiral as a result of the Enron bankruptcy,” added Thomas D. Kirk, CRRA president. “Today we can say with certainty that our foundation is solid and disposal fees will be stable for the foreseeable future. This sale assures there will be no death spiral.”

Under the approved bankruptcy plan, CRRA would receive its settlement in cash and stock over a period of many months or even years, according to the agency’s bankruptcy lawyer, Paul Rachmuth of Anderson, Kill & Olick, the firm retained by Blumenthal to represent the agency.

Selling the claim accelerates the timetable for receiving the funds. It also frees CRRA from the risk inherent in owning shares of stock, as well as the possibility that actual proceeds from the Enron reorganization plan could change.

The claim stems from a 2001 agreement in which Enron received approximately \$220 million owed to CRRA and in exchange agreed to pay CRRA \$28.5 million per year for about 12 years. Enron declared bankruptcy after after making eight monthly payments.

The loss prompted sweeping legislative reform of CRRA, resulting in the creation of a new board of directors in June 2002. The new board put into place a new senior management team, updated CRRA’s policies and procedures and instituted a culture of accountability, including a program of outreach to its member cities and towns unprecedented in CRRA’s 31-year history.

Friday’s agreement is the latest in an impressive list of accomplishments the agency has tallied in recent months:

- In March, CRRA completed renegotiating the long-term lease for its headquarters, saving \$850,000 over the eight years remaining on the lease.
- In May, the National Geographic Society returned a \$500,000 contribution which, in response to an inquiry from the new CRRA board, Blumenthal said the previous CRRA board had made improperly.
- In July, CRRA completed the replacement of contractors operating the Mid-Connecticut Project’s four transfer stations, a move expected to save \$2.3 million per year.
- Earlier this month the board approved a new energy contract with Select Energy for power generated by the Mid-Connecticut Project. Due to changes in the power markets, the two-year contract will bring CRRA approximately \$9.5 million more than the agency had originally forecast.

The bankruptcy case is one of several legal actions being pursued by Blumenthal's office on behalf of CRRA. Suits are also pending against bond counsels, investment banks, rating agencies and others involved in the Enron transaction. CRRA expects the Mid-Connecticut Project to reap significant settlements from those actions as well.

The Connecticut Resources Recovery Authority is a quasi-public agency whose mission is to work for – and in – the best interests of the municipalities of the state of Connecticut. CRRA's new board of directors and new management team develop and implement environmentally sound solutions and best practices for solid waste disposal and recycling management on behalf of municipalities. CRRA also runs environmental and recycling educational programs through its Visitors Center & Trash Museum in Hartford and Children's Garbage Museum in Stratford. For more information about CRRA and its activities, visit <http://www.crra.org>.