CRRA
BOARD MEETING
DECEMBER 18, 2003

CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY

100 CONSTITUTION PLAZA - 17th FLOOR • HARTFORD • CONNECTICUT • 06103-1722 • TELEPHONE (860) 757-7700
FAX (860) 727-4141

December 12, 2003

TO: CRRA Board of Directors

FROM: Angelica Mattschei, Corporate Secretary

RE: Notice of Meeting

There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, December 18, 2003 at 9:30 a.m. at the CRRA Headquarters, 100 Constitution Plaza, Hartford.

Please notify this office of your attendance at (860) 757-7792 at your earliest convenience.

CONNECTICUT RESOURCES RECOVERY AUTHORITY

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Connecticut Resources Recovery Authority
Board of Directors' Meeting
Agenda
December 18, 2003
9:30 AM

I. Pledge of Allegiance

II. Public Portion

A public portion from 9:30 to 10:00 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 November 20, 2003 Regular Board Meeting Minutes (Attachment 1).

IV. Finance

1. Board Action will be sought regarding CRRA's Portion of the Southeast Project Operating and Capital Budget for FY 2005 (Attachment 2).

2. Board Action will be sought regarding a Resolution Authorizing the Application to the State of Connecticut Concerning the Issuance of Subordinated Indebtedness under the General Bond Resolution in the form of a $93 million Loan for the Benefit of the Mid-Connecticut Project (Materials will be sent under separate cover).

V. Project Reports

A. Mid-Connecticut

1. Board Action will be sought regarding the Refurbishment of Conveyor CV-202 (Attachment 3).

2. Board Action will be sought regarding Spot Waste Services for the Mid-Connecticut and Wallingford Projects (Attachment 4).

3. Board Action will be sought regarding the Installation of an Ash Treatment System (Attachment 5).

VI. General

1. Board Action will be sought regarding Solid Waste, Recycling and Accounting/Finance Consulting Services (Attachment 6).

2. Board Action will be sought regarding Signatory Authority for Environmental Submittals (Attachment 7).

VII. Legal

1. Staff will update the Board on fees and expenses associated with Anderson Kill (Attachment 8).

2. Board Action will be sought with respect to an Increase in Legal Fees for Anderson Kill & Olick by the Attorney General, on Behalf of CRRA (Attachment 9).

3. Board Action will be sought regarding Payment of Legal Expenses for Former CRRA Employees and Directors (Attachment 10).

4. Board Action will be sought regarding Legal Requests for Services (Attachment 11).

VIII. Executive Session

An Executive Session will be held to discuss litigation, pending litigation, contractual and consent order negotiations and personnel matters with appropriate staff.

TAB 1

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED SIXTY-FOURTH MEETING **NOVEMBER 20, 2003**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, November 20, 2003 at 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael Pace

Directors: Benson Cohn
Mark Lauretti (arrived at 9:55 a.m.)
Theodore Martland
James Francis
Mark Cooper
Ray O'Brien
Jeffrey Hedberg (ad hoc for Mid-Connecticut)(left at 12:00 p.m.)
Sherwood Lovejoy (ad hoc for Bridgeport)(left at 12:25 p.m.)
Timothy Griswold (ad hoc for Mid-Connecticut)(left at 12:05 p.m.)
Arthur Lathrop (ad hoc for Southeast)(Left at 12:05 p.m.)

Directors Cassano, Sullivan and Knopp did not attend.

Present from the CRRA staff:

James Bolduc, Chief Financial Officer
Bettina Bronisz, Assistant Treasurer & Director of Finance
Robert Constable, Budget Analyst
Thomas Kirk, President
Angelica Mattschei, Corporate Secretary
Ann Stravalle-Schmidt, Director of Legal Services
Michael Tracey, Director of Civil & Construction Engineering

Others in attendance were: Jerry Tyminski of SCRRRA; Robert Pandolfo of HEJN; John Maulucci of BRRFOC; David Arruda of MDC; and William Bright of C&L.

Chairman Pace called the meeting to order at 9:30 a.m. Chairman Pace requested that everyone stand up for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

PUBLIC PORTION

Chairman Pace said that the next item on the agenda allowed for a public portion between 9:30 a.m. and 10:00 a.m. in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes. Chairman Pace asked whether any member of the public wished to speak.

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

Chairman Pace informed the Board that the Executive Director of the Wallingford Project, Mr. Phil Hamel, had passed away and requested a moment of silence in his honor.

APPROVAL OF THE MINUTES OF THE OCTOBER 16, 2003 REGULAR BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the October 16, 2003 regular Board meeting. The motion was made by Director O'Brien and seconded by Director Francis. Director Hedberg said that he was an ad hoc for Mid-Connecticut and not Southeast as listed on the minutes.

The motion previously made and seconded was approved. Director Cohn abstained from the vote as he was not present at the meeting.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn			X
Mark Cooper	X		
Ray O'Brien	X		
Theodore Martland	X		
James Francis	X		
Non Eligible Voters			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

FINANCE

AUTHORIZATION REGARDING THE GENERAL FUND OPERATING AND CAPITAL BUDGETS FOR FY 05

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

> **RESOLVED:** That the fiscal year 2005 General Fund Operating and Capital Budgets be adopted as modified per the recommendations of the Finance Committee and as substantially presented in the form as discussed at this meeting.
>
> **FURTHER RESOLVED:** That the President be authorized to fill the approved new positions of Procurement Manager, Buyer, Administrative Assistants (3), Engineer, Operations Manager of Customer Service, and Office Manager.

Director Cohn seconded the motion. After some discussion (refer to pages 6-22 of transcript) Director O'Brien offered an amendment to the motion to delete the Engineer and Office Manager positions from the resolution. Director Cohn seconded the amended motion which was approved unanimously.

Eligible Voters	**Aye**	**Nay**	**Abstain**
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Theodore Martland	X		
James Francis	X		
Non Eligible Voters			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING DISPOSITION OF AUTHORITY-OWNED STOCK

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

> **RESOLVED:** That the Authority will dispose or otherwise sell any individual shares of stock that it may, from time to time, acquire. The Authority will dispose of these in a manner as efficiently as possible, within a reasonable timeframe.

FURTHER RESOLVED: That the Chief Financial Officer and the Assistant Treasurer & Director of Finance are hereby authorized and empowered to transfer, convert, endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidence of indebtedness or other securities now and hereafter standing in the name of the Authority and to make, execute and deliver, under the corporate seal of the Authority, any and all written instruments of assigned assignment and transfer necessary or proper to effectuate the authority hereby conferred.
FURTHER RESOLVED: That said shares be sold with net proceeds deposited into the Authority's General Fund checking account at Fleet Bank, N.A.

FURTHER RESOLVED: That the shares of common stock of Anthem, Inc., which are deposited and held at Equiserve Trust Company, N.A., as Transfer Agent, on behalf of the Connecticut Resources Recovery Authority (the "Authority"), be converted to certificate form.

Director Cohn seconded the motion which was approved unanimously (refer to pages 24-34 of transcript).

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Non Eligible Voters			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING APPROVAL OF A LEASE AND OBTAINING A LOAN TO FINANCE RELOCATION COSTS AND CREATION OF A CAPITAL IMPROVEMENT RESERVE AND GENERAL FUND BUDGET MODIFICATIONS

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

WHEREAS: the CRRA intends to relocate its administrative offices from 100 Constitution Plaza 17th and 18th floors, Hartford, Connecticut, to 100 Constitution Plaza 5th and 6th floors, Hartford, Connecticut; and

WHEREAS: the cost of this relocation, including but not limited to the costs of furniture, business equipment, construction, and moving expenses, is estimated not to exceed $951,000.00; and

WHEREAS: it is advantageous to finance the costs of relocation from the assets of the Mid-Connecticut Project Rolling Stock; and

NOW THEREFORE BE IT RESOLVED: that the CRRA President is hereby authorized to enter into a lease agreement with Connecticut Constitution Associates, L.P., substantially in the form as discussed at this meeting and pursuant to the term sheet substantially in the form presented at the meeting; and

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

FURTHER RESOLVED: that the interest rate on the Loan is authorized to be the higher of the monthly short-term investment fund rate established by the Treasurer of the State of Connecticut or the maximum available rate earned by investments as allowed in the CRRA Investment Policy;

FURTHER RESOLVED: that all funds necessary to then repay the Loan be included as an expense in the General Fund budget in fiscal years 2005 through 2012;

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

FURTHER RESOLVED: that additional funds be authorized to pay for the moving costs and computer capital expenditures in amounts not to exceed $91,000.00 and $110,000.00 respectively, for the fiscal year 2004 General Fund budget; and

FURTHER RESOLVED: that the President is hereby authorized to expend up to $951,000.00 for the purpose of the administrative office relocation and to take all further action, including, but not limited to, the execution of contracts and agreements, necessary to accomplish the administrative office relocation as substantially discussed at this meeting.

Director O'Brien seconded the motion which was approved. Director Lauretti abstained from the vote (refer to pages 34-62 of transcript)

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti			X
Theodore Martland	X		
James Francis	X		
Non Eligible Voters			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING A THREE-YEAR CONTRACT FOR ECONOMIC ADVISOR

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

> **RESOLVED:** That the President or Chief Financial Officer be authorized to extend a contract for economic advisory services to Environmental Capital, LLC to assist management with work on a variety of projects on an as-needed basis. This contract would be for a three-year period, commencing November 21, 2003 and expiring December 31, 2006.

Director Cooper seconded the motion which was approved unanimously (refer to pages 62-79 of transcript).

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Non Eligible Voters			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING THE ADOPTION OF A REVISED INVESTMENT POLICY

Chairman Pace said that the referenced item would be discussed by the Board, but could not be voted on because it needed to be noticed in the Connecticut Law Journal (refer to pages 80-89).

PROJECT REPORTS

MID-CONNECTICUT

AUTHORIZATION REGARDING WASTE EXPORT HAULING AND DISPOSAL SERVICES FOR MID-CONNECTICUT AND WALLINGFORD PROJECTS

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

> **RESOLVED:** That the President is hereby authorized to enter into an agreement with USA Hauling and Recycling Energy Answers Corporation, Waste Management of Massachusetts, and Waste Stream Environmental for waste export services for the Mid-Connecticut and Wallingford Resources Recovery Facilities substantially in accordance with the terms and conditions presented at this meeting.

Director Cohn seconded the motion which was approved unanimously (refer to pages 89-92 of transcript).

Eligible Voters	**Aye**	**Nay**	**Abstain**
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			

AUTHORIZATION REGARDING ROLLING STOCK CONSULTING SERVICES FOR THE MID-CONNECTICUT PROJECT

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

> **RESOLVED:** The President of CRRA is authorized to enter into an agreement with the Lennox Group to perform two rolling stock and equipment service inspections for the Mid-Connecticut Project at the cost of $77,500.00.

Director Cohn seconded the motion which was approved unanimously (refer to pages 92-98).

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			

AUTHORIZATION REGARDING ANNUAL STACK TESTING AT MID-CT RRF CALENDAR YEARS 2004 AND 2005

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

> **RESOLVED:** That the President is hereby authorized to enter into a contract with TRC Environmental Corporation for performance of the annual air emissions performance at the Mid-Connecticut RRF for calendar years 2004 and 2005, substantially as discussed and presented at this meeting.

Director Lauretti seconded the motion which was approved unanimously (refer to pages 98-104 of transcript).

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			

LEGAL

AUTHORIZATION WITH RESPECT TO THE HIRING OF OUTSIDE GENERAL COUNSEL

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

> **RESOLVED:** That upon recommendation of the Policy and Procurement Committee, the Board hereby authorizes the President of the Authority to execute, deliver and perform on behalf of this Authority, a Legal Services Agreement for a period of three years, as was substantially set forth in the RFQ, with Halloran and Sage as CRRA's outside general counsel.

Director O'Brien seconded the motion which was approved unanimously (refer to pages 104-109 of transcript)

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Non Eligible Voters			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			

Sherwood Lovejoy, Ad Hoc - Bridgeport			
Arthur Lathrop, Ad Hoc - Southeast			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss litigation, pending litigation, contractual negotiations and personnel matters with appropriate staff. Director O'Brien made the motion which was seconded by Director Cooper. Chairman Pace requested that Messrs. Kirk, Bolduc, Doolittle, Goldstein and Ms. Schmidt remain during different parts of the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 11:15 a.m.

The Executive Session concluded at 12:54 p.m.

Chairman Pace reconvened the Board meeting at 12:55 p.m.

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

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 12:56 p.m.

Respectfully submitted,

Angelica Mattschei

Angelica Mattschei
Corporate Secretary to the Board

CONNECTICUT RESOURCES RECOVERY AUTHORITY

EXECUTIVE SESSION **NOVEMBER 20, 2003**

An Executive Session called for the purposes of discussing litigation, pending litigation, contractual negotiations and personnel matters, was convened at 11:15 a.m.

DIRECTORS

Chairman Pace
Director Cohn
Director O'Brien
Director Lauretti
Director Martland
Director Francis
Director Cooper
Ad Hoc Member Lathrop
Ad Hoc Member Hedberg
Ad Hoc Member Lovejoy
Ad Hoc Member Hedberg

STAFF

Tom Kirk
James Bolduc
Ann Stravalle-Schmidt

A.G.

Ted Doolittle

P&H

Rich Goldstein

No votes were taken in Executive Session.

The Executive Session was adjourned at 12:54 p.m.

CONNECTICUT RESOURCES RECOVERY AUTHORITY

BOARD MEETING

November 20, 2003

Held At:

100 Constitution Plaza

Hartford, Connecticut

H e l d B e f o r e:

MICHAEL A. PACE, Chairperson

Appearances:
Directors:
BUD COHN
MARK COOPER
JAMES FRANCIS
TIMOTHY GRISWOLD
JEFFREY HEDBERG
ARTHUR LATHROP
MARK LAURETTI
SHERWOOD LOVEJOY
THEODORE MARTLAND
RAYMOND O'BRIEN

Present from CRRA:
ANGELICA MATTSCHEI
JAMES BOLDUC
THOMAS KIRK
BETTINA BRONISZ
MICHAEL TRACEY

Appearances (Cont'd.):
In attendance:
JERRY TYMINSKI
SCRRRA

ROBERT PANDOLFO
HEJN

JOHN MAULUCCI
BRRFOC

DAVID ARRUDA
MDC

9:30 O'CLOCK A.M.

THE CHAIRPERSON: It's 9:30. We'll call the Connecticut Resources Recovery Authority's November 20th meeting to order. The first thing I would ask is the pledge, please.

(Whereupon, the pledge of allegiance was recited.)

THE CHAIRPERSON: Thank you. Tom was just giving me some bad news. Tom, why don't you defer to the Board.

MR. KIRK: Yes. Phil Hamel, the executive director at the Wallingford project, passed away just a couple of weeks ago. He was very helpful to us and to the project, a very dedicated, knowledgeable public servant who had worked on that project for many years, and his passing will be missed by the project and the folks who were fortunate to have worked with him.

THE CHAIRPERSON: I think I would ask that perhaps we could send the family a card with our condolences.

DIR. O'BRIEN: And a moment of

silence. And a moment of silence.

(Whereupon, a moment of silence was observed.)

THE CHAIRPERSON: Thank you. Okay, public portion. People from the public, anyone care to comment?

Seeing no interest in such, we'll move forward.

DIR. O'BRIEN: Mr. Chairman, I would move the approval of the minutes of the October 16th regular meeting.

THE CHAIRPERSON: Is there a second for discussion?

DIR. FRANCIS: Second.

DIR. HEDBERG: I've got just one thing.

THE CHAIRPERSON: We've got a second. It's on the table.

Sir.

DIR. HEDBERG: It's just listed I was an ad hoc for Southeast. I'm an ad hoc for Mid-Conn.

THE CHAIRPERSON: Very important. Any other corrections?

Seeing none, I'll call for a

vote to approve. All those in favor?
Opposed?
Abstained?
DIR. COHN: I'll abstain since I wasn't present.
THE CHAIRPERSON: Yes, okay. Thank you.
Under the finance section, Roman Numeral IV, Board action will be sought regarding the general fund operating and capital budgets for FY05. It's in your attachment 2.
DIR. O'BRIEN: Mr. Chairman, on behalf of the chairman of the finance committee, I'd move that the Board adopt the budget as presented, including approval of the new positions.
DIR. COHN: Second.
THE CHAIRPERSON: Okay. We'll have that as a second.
Under discussion, we did have some discussion the other day --
MR. KIRK: Yes.
THE CHAIRPERSON: -- our CFO, our president and myself down at the offices.

And the Chair will bring to you the elimination of the office manager at the current time. And we have the engineer; there was some discussion as to when that might or might not be filled. So I'll let the president give the gist of our conversation.
MR. KIRK: The budget includes the creation of a number of new positions. Most have been under discussion in the Board and in the committees, most importantly, the procurement function to be added as a necessity, and the operations manager for customer service to help us rebuild some of the relationships, in particular, outside the Mid-Conn project, in particular, the Bridgeport, Southeast, Wallingford projects.
The engineer position was envisioned as a more or less an entry level or journeyman junior engineer position to assist us in helping to maintain some of our hardware, our iron assets. However, in our discussions with the Chairman earlier this week, after considering that further, it's clear that we would not make an immediate

hire there. It would be a situation where we would hire when the workfront became clearer and when we were comfortable we found the right person. It was more or less creation of a place holder for additional engineering expertise. And we felt that the Chairman suggested, and we agreed, that it's probably more prudent to wait until such a time as we are ready to make that hiring decision to ask the Board to approve that position.
Similarly, the office manager position was a dual position to add clerical help, administrative assistant help, and a management influence that is missing since the elimination of the administrative division director's job. We also felt that was an economy we could live with to eliminate that position until such time it became clear that we needed to make a change. So we would recommend that the Board amend this resolution as printed on page 1 under tab 2 to eliminate the engineer position and the office manager position from this resolution.
DIR. O'BRIEN: That motion is

an amendment.
THE CHAIRPERSON: Yes. The Chair's thought on that is that all these other positions are there to increase the efficiency and the effectiveness of our company. When we get into the office manager, there is a possibility of taking -- you'll see there are three administrative assistants being looked at. There is a possibility if the right person surfaces for a little more dollars in that position may be able to cover for the office manager, at least some of the functions.
We have stripped the organization down in the last year. Before we start putting it full back, I'd like to build our courage through some experience of letting the president and our CFO fill these spots in as we need, when we need, and to see where our organizational structure will be, and that will be clearer to us as we go into our rounds starting in December of our new business model plan.
So that was the Chair's concept on that, and I'd entertain any comments for

or against that.
Yes, sir.
DIR. O'BRIEN: My concern is unless you're looking at deferring those positions or further consideration of those positions for another 18 or actually 20 months, if we delete them now and do not allocate some funds in a contingency fund to allow us to move during the next fiscal year, the tip fees will be set without those positions in it, and it will be very hard to come up with the funds to even entertain adding those positions during the next fiscal year.
So, if we're going to reduce the budget, which is all good, but we think that there's a reasonable chance that one or both of these positions could be filled during the fiscal year, I think we should put those funds aside in a contingency account or a personnel contingency or something of that order.
THE CHAIRPERSON: If we take the two positions, as the president said, the engineer was a journeyman type of a thing.

So those funds, even if we needed midyear, I'm sure we can look in our budget and see if we can come with those minimal dollars.
For the office manager I think the concept right now is to take a look at one of those administrative assistants and see if we just add dollar value and also positional value to them and still cover the bases.
Sir.
DIR. LATHROP: I like what you're doing. You're adding to the base of the pyramid rather than the top of it and have people with competence filter up to the top as you need them. I think that's good management practice.
I trust, and I follow the gentleman's remark here, I trust that there is some slosh in some way, shape or form in the budget so that if you have a need that's unanticipated that you can provide for it.
DIR. O'BRIEN: It's not slush; it's opportunity for further efficiency.
DIR. LATHROP: We can dress it up. You're supposed to make me eloquent over

there. But that caveat aside, I think it's a good idea.
THE CHAIRPERSON: I'd ask Jim, do you want to show how all these positions net out, the 2.5s and all that?
MR. BOLDUC: Sure. It's kind of convoluted for the next couple of years, but let me see if I can help you through it.
Let me start you on page 4. I'm going to talk about the -- start off with the fiscal year '03, the first column. There's a number of 5,372,983. Over the tumultuous last couple of years, a lot of, I think, actions were taken for obvious reasons and, I think, to try to keep things afloat. In that process a lot of decisions were made, and I think on-the-spot decisions have to be made.
But when I look at these things, the first thing I've always looked at is actual FY03 and what I call "normalize it" to make sure that, in fact, the base is, in fact, a normalized base. When I went back and looked at FY03, some of the things became obvious. We had in FY03, which led to the

much lower number, we had, for example, we had vacancies for the president and the CFO for six months, and that gets reflected in those numbers.
In addition, we had another combination of nine other positions that were vacant during that period for sundry reasons, but they were vacant. So when you start adding those numbers back, you need to normalize the 5.3 million.
In addition, there were a lot of other cutbacks made. For example, in public education we typically run around $100,000 a year -- I'm sorry. Historically we'd run around $300,000 a year. I normalize that to 100, but the actual in those numbers we only spend $5,000. It's not something we're going to be able to continue on for long periods of time.
We had other issues with contract service. The IT budget where we'd normally run around 200,000, we cut back to 75,000. Again, we can do these, I think, at spot periods but there is an obsolescence in computer equipment.

So when I normalized the 6 million 3 -- the 5 million 3, I came up with a number of about 6 million 350 is really what I think a more normal baseline would have been. To give you a comparison for that, the FY04 budget was originally started off at --

(Whereupon, Dir. Griswold entered the room.)

MR. BOLDUC: Again, the original FY04 budget was adopted -- I'm sorry, the '03 budget was adopted. And then when the new Board came on they reduced that amount by about $400,000 on the revised budget basis. It was still at a higher level than the actual FY03 so there was a lot of moving targets. What I'm saying is is the 5 million 3 is abnormally low by -- I would guesstimate by at least about a million dollars.

Conversely, in the '05 budget, the 7 million 7 figure, what you're seeing here are really the general fund dollars. What you're not seeing, for example, are some offsetting savings. For example, one of the

big items that comes through this budget are the scale -- this was discussed at the June board meeting. It's about 350. It's actually about 405,000 on the benefits. The dollars for the labor are reflected in this budget. The offsetted savings will be the projects, so you really only see half the equation here. So this amount runs up by about 400,000. The savings, when we get the Mid-Conn budget -- the Bridgeport budget -- Mid-Conn probably about 75 percent of the budget -- you will see the net reductions for those.

Again, the reason this budget is before you is because the Southeast budget needs to be approved by the end of December. At some point it would be great to figure out how to get them all at the same time so you can see the whole picture, but some of those pieces are missing.

In addition, the primary driver of the remainder of the cost to, really, pretty much the items we were just talking about, the labor side, the personnel, as far as an overall basis, one of the

things -- while there's eight positions there -- in fact, in terms of the dollar side of it, the first thing I did was looked back to the FY04 budget because that was our baseline.

There were two and a half positions in the FY04 that will not be replaced, so we're adding eight new positions which need to be identified. There were two and a half positions that were eliminated. Those things net out to five and a half positions. And in addition, on a cost basis because some of the cost reductions like administrative assistants, while we're adding positions they dollar for dollar offset on the office temporary.

THE CHAIRPERSON: And that's an important thing now. These new positions, we have people and we are going to employment agencies. We have temporaries that are working here. I think that's important that the Board knows that we're paying out dollars. One of the things that we've talked about over the years is to have the institutional knowledge, the business

knowledge with us and not with some of our contractors or some outside agencies that when that person walks away we have a void. So this will help compensate for some of that.

MR. BOLDUC: So at the end of the day I think what we're talking about is a net equivalent to FTE costs associated with this, not the larger number.

Other than that, the other cost associated with nonpersonnel services and capital outlay, nothing unusual in any of that. There's kind of -- if you look on page 7, it's kind of typical. The debt service is going up and that's really a function of the additional interest and principal repayment associated with the loan service for the state loans.

The one area of positive in here that we haven't reflected, the lease for our current facilities which we're going to talk about in a couple of minutes, we have currently in here the existing lease, not the new lease because that hasn't been approved by the Board. When that's been approved, the

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FY05 on a lease-to-lease basis, the benefit of that is about $150,000, but I have not reflected that in the numbers yet because we haven't approved that as a Board yet. So the existing lease numbers are in here. That would be a benefit assuming the Board's future actions. I think it's tab 4.

THE CHAIRPERSON: I think everybody realizes that we're using the real numbers as of today for this and not projecting of what could be. I'm going to hammer this home, Ray. When you see some of these costs, there are offsets in the budget, so when you see the $1.6 million increase, okay, it's an increase here, it's an offset someplace else. I wouldn't want anybody to put a miscalculation on that. It looks like we're bringing this thing back up to originally where it was.

Ray, I'm sorry I interrupted you.

DIR. O'BRIEN: The numbers from this compared to last week reflect the not only the deletion of the two positions that we just did by amendment, but also the

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three vacancies that you didn't account for at that time, the 160,000.

MR. BOLDUC: Yes, the starting number has been reduced.

DIR. O'BRIEN: That's what brings you 230 some thousand reduction?

MR. BOLDUC: Yes.

DIR. O'BRIEN: Since we're justifying some of these positions based on efficiency, particularly where we're saving on the outside people, I think we should keep a tracking on that so we can quantify that next year at budget time and say this is what we saved by adding these people. And, in fact, possibly even during -- actually the budget comes so early in the fiscal year so. Now, do you want to write that 150,000 on the lease in to be an amendment if it's approved or --

THE CHAIRPERSON: Let's --

DIR. O'BRIEN: -- for the efficiency to hire an engineer?

THE CHAIRPERSON: Let's see what Dr. Martland wants.

DIR. MARTLAND: I just have an

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odd question. Don't we use the federal budget system for the digits? I notice everything is code 500. I'm just curious.

MR. KIRK: For deficit spending we definitely don't do it.

DIR. MARTLAND: Personnel has different digits. We don't use that?

MR. BOLDUC: I'll be honest. I've never seen kind of an accounting system as -- since I got here it's kind of a combination of cash and accrual. And as far as the account numbers, I haven't really spent too much time focused on it. I think they were built into the system when I got here.

DIR. MARTLAND: I just thought it would be municipal governmental digits, you know, 300 is salary, all that stuff.

MR. BOLDUC: Let me take a look at that.

THE CHAIRPERSON: Any other comments on this either by content or form? Then we have a motion on the table and as the Chair --

DIR. O'BRIEN: We have an

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amendment also.

THE CHAIRPERSON: I don't know if it's been voted on, though.

DIR. O'BRIEN: It hasn't yet.

THE CHAIRPERSON: The Chair will offer the amendment to delete the engineer and to delete the office manager from this budget.

DIR. O'BRIEN: Second. I thought I did that already.

THE CHAIRPERSON: Just in case it's not, she can correct it.

So discussion on that?

Seeing none, all those in favor of the amendment?

Opposed?

Abstained?

Okay. And then on the -- Ray?

DIR. O'BRIEN: The motion as amended.

THE CHAIRPERSON: Did you make that?

DIR. O'BRIEN: I did.

THE CHAIRPERSON: Who seconded it?

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DIR. COHN: I did.
THE CHAIRPERSON: All those in favor as amended?
Opposed?
So moved.
THE CHAIRPERSON: Mr. Lauretti has arrived.
(Whereupon, Dir. Lauretti entered the room.)
THE CHAIRPERSON: Mark, we'll give you a chance to settle down.
What we just did is we went over on tab number 2 which is the capital. If you take a look at page 1 under tab 2, Mark, we have just gone through is I had made a motion and we had discussion to eliminate the engineer and eliminate the office manager from this budget. And in brief what would happen is the administrative assistants, which we're looking at three, and these are part-time people we have now instead of paying an employment agency, we would be taking a look at one of those with the correct person applying doing some of the office manager's job. So it would save us a

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position.
DIR. LAURETTI: So it's basically a wash then is what we discussed at finance?
THE CHAIRPERSON: Yes. And the engineer would be deleted from this, as well, at this point. So the dollar value for those positions would be removed.
DIR. LAURETTI: The question that I had on this that I didn't ask in finance, you had a general inflation adjustment rate at 2 and a half percent of 33,000. What did that pertain to? Is that just across the board? And if so, why?
MR. BOLDUC: What I had to do this year is where we can specifically identify specific items, we adjusted them based on those items. It's a catchall for general things, not what I would call office supplies, expenditures. I just add a general -- general CPI, because something is going to happen to that. I didn't try to estimate those things. If we know like contracts relating to -- we specifically adjust to those items. But in the big basket of other

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kinds of goods and services that we know we're going to automatically --
THE CHAIRPERSON: Electric rates.
MR. BOLDUC: Electric rates, yes, we don't adjust unless we know there's a specific quarter coming out. Probably assume between the few adjustment costs there's going to be some moving up and down. So that's really what it's all about.
THE CHAIRPERSON: All right. Mark, if you have any questions we'll come back after the meeting.
The next item on the agenda?
DIR. O'BRIEN: Mr. Chairman, on behalf of the chairman of the finance committee, I would move recommending that the Board approve the resolution that follows tab 3 regarding disposition of authority-owned stock.
THE CHAIRPERSON: Okay. There's a resolution there.
Do you want to speak to this?
MR. BOLDUC: Yes.
DIR. COHN: I'll second it

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first.
THE CHAIRPERSON: I'm sorry.
The Chair wasn't even knowledgeable that we had stock.
MR. BOLDUC: Yes, I wasn't either. Another surprise. But anyway, in kind of looking through some of the records, and so forth, came across two items that actually had not been recorded on our books through September. I got a statement sent to me from Anthem Blue Cross giving me -- it was addressed to the CFO about what our value of operation of our stock was. When Anthem demutualized a few years ago, apparently each of the policyholders got a pro rata portion of the company.
But in that process that occurred back in November '01, apparently either that we were notified or we didn't get notified, but the fact is we own 2,000 shares of that stock and it hadn't been recorded. That is now recorded on the books in November, but up through September it had not been.
Digging a little further, we

also came across that we had in certificate form 52 shares of Meadow Management. My best guess on that one is that -- those came back again in November of '02 -- they were a part of a class action settlement, the best I can read, where the company went into Chapter 11, reorganized, came and issued stock. So as a result we own approximately $135,000 worth of stock.

What we're recommending here is that we don't want to really play the stock market; convert it to cash and kind of have a policy that should any of these things come up that we don't sit with the stock certificates because if it goes up nobody cares, if it goes down you get beat up. There's no relevance for having stock.

THE CHAIRPERSON: I think some of the municipalities have gone through the demutualization.

DIR. LAURETTI: Just for a point of -- to Jim's point, the City of Shelton was in the same situation here, and we cashed it all in, and we realized about $1.6 million. It's kind of a no-brainer the

way I look at it.

MR. BOLDUC: Just get rid of the stock and convert it to cash, and then going forward if these pop up to have a policy that we just don't sit on the stock. There's a couple of resolutions: One, the Meadow Management relates to we have the certificates but we have to get them to a broker which we can arrange very quickly. We also need a resolution that authorizes Anthem to convert the street name into stock certificates so we can get it sent to us unless they can sell it outright.

And that's what the resolutions are really focused on: First to dispose of them in a timely fashion; second, that we will convert the stock into executed instruments for the effectuation of selling them and that the net proceeds will then go into the general fund of the Authority at Fleet; and that the shares at Anthem be converted to -- that are held by Equiserve Trust on behalf of the Authority convert into certificate form so we're in a position to dispose of them.

So that's what the -- at the end of the day basic we take the stock, sell it, put the cash in the general fund.

THE CHAIRPERSON: This is a question somewhat related. David is here from MDC. Did you guys have Blue Cross/Blue Shield as well?

MR. ARRUDA: We do have Blue Cross/Blue Shield.

THE CHAIRPERSON: Did you guys get the stock?

MR. ARRUDA: I don't think we got caught up in that.

MR. BOLDUC: One of the questions I asked was whether or not we would be getting some pro rata of that. They indicated that the MDC had not gotten -- I wasn't sure I understood the answer because it seemed that if you were a policyholder everybody got a pro rata share but --

MR. ARRUDA: That was my understanding that we did not get pro rata share.

THE CHAIRPERSON: Because the policy -- the SEC and everybody worked it

out, whoever was a policyholder within a certain window of time got the shares. And we're getting for our employees. But that transported dollars over to there it would seem that maybe -- whose name is on that? That should come back to the benefit of both MDC and us.

MR. BOLDUC: I asked the question of the MDC and they indicated that they did not receive funds on the demutualization.

DIR. LAURETTI: Jim, how will the brokerage fees be handled?

MR. BOLDUC: They'll probably be just netted against -- you'll get a net check back.

THE CHAIRPERSON: If they did not receive funds, let's play the words, do they just receive the stock and decide to --

MR. BOLDUC: I was looking for proceeds to get back to us. I can ask the question.

THE CHAIRPERSON: From the Chair, I would like to know what arrangements were made by anybody we contracted for where we paid those benefits, if not, there is some derivative dollars coming back.

Raymond.

DIR. O'BRIEN: The other corollary question is, is MDC involved in any litigation to recover those funds on behalf of their employees like many municipalities are?

THE CHAIRPERSON: I don't know. David can maybe find out for us.

Sir.

DIR. GRISWOLD: Following on that question, would CRRA have any exposure from union claims on any of the proceeds?

THE CHAIRPERSON: I don't believe so.

DIR. GRISWOLD: Because the towns -- there's 270 municipalities.

THE CHAIRPERSON: Unions.

MR. BOLDUC: We don't have any unions on our payroll.

MR. KIRK: I think it's a question we have to pursue: Do our employees or do our contractors' employees of MDC have any claims?

DIR. GRISWOLD: So if part of the insurance premiums from CRRA are paid by the staff, then there have been claims by unions for a portion or all of the proceeds within the municipalities.

THE CHAIRPERSON: Part of that is in court. If you're a municipality you know, but the Attorney General, the comptroller have made an opinion that going along with what the SEC's opinion was it's a policyholder, the name of that, who gets the benefit, that this was not a reimbursement of payments of previous years, this was an exchange, if you will.

DIR. O'BRIEN: However, the justice system --

THE CHAIRPERSON: And if you take -- if an employee has contributed 5 percent and you take these things down for that period of time, you're talking about $24. It's a negligible amount. But there are some unions that immediately come to that trough but --

MR. KIRK: We'll certainly investigate that.

THE CHAIRPERSON: So --

MR. BOLDUC: Your question, to get back to --

DIR. LAURETTI: Brokerage fees.

MR. BOLDUC: Basically my thought was just to go to one of the local brokers in town.

DIR. LAURETTI: My only point would be is that we don't need a partner --

MR. BOLDUC: No.

DIR. LAURETTI: -- on the fees.

MR. BOLDUC: No. I would think that we have people -- I mean, I know enough people. I could just call them.

MR. KIRK: Our first choice would be Fleet Bank to just cash them out for us.

MR. BOLDUC: We probably might talk to the trustee to see what --

THE CHAIRPERSON: Jim, if the monies were put into the general fund you would put them in a certain restricted account?

MR. BOLDUC: It would go in as an unrestricted net asset unless the Board wanted to designate them and then make them unrestricted designated or something, but they would basically go into the general fund.

THE CHAIRPERSON: Between now and then let's take a look at Tim's point. I don't think anybody has claim to this portion, but we'll take a look at it. If it's a negligible amount of dollars, and I think it probably will be, and then anything that may or may not happen from MDC we'll look at subsequently.

MR. BOLDUC: Okay. We'll cash them out, put them in the general fund and bring them back for the Board if they need to reclassify.

THE CHAIRPERSON: Clear enough gentlemen?

Ted, are you comfortable with that?

DIR. MARTLAND: Yes. The only thing I'd like to hear that, and my bias would be to put it in some kind of reserve.

THE CHAIRPERSON: Any further discussion on this?

All those in favor?

Opposed?

Abstained?

So moved. Thank you.

We'll move on. Board action will be sought regarding the approval of a lease and obtaining a loan to finance relocation costs and creation of the capital improvement reserve and general fund budget modifications. That's your attachment number 4.

One of things that we've been looking at from day one is these offices are beautiful, but to see if we could either consolidate or move. Bud has been working on that for a fair amount of time.

So, Bud, would you speak to this?

DIR. COHN: Yes. I'll move it first.

DIR. O'BRIEN: Second.

THE CHAIRPERSON: All those in favor?

DIR. COHN: Not yet. We have a basic choice here of either staying where we are and paying more and being seriously disrupted by the reskinning of the building or moving to a lower floor at a reduced rate with a reduced amount of space. To do so we had some choices and issues. One was that we could have built -- there are build-outs involved. We could have done that through the landlord at his cost of capital, but it makes more sense to finance them at our cost of capital which is a lot less.

We also had a choice as to length. The landlord, of course, wanted a longer lease. Our current lease, I think, is to 2009. The longer the lease we do, the longer the amortization period for the improvements we make and the better the present value return to us. However, the policy and procurement committee and, I think, finance committee also both felt uncomfortable going beyond 2012 because that's our period of certainty when we know we'll be at full operation.

After 2012 I think we'll be

down to one plant. And we don't know at this point what our space needs will be, so it didn't make sense to commit beyond that. At the lease, as negotiated, and assuming 2012, we invest about a million dollars but we get back a present value of it's on the order of 800,000 in addition to the million, so it's well worthwhile.

DIR. LAURETTI: Bud, excuse me, can you expand on that because I don't see that point -- I'm having a hard time -- the one that you just mentioned about the million dollar investment that we're going to make into the building and amortizing it over X amount of years and the savings to be had? The savings, as I see it, and I could be wrong, are based on a lot of assumptions that what I think, and, again, I could be wrong, are above market values to begin with.

MR. BOLDUC: Do you want me to take a crack at that?

DIR. LAURETTI: Yes, go ahead.

MR. BOLDUC: Mark, if you go behind tab 4. Just bear with me because I'm in the book here. I'll walk through some

numbers to get to that answer. The second sheet behind the resolution that's on the table, what we laid out there were really three scenarios. The first column represents our current situation; the second column represents what we're recommending; and the third one it's called "optional" was kind of an assessment of if we were to utilize the Collins Street facility building down by Murphy Road since we already own it. We bought that building a few years ago for about $1.1 million.

But the key numbers I think you're looking for in your analysis are at the bottom. The current rate that we pay for this facility as one benchmark is for 2005 would be $19.75 a square foot, and that's fully loaded net of all cost. What's been negotiated on the term sheet with Capital Properties is that that would revert to an $18.13 fully loaded net, net net, net cost.

The savings that Bud was just referring to, if you take the -- on a lease-to-lease basis if you take the stream of costs that are projected from occupying the 17th and 18th floor versus the stream of costs for the 5th and 6th floor, including financing costs to redo the --

DIR. LAURETTI: Is that just for the current term of the lease?

MR. BOLDUC: I'm going to show you three different analyses. If you go just above where those numbers are I was just showing you, the first NPV, so you take the expense flows and any difference is a cash flow, and then you present value those cash flows back. And if it's positive it means that your new proposal is generating X amount of cash on a current basis in excess of the -- we looked at it three ways.

The first NPV we did was to look at it on a six and a quarter year term through the 2010 period you were just talking about. That's the term of the existing lease you have here for 17 and 18. We then looked at it saying, well, that's fine, but would we really want to be a year and a half, two years away from the 2012 period and start over because Capital Properties is really trying to extend the lease and initially they

wanted to go out further.

We said, okay, we'll go to an eight-year term which is coincident with the bond repayments of Mid-Conn and the project contracts with the towns. It's not coincident with the Southeast project because that actually goes to 2015, but that's where we first started looking at it. We also said what we wanted was two, three-year renewal options, and those costs we negotiated as well going forward if we triggered that, but there's no commitment to go beyond 2012.

DIR. LAURETTI: And what were the costs that you estimated that the market might be at that time understanding that nobody's got a crystal ball?

MR. BOLDUC: I guess the best surrogate to try to do that analysis was to look at the marketplace today. Shipman and Goodwin just signed 90,000 square feet which is about ten floors in that building right there coming out of Phoenix. The current rate for that kind of property is somewhere between 22 and 25 a square foot. So what we have now is lower on these two floors and

what we negotiated is even lower than that.

DIR. LAURETTI: So it's a different type of space, the 17 and 18, as opposed to 5 and 6?

MR. BOLDUC: But they are taking ten floors.

DIR. LAURETTI: It brings a different value to it.

MR. BOLDUC: There's no question there's some discount to it. But I think the other two things we were able to do was able to lower the cost because we were able to reduce the amount of square footage on 5 and 6 that absent the move we can't do. We're stuck paying under our current lease the square footage.

DIR. LAURETTI: But based on your assumptions aren't there a lot of unknowns in terms of the soft cost?

MR. BOLDUC: No. What we did there is in the current building the way the lease is constructed it's 19 and three-quarters, but we pay that to the builder. The builder then pays -- then we also have a provision for escalation for

operating costs. We have a baseline and then we have to pay that on top.

They also bedded in that deal their cost of capital to do the tenant improvements. I estimated their cost of capital to do tenant improvements at about three-quarters of a million dollars. I said there's probably going to be some debt equity kind of structure. It's probably going to be up around 8 to 10 percent on an after-tax basis.

Our cost of money right now is about one and a half percent, so I said why do I want to pay them if I can finance it myself at one and a half percent why pay them 10 percent or 8 percent.

The other big one in there is that the operating cost in this facility on 17 and 18 we paid a hundred percent in the past. So when we were going through the process, I looked at the list of what was out there. Now, 50 percent of the costs are management fees, development, internal costs, that Capital Properties has within their control to control.

Current lease, whatever they spend, passes on pro rata to the owners. We restructured the operating costs to say the only thing you can pass on through us are -- we ticked them off -- are those uncontrollable operating expenses like utilities, electric, things that they -- property taxes -- they themselves don't have control. They have an interest in.

But we recapped in the new lease their management development fees, their payroll costs and all those other kinds of benefits, so we capped those at no more than 3 percent on an annual basis. So that was included in there.

And then in the construction we capped construction costs with them for the tenant improvement build-outs at 5 and 6, and anything that exceeds that will be at their cost.

DIR. LAURETTI: Anything that exceeds the 850-some-odd dollars?

MR. BOLDUC: Maybe Mike could just speak to that.

MR. TRACEY: The construction

budget that we came up with was -- I think it was 743,000, which includes a 2 and a half contingency within the construction budget itself. So anything over $743,000 would be at their cost.

DIR. LAURETTI: But then you also have a -- there are some other costs associated with the move?

MR. TRACEY: Correct.

MR. BOLDUC: There's two other costs, yes. We've got the move cost itself --

DIR. LAURETTI: Furnishings to purchase and move cost of 90,000?

MR. BOLDUC: Well, the furnishings is part of the TI. And because we're just doing the vertical drop, probably other than sheetrock, that kind stuff, we're going to probably use like a hundred percent of what we have here, so that we're not buying a lot of new furnishings.

The other piece of it is -- and it's not included in here -- we have the opportunity. We're putting together right now a systems plan, a computerized systems

plan, to come back to the Board. We haven't really done one here before.

We need to take a look at our communications security computer facilities. There's an ongoing obsolescence that occurs. Some of our equipment right now is four and five years old. It would be due to be replaced anyway. So rather than waiting to make the move and then go through a second time of replacing equipment, I included in here about $91,000 and say, look, if we're going to be moving in 12 months, why don't we put the new equipment in there instead of putting the old equipment and in six months coming back and doing it again and double up on the cost.

But I kept that outside the analysis because regardless of whether we move or not we're going to be looking at having to upgrade the computers, the copiers, the communications, just as a normal business practice, which hasn't been done, I think, in about four or five years.

But we're putting together a whole plan on this. That's the other piece,

but I need to relate it to the move, per se, because that's going to happen regardless.

DIR. LAURETTI: So what do you anticipate the benefit for us to make this move? Obviously there's got to be some financial motivation.

MR. BOLDUC: The benefits I see, Mark, are first -- and, again, my recommendation from management says that we sign the contract to go to 2012 which is coincident with everything else. Under that basis we would stay a little shy south of a million dollars. We'd save on an NPV basis $835,000. If we were to execute our two, three-year extensions and everything works out and we're still all around here, and the garbage is still coming in through the full maximum term of the initial eight years plus the two, three-year extension, it would generate about a $1.8 million net savings on an NPV basis in present dollars.

THE CHAIRPERSON: Mark.

DIR. LAURETTI: I think the problem with that that I see is that it's based on the market conditions of anywhere

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from 26 to $32 a square foot which is, I think, out of the box. And, again, nobody's got a crystal ball here.

MR. BOLDUC: No. But the way we constructed the two, three-year renewals, we got fixed rates, defined rates through 2012. And then in the first three years we have another defined fixed rates. The last year, the last three-year note, because the same issue you were having, gee, what's those rates going to be, we said the number will be a negotiated rate but no higher than 90 percent of net market value at that time.

DIR. LAURETTI: If you talk to most landlords these days when it pertains to office space, especially class A office space, they're happy, they're ecstatic to sign a long-term lease at much lower rates just to have the certainty. And I don't know if that thought process was employed during the negotiations, but I see it as an open-end assumption not in our favor.

MR. BOLDUC: I'm saying the rates we have are clearly below market. I give you a lot of summary data on that. Now

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what it's going to be ten years from now, that's going to be anybody's guess. But I'm making the assumption that Hartford is going to continue growing and the rates are going to go up, not down, as the occupancy rate --

DIR. LAURETTI: They are not going to go anywhere for a long time because there's an awful lot of available space out there, everywhere, Connecticut and the Northeast.

MR. BOLDUC: The other side of the fact is we have a lease right now at 19 and three-quarters, and we have to also -- we have to accommodate their moving and building the windows. And that accommodation right now would move every wall in about -- that was an agreement that was signed by our predecessors in 2000, and we've looked at it and that doesn't give us much room to get out of it. So we need to do something. It's not an option.

THE CHAIRPERSON: Bud, what I'd like you to do just because other people haven't been at the table for this, all the other options you explored, including the

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other building and what brought us to this point, and the fact that we have a lease here that we cannot break.

DIR. COHN: That's the major factor that we have a lease that runs through 2009 that they are not going to let us out of. We would have to buy out of it, and the cost of buying out makes it prohibitively expensive to go anywhere else. So that --

DIR. LAURETTI: Why do we feel we have to go anywhere?

MR. BOLDUC: We're trying to work here. Picture this happens in the next six months during the winter. They're going to put up wooden platform, eight in from every wall. So there's going to be a wall here, wall there, and they are going to blow out those windows because they are going to replace them from the top. That's how they are going to do this.

DIR. LAURETTI: I don't understand how we could be put at a disadvantage and still pay the rent by them doing that.

MR. BOLDUC: There could be

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some protracted litigation. But I'm saying the memo that was signed by our predecessors we've gone through, and it's a pretty tight --

DIR. LAURETTI: But they can't be unreasonable. They still have to guarantee us the ability to operate. Without seeing that agreement, I don't know why we're feeling like we're up against it because of that or that we have to invest a million dollars of our money because of that.

DIR. COHN: That's not the reason we're investing a million dollars. We're investing a million dollars because the fact that they have to -- want to finish redoing this building creates an opportunity for us. They don't want us to move off this -- they would not want us to move off this floor; otherwise, they would not want to reduce the rates. They would not accommodate us in any way.

The fact that they have to get us out of the way to complete the building gave us an opportunity to get a financial benefit which we get by taking less space and

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taking it at a lower rate, and it's enough lower so it pays us to invest the money that we have to move and to build, and we still wind up paying less rent. There's a savings of roughly $150,000 a year after all is said and done, and I think we need to take that.

DIR. LAURETTI: I'm sorry, but I'm not seeing that. I think that those savings are only a possibility. I don't see it as being hard.

DIR. COHN: It's hard when we enter into a lease.

MR. KIRK: It's hard against the existing lease for sure. If we stay here and go through the heartache of the reconstruction, we will pay $19.75 per square foot through the end of the lease, whereas if we move we have the heartbreak of a move but we avoid the reconstruction and we pay 18.13 through the end of 2012.

THE CHAIRPERSON: Sir.

DIR. LATHROP: A question here. First, how long is the reconstruction expected to take?

DIR. COHN: Whatever we're

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able to move by the beginning of March.

DIR. LATHROP: I don't mean the move. I mean the window blowout.

MR. BOLDUC: We've heard somewhere about six to eight months.

MR. TRACEY: Six to eight months.

DIR. LATHROP: Because my concern is, with all respect, I want to make sure this isn't staff driven as distinct from financially driven.

DIR. COHN: I'll answer that. When my committee first raised the possibility of a move using the fact that they needed to have us out of the way in one way or another to get a better deal, some of the staff, some of the staff fortunately who's not here anymore, was very resistant to the idea. They liked the view. They liked the quarters. It's not staff driven. It was really driven by seeking an opportunity to save some money and reduce our space.

DIR. MARTLAND: As someone through the whole process who wanted us -- and felt exceedingly strong about it and in

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the committee and whenever we discussed it -- I wanted us to be where our activities are so we don't forget the kind of business we are in, I was always opposed to this building. I still don't like it. However, the numbers come out to our advantage, and there's no other way of defending an action, the action I would prefer, or any other action, than to take the lower floors. Arithmetically, financially it's to our advantage. And I was resisting all the way up to last week, as Bud can confirm.

DIR. LAURETTI: Bud, you're saying that the $150,000 a year in savings comes with the difference between 19.75 a foot and 18.13 a foot?

THE CHAIRPERSON: And some of the other pass-through costs. You've got to remember that.

MR. BOLDUC: There's an entire package.

MR. KIRK: I'd amend that. There's two savings here. One is the actual square foot price is less, but also we have the opportunity to shrink our needs a little

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bit so there's a savings there because we're buying less square footage, and that amounts to $150,000 a year.

DIR. LATHROP: A quick question to Jim. Have you worked out a present value analysis of not moving at all vis-a-vis the moving costs? I recognize that these are here, but I am not grasping that from the data, and I looked at it before I came. I'm just not -- to move costs X amount of money. That has a present value. And is that more than offset -- you're telling me, just reassure me that that is more than offset by the space savings and the slight decrease in rent; is that a fair statement?

MR. BOLDUC: Yes. And what we did just to test our sanity -- again, the finance committee got this in the package -- we had an independent outside consultant back in January put together an analysis for us of what the anticipated impact would be. This was done by Linda Friedrickson Design. And she went through the process, and I think, as I recall, came up with a number that was fairly significant as it would cost us a

minimum of $240,000 of just out-of-pocket cost as part of this cost.
Now, granted, we tried to renegotiate to get it back, but there would be out-of-pocket cost. And the result would be very disruptive to the organization because we'd constantly be moving things to try to accommodate. Just so you appreciate it, every floor up to the 17th and 18th the windows have been replaced and they take the scaffolding down. The way they would do these is coming off the roof, dropping scaffolding down and coming in off the top two floors, so it's going to be a much different kind of replacement for windows. So you're going to have jackhammering on the roof and who knows what happens with the computer system. But she concluded very -- I'm trying to find her comment here.
THE CHAIRPERSON: Bud, you looked into whether or not we could recapture some costs if we were disrupted, and you found that's not the case. Correct?
DIR. COHN: Well, based on that agreement that was entered into by the

prior management, we're stuck.
DIR. MARTLAND: There was a subsequent agreement by prior management of which none of us were aware in the early days, and Jim or Tom came up with it, and it pretty much cut our feet out from under us to complain about their rehabing here and we charging them, so to speak.
MR. KIRK: Our negotiating posture changed the day that -- we didn't have near the leverage we thought we had. We still have leverage, though.
DIR. LATHROP: Our lawyer's saying we're hog tied?
MR. KIRK: Hog tied isn't true. There is a responsibility they have to us as a tenant. What we've done and we have the --
DIR. LATHROP: Quiet enjoyment is the phrase that comes to mind.
MR. KIRK: Although we certainly retain some rights for use, we would be significantly impacted and would have little recourse financially to go after them. We basically agreed to allow them to

do this change while we're here and not stand in their way. Prior to discovering this memo, we were going to stand in their way and say you guys have to accommodate us, period, which is why --
THE CHAIRPERSON: Before this happened Bud was actually taking a look to see if this disruption was so much so that we could get even a better deal by moving to one of their other buildings.
DIR. COHN: The estimate that was prepared of the cost of the disruption was prepared because we wanted a basis for negotiating compensation. And then subsequently this memo was discovered and pulled the carpet out from under us.
DIR. LAURETTI: When was this memo agreed on, what year?
MR. KIRK: In 2000.
MR. BOLDUC: It was signed October 31, 2000 between Capital Properties and Bob Wright and Richard Cohen for Capital Investments.
THE CHAIRPERSON: Sir.
DIR. LOVEJOY: Can you afford

to get along with 1,500 less feet of operating space?
MR. BOLDUC: Yes. What we did there, Woody, is we -- one of the things we're trying to do is eliminate file space rather than paying $18 a square foot to store files. We're going to first go through record retention but then try to use Murphy Road and their facilities at the least cost.
THE CHAIRPERSON: Woody, at one point about a year ago we had staff take a look at us consolidating all into one floor and then shipping some stuff over and, again, we ran into the lease issue the state would have. Bud has been working on this.
DIR. COHN: Also when we had Linda Friedrickson working on this, it was based on a different building, but the person-by-person layout of how much space we needed we can be accommodated with a lesser space.
THE CHAIRPERSON: Sir.
DIR. COHN: The bottom line is we're not saving money, but it would go right into the bottom line of our expenses so that

our ratepayers are saving the money. I think that's our primarily obligation today. A hundred and fifty thousand dollars a year just on the Mid-Conn project would be something over 10 cents a ton. That doesn't sound like a whole heck of a lot. But right now every dime we can save for the ratepayers is important.

THE CHAIRPERSON: I think you bring up the point what I'll belabor the charge to this new Board was to take a look at how to mitigate the impact of the Enron but also to take a look and see what the organization should look like moving forward, and that's a review of all of our contracts, our contractors, and this space here became an issue. So everything we do really reflects back to what ultimately we have to charge our customers.

Sir.

DIR. FRANCIS: Just one comment. Going back to when we first started, I think that this space by itself was just an indication of some of the excesses of the past of what went on at the

CRRA. I remember reading it in the paper about the lease and why was CRRA having primarial stay in downtown Hartford and so on. And one of the first things we did as a board was to identify this as an issue.

So besides the cost savings, I think that it's a good move from the standpoint that we're getting rid of some old baggage that we carry.

DIR. LAURETTI: Bud, was any thought given to staying the full term to '09, which is for six years, I guess, six years or four and a half, five and a half years and renegotiating for space elsewhere in about a two-year time frame that would probably represent more accurately market conditions as they currently exist and not as this lease was signed or projected to be in some other years and then also understanding where we go once we get past 2012?

THE CHAIRPERSON: I think that's a good point, Mark. Let me just give you a big picture of this.

DIR. LAURETTI: If you think 150,000 is a good savings in one year, the

market conditions as they exist today are probably even bigger than that.

DIR. LATHROP: Fourteen bucks a square foot.

THE CHAIRPERSON: Some of the things that this Board is going to be involved in and management is going to be involved in is the Hartford Landfill, ash, reupping some of the contracts that we have, and there's a whole lot of other stuff that needs to be addressed by this Board. The other thing is going out, as Jim said, when we get to that '09, looking at the contract year of '12, okay, we probably don't want to be shuffling around administrative offices in the middle of the time frame between the years 2010 and 2012. I think by then we should have a fair amount of stuff corrected, if you will, but we're going to be entering a whole new stage so it's a matter of really strategic timing for us.

DIR. COHN: Strategic timing figures into other respects, too. One is that the landlords need to move us once the work is done so the opportunity to do

something is now.

The other strategic issue is that our existing lease, the timing is very unfortunate for us in that it expires in 2009. In 2012 most of our bonds are paid off. We don't know what our scale would be. What do we do for three years? It's awfully hard to negotiate a reasonable lease for a three-year period or do whatever build-outs. We're just much better off dealing with it now with the facts we have now and reaching a conclusion.

THE CHAIRPERSON: And I have an editorial comment. I think it's important for this board to make sure that not only in the reality, but also the appearance that this organization is strong and will be here needs to be a strong message. And I think planning this thing out terminus with the 2012 is also important for us and not have a company continuously in flux. We need to address our business, not our movement every two years or three.

DIR. LAURETTI: So what's the annual costs associated with this space,

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bottom line?

MR. BOLDUC: About 360,000 a year, plus any incidentals.

THE CHAIRPERSON: Good discussion.

Anything else?

DIR. COHN: Time to move the question, I think.

THE CHAIRPERSON: All those in favor of the move with the finances as substantially presented?

Opposed?

DIR. LAURETTI: Abstained.

THE CHAIRPERSON: We have one abstention. Okay.

So moved.

DIR. O'BRIEN: Mr. Chairman, on behalf of the chairman of the finance committee, I would move the resolution regarding economic advisory services behind tab 5.

THE CHAIRPERSON: Okay. Tom, are you addressing this one?

MR. KIRK: Actually, Jim can kick it off.

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DIR. COOPER: I second it for discussion.

THE CHAIRPERSON: Thank you, Mark.

MR. BOLDUC: Actually, Bettina did all the work on it, but I'll kind of walk you through it and any specific questions she can help me with.

Back a while ago we had a financial advisor which is typically what the Authority has hired. And the financial advisors are really kind of focused on doing a bond issue or a bond deal. The financial advisory services that we've had was expiring this year. We did a temporary extension to get us through some activity we had on a Southeast project bond that we were trying to refinance. That eventually did not move ahead and the contract expired.

As we were looking ahead to what we needed in the next year or two, it seemed clear to me that we really weren't looking for a financial advisor to do a bond. We're not really at that point where we're trying to do financing, and if we did get to

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that point then we could get a financial advisor to help with bond dealing and do that.

But what we're really looking for -- and this is the first thing I think we've done one of these, and it was a little bit unusual in the marketplace, but we were looking for an economic advisor. What we're trying to set up here was a situation where as we move into kind of more, I think, critical aspects of the Authority's business -- we just got done with the strategic plan. And clearly as we move to our Board retreat on, what, the 19th of December, which would be phase one of probably a number of meetings, we're going to need advisory services of probably an economic nature probably an engineering nature.

And what it was looking for here was that as we probe into various business models for what this agency, whether it exist in its current form or what it would look like post the 2008 Bridgeport contracts, the 2010 Wallingford, and the 2012 Mid-Conn,

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that at some point the state is still facing an issue of getting rid of MSW.

And whether we're here or not, that's not going to stop the garbage from coming in. Right now it seemed clear, since Tom and I have been here, there really hasn't been much -- everybody is fixated on the end of the bond dates, and that's nice but that doesn't mean the garbage stops at that point either.

So we've been working to put that together in a lot of discussions. And so at the end of the day it may require the need to do some kind of -- and I won't say creative financing. I'm not talking creative in terms of derivative type stuff, but creative in terms of what's traditionally not been the way we've done things that we would have to present those three things at some kind of a subordinated structure or something.

They would be fairly plain vanilla, but they are going to need also be supportive in terms of what the extensions on municipal contracts would be, the vendor contracts, basically kind of going back to where this organization was back in the eighties starting over and saying how do we create a future for handling garbage in the state.

There's a lot of competitive situations that are going on with Wheelabrator and some of the others. We'll have an unregulated monopoly very soon the way they are buying updates. And they are not just buying it; they are buying the full distribution system from pickup to elimination. So that's something the state has to deal with. And as a region how do we deal with that?

So, in the process, as we move forward to develop these ideas, they are going to require capital and require expenditures and require at some point having to go back to Wall Street and do some kind of financing. I thought it would be helpful to have somebody who's on Board who had that experience that we could throw ideas on the wall and they can provide us, as a group, with some guidance, such as, is this going to

sell, is this not going to sell.

We're not trying to sell anything yet but really to kind of get that kind of street input that -- you know, it's a very unique process out there but clearly not unique to the CRRA. And so we've changed the character of it to an economic advisory service, and that's really what we did.

We did an RFP. We got a number of groups. Maybe I could have Bettina just explain the process and then where we ended up, and I can talk about what we talked about at the finance committee and who we selected.

MS. BRONISZ: There's the second tab in your book under tab 5 that shows the chronology, basically, of what we did to advertise. We got a number of firms that did submit proposals. We also got a fair amount of firms that declined to submit proposals. Not surprisingly, they were the major Wall Street firms who really their focus is to underwrite bond issues, not to provide economic advisory service. Five firms were interviewed -- they are also on

that page -- and of the five came up with a recommendation which is presented to the Board today.

MR. BOLDUC: With the five we had a session with members. I think, Ray, you were involved. I think Andy was involved. We asked John Mengacci to sit in, and we had all-day interview sessions with the five candidates. They all presented very well. But, again, our focus was not on financial advisory, more on economic advisory, and at the end of the day we selected who we'd recommend to the resolution, Environmental Capital.

They were founded in 1990. The lead principal has solid waste experience both with Bear Stearns and at Manufacturers Hanover in New York. He's done a lot of activity with waste to energies across the Northeast, primarily in the Northeast which is good for us. I've got his resume here I can go over with you.

That's the group we're recommending. Their price structure was the best in the group, and they, I think,

presented very well. And that was what we had talked about as a subgroup that presented it to the finance committee, and the finance committee, I think, talked about it. I know Andy from the finance committee made the recommendation.

THE CHAIRPERSON: Yes, sir.

DIR. HEDBERG: I'm just wondering, what is the fee that we're paying every year for three years?

MR. BOLDUC: It's not a retainer. It would be based on work as we scope it out. Their rates were 125 to 195. The highest rate is we had quotes of 500 a month plus a retainer.

DIR. O'BRIEN: An hour.

MR. BOLDUC: I'm sorry, an hour. Five hundred an hour. And we had one range from $80 to 300.

DIR. HEDBERG: How many hours a year are we looking to have? What's the final estimated cost for this?

MR. BOLDUC: I think that's really going to be our call, management's and the Board's, as we move through the strategic planning process, what we want to engage them to do, where we feel they can be of help, and then give them specific targets to do.

THE CHAIRPERSON: Art, do you want to go?

DIR. LATHROP: Just a comment on it. I've never been a fan of advisors, and so forth, but given the high profile that our corporation has, we need this simply for protective reasons in terms of doing due diligence. So I'm very supportive of it. It sounds good.

THE CHAIRPERSON: One of the things I'm sure the Board -- we've been talking about taking a look at what the business model should be. One of the things going back, if you recall, through the steering committee and through your consensus, we turned over to management at least a framework of what we're looking for from management to come together on what the new business model would look like, and so on. If you also recall, I had Art Rocque come to one of our meetings.

I think the thing that we have

to do here, all right, is one, get the state to update its solid waste management policy, and that's why Art Rocque needs to be at the table. And he has mentioned to us that he's willing to do that. We need to start to move forward on that.

Along with that, we have to take a look at the delivery of our services, and we're taking a look at how we can better deliver those services working with some of our contractors that hopefully will remain with us, but we have to take a look at that. That's another charge. That will work into our business model. On the 19th is when we will have our first strategic planning session, and we've made arrangements to have it down at the shore. And we anticipate to have a full day exercise.

Going forward on that, we have to also in that model plan out the facilities when they will come to their extinguishing point, if you will. We have to take a look at what the public's interest is -- that's where policy comes from -- and then what our charge is to collect garbage, the core

business.

We also have to take a look at what special interests have out there, and there are some special interests, some political, that will not necessarily work toward the benefit of CRRA being restructured.

And then there are competitors such as the Waste Managements of the world. And there is a sense that we do have to take a look whether or not any segment or part of the business could be served better by the private sector. Some of us believe that it's important that CRRA be around so that as was said in -- I'll let Tom explain this probably better than I.

We set the floor for the public's interest; the private market will set the seal. So if we're out there managing the state's business to the public's interest and keep our tip fees as low as possible for our municipalities, we can set a floor where private enterprise will try to set that ceiling somewhat higher, obviously, for their reasons.

Why is that important public policy that goes beyond us? And I've talked to the AG a little bit on this. My mind from the municipality, and you run municipalities too, the less money each municipality has to spend for getting rid of their garbage, it allows them the basic of economics distribution of resources to go for health, education, welfare and quality of life issues in your town. Those tax dollars can go someplace else at the local level.

So that's the big charge here. That's the big picture. That's what the strategic plan bringing in the DEP, taking a look at all of our contracts, taking a look at the move. All of these things are not isolated little issues that Bud's been working on with all our policies, finance. This is the big picture for us to start moving forward on what this company will be like going out in the next number of years.

In the meantime we still have to figure out what to do after Hartford Landfill closes. So that's the snapshot, at least from the Chairman's point.

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Sir.

DIR. O'BRIEN: I guess I'm the only one here that participated in the interviews. And first off, I'd like to recognize John Mengacci's contribution in sitting in and his comments. He knows a lot more about this type of business than I do, and, as well, Andy felt the same way. And Bettina prepared a very nice matrix for us so that we could make notes as we were going through the interviews by the type of characteristics we were looking for from a financial advisor.

But although I support management's recommendation for Environmental Limited, I had another firm that I rated about as highly, but that was as much because of the other person they wanted, and it wasn't directly related to financial as their financial expertise. I can support this resolution without reservation.

THE CHAIRPERSON: Any other comments? Concerns?

Sir.

DIR. GRISWOLD: Is this

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$50,000 budget item that we see under tab 2 which says -- on page 3 of tab 2 -- other consulting costs, 50,000?

MR. KIRK: No. We haven't associated a spending amount with this yet. This is purely choosing the economic advisor who will be available to us on a hourly basis or as-needed basis whenever that -- our purchasing procedures provide for whenever that spending with that consultant reaches a certain level we go back to the Board.

DIR. GRISWOLD: Do we have some dollars to pay for this, though, in the budget going forward?

MR. BOLDUC: We would be looking in the '04 budget to start.

MR. KIRK: In the '04 budget there will likely be modest amounts of money spent with this. This is more or less to identify who we want to build a relationship moving forward with. I would imagine our first major project with an economic advisor would be consideration and conceptualization of the refinancing of the Mid-Conn bonds. That's out there as our first likely project,

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but we don't have a scope of work.

DIR. O'BRIEN: What we discussed during the interviews was assistance in structuring how we approach the municipalities to get them to sign up beyond 2012.

MR. KIRK: Correct.

DIR. O'BRIEN: And we can't defer that very long because 2012 is coming very rapidly.

THE CHAIRPERSON: I think there's some key words, not to belabor this too long, in the paragraph here in the second line, this economic value with regard to long-term strategic plans of the Authority, provide market information -- we need that in order to know what the rest of the world is doing -- on other comparable solid waste authorities and to take a look at innovation.

And that innovation basically deals, again, with our core business. I need that to be said. We are not looking to expand beyond our core business for innovation. That's our charge. That's what we intend to stick with. Am I correct, Tom?

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MR. KIRK: Absolutely. Garbage are us.

THE CHAIRPERSON: Garbage are us.

(Laughter.)

DIR. LAURETTI: Tom, are you in a hurry to do this? I see the contract starts on November 21st of '03.

MR. KIRK: Honestly we're not in a rush. And if this is something that needs to be put off, there's no timeliness associated with it at all.

THE CHAIRPERSON: We could carry this, if you wish, beyond and after we meet on the 19th, but this is something we need to do. We need to go into this new era, so to speak, with our eyes open with the best information we can and not stay within the confines of just Hartford.

MR. KIRK: If we were to decide today, it's not out of the question that a representative of this firm would be available to us as a resource on the 19th session.

THE CHAIRPERSON: Bud.

DIR. COHN: I was just about to say I don't think entering into it tomorrow, per se, is critical, but we ought to have them under contract so we can have them present on the 19th.

THE CHAIRPERSON: Or something close to. I thought the 19th we needed to get together and come up with a common language of what we want to do and then lay out some benchmarks going forward.

THE CHAIRPERSON: Ted.

DIR. MARTLAND: I've got a bias I want to talk to you about. My niece told us the people we should contact in Sweden.

THE CHAIRPERSON: You've got to pay your transportation costs obviously.

DIR. MARTLAND: No, you can do that through E-mail. But I think we should go ahead with this. We need this type of thing. That doesn't mean we have to spend money now. It just means we have someone whom we can discuss the issues with, and that doesn't involve a fee immediately. So I'm very much in favor of this.

THE CHAIRPERSON: Raymond.

DIR. O'BRIEN: Art just made an offhand comment about learning curves. One of the things that impressed me with this company is it was obvious -- in fact, they stated it -- that they had reviewed the report we made for the legislature last year. They were fairly well up to speed on what CRRA's business and what our problems are right now. So they've done a lot of homework to get to the interview.

MR. KIRK: I'd add one more thing to your earlier comment, Ray, that the second place finisher finished strong because of a partner in their bid. This is a solid waste expert, who, I would add, is available to us as a consultant anyway. So we're not losing anything by not choosing that second place finisher who was very impressive.

THE CHAIRPERSON: Any further comment? Questions?

Hearing none, the motion is on the table. All those in favor?

Opposed?

Abstained?

So moved.

THE CHAIRPERSON: Gentleman, item 5 we're going to pull from the agenda. This is action that would have been sought for an investment policy.

Bud, we have to advertise this. Correct?

DIR. COHN: I think so, yes.

THE CHAIRPERSON: Item five, tab 6.

DIR. O'BRIEN: Are you going to advertise that?

THE CHAIRPERSON: No.

MR. KIRK: No, we weren't able to get it into the -- there's only one place we can advertise, the Connecticut Law Journal.

THE CHAIRPERSON: I see an expression on Bettina's face that is indicative that she needs to say something.

MS. BRONISZ: No. Tom is doing it for me.

MR. KIRK: Unfortunately we weren't able to get it in by their deadline, and the statute calls for it being advertised

in only one journal, the Connecticut Law Journal. So we will have it available for the December -- I believe it will make the December meeting.

THE CHAIRPERSON: Sir.

MR. BOLDUC: Jim, do you have a couple suggestions you want to make because it would be helpful --

DIR. FRANCIS: Yes, I did, actually.

THE CHAIRPERSON: The Chair will entertain that. We're just going to pull it from the agenda for action but for discussion --

DIR. FRANCIS: It was really just a procedural thing. It's on page 3, 8.0. There was a question -- I didn't even really know why we were doing this. It seems we were having a CFO establish and continually maintain a list of brokers, dealers and other institutions, and yet whenever we were going to use a certain instrument we had the competitive selection, we'd go out. And then further back it says specifically what agencies we have to use, and 8.0 didn't seem to add anything but workload. I mean, that's a continuous effort to keep that list maintained.

THE CHAIRPERSON: Bud, any --

DIR. COHN: Perhaps --

THE CHAIRPERSON: Do you want to take it under advisement?

DIR. COHN: I was just thinking, perhaps instead of removing it there might be some circumstance where we wanted to, maybe we should just change it to a "may" instead of "shall." Does that make any sense?

DIR. FRANCIS: That's fine if Jim wants to do this.

MR. BOLDUC: We'll take another look at that.

THE CHAIRPERSON: We'll take Jim's comments under advisement. Thank you. Sir.

DIR. HEDBERG: A different topic, but, Jim, why is it you're limiting some of those plants to not being able to invest in commercial paper, corporate bonds, money market funds; why is there a limit on

that?

MR. BOLDUC: Putting aside the bond indenture funds, our other funds, probably the most key words in this whole thing are on page 2 under 4.1, that first sentence. And if the Board wants to change that, that's the only way I think we can get into those areas. But as long as that's the stated principal, it pretty much precludes Bettina and I from getting too far off into more aggressive funds. That statement to me would also eliminate bond -- if the objective is to guarantee 100 percent principal -- and I'm not saying it's wrong. I'm just saying that does limit the investment choices.

DIR. HEDBERG: Why does Bridgeport have "yes" under theirs and the others don't?

MS. BRONISZ: Those are all done by bond resolutions. We can't change those. Those were established.

DIR. HEDBERG: And for those of you who know the document better, is there any length of time as far as maturities on these things if you were to buy a Ginny Mae

bond?

MR. BOLDUC: What we would do is try to match up the various reserves. And these reserves we're always talking about, some are due at different intervals depending upon the postclosure reserves of the various projects. What we would try to do is stagger the dollars that we're investing to take advantage of longer maturities. I don't think we'd lock them in necessarily. That's something we need to take a look at, too, within the structure to be able to maximize.

DIR. HEDBERG: I guess my only concern when you're talking about preservation of principal, depending on what some of the maturities are, if they extend out four or five plus years with our interest rate environment right now and what was the greatest investment ten years ago certainly might not be today. Limited partnerships in the eighties were the thing, and they obviously weren't the thing in the early nineties.

I would just be concerned about, depending on how you value these

things, if you buy a five-year government bond or a Ginny Mae bond right now, two years from now interest rates go up, your bond could be worth a lot less, whereas if you're limiting yourself to not investing in commercial paper and money market funds, I'd just rather see you have the flexibility of being able to do that, but if that kills the meaning of 4.1 --

MR. BOLDUC: Well, there's really two things. The limitations on that matrix are set by the bond indentures. We can't change those. So the only thing we can control are the nondebt service funds, and those are identified in terms of how we would --

DIR. O'BRIEN: Appendix E.

MR. BOLDUC: Appendix E. Those are the latitudes we would invest the other funds and commercial paper does pop up in there.

THE CHAIRPERSON: Art, you want to add to that?

DIR. LATHROP: I just want to ask a very quick question.

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THE CHAIRPERSON: What page are you on so we could all share it?

DIR. LATHROP: I'm on page 8, although it's unnumbered. What is an investment agreement within the -- as a term of art used on that page? Everybody knows what commercial paper bonds, ICUs, are, money market, et cetera. Investment agreement escapes me.

MS. BRONISZ: Guaranteed investment contract.

DIR. LATHROP: It might be good to -- every other item there is footnoted with an explanatory item, and that's the one that would probably be the murkiest. Thank you.

THE CHAIRPERSON: Yes.

DIR. MARTLAND: I have basically two questions. One, I want to ask both, one, aren't we somewhat limited to the kinds of things we can invest in the way the municipality is; and two, in so much that we do so much borrowing, are we protected from playing the arbitrage game?

MR. BOLDUC: I think the

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answer to your first question, Ted, is what we have here is we looked at some of the other quasis, and this is a lot more restrictive than they have been and primarily because a chunk of the investment really is driven by the bonds and projects on that page. We really don't have an option. The balance of it for dollars it's really going to be set by what this Board says under the guidelines of Exhibit E. So I think we have the protection. It's not that we can't change these things. You can always add to these things. The second section under E, I would think we could develop the process and the control procedures.

"Q: On the second one, I don't think we're governed in the sense of the municipals because I think -- we're in the marketplace. We're not in the marketplace as actively. We have very specific capital bonding projects and there's servicing of those bonds, but it's just not the same kind of cash flow that they are receiving on an in-and-out basis. Ours is more just paying off the debt and building on

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some cash reserves.

MS. BRONISZ: The IRS does not allow project bonds -- does not allow positive arbitrage anymore --

DIR. MARTLAND: No, they don't. There's subtleties to doing some of it. But, I mean, it's something I wouldn't want to see us get caught in.

MS. BRONISZ: No. And we do have an outside -- they're called Amtag, which monitors the arbitrage that we do pay positive or negative. And if we are in the position where we do positive arbitrage, we are required to go back to the IRS. So that's monitored constantly.

MR. BOLDUC: In talking to Frank Robinson, we've got a long ways to go.

DIR. LAURETTI: There's no action on this today?

THE CHAIRPERSON: This item is going to come back. We're going to pull it for today. We'll probably see it in December perhaps. So if you have any other comments, why don't you shift it over to management either by e-mail --

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MR. KIRK: Please give us your comments as soon as you can. If we do make changes we will have to --

MR. BOLDUC: I'd like to get comments because we need to put it out in the notice.

MR. KIRK: We missed the December -- if we do make changes to this, we'll see it again in January for a vote. So if you do have additional comments --

THE CHAIRPERSON: Monday morning would be good.

MR. KIRK: -- get them to us this week and we'll see this back again in January.

THE CHAIRPERSON: Okay. Next item.

DIR. O'BRIEN: Mr. Chairman, I'd move the resolution behind tab 7 regarding waste hauling and disposal services.

THE CHAIRPERSON: Tom, are you going to talk about this?

MR. KIRK: This is pretty straightforward. From time to time we have a

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need to divert tons from either the Mid-Conn or Wallingford projects, primarily due to planned and unplanned outages and excessive deliveries, seasonality in the delivery. This is a rebid of our hauling services, hauling and disposal services.

THE CHAIRPERSON: Ray.

DIR. O'BRIEN: Has this been presented to and reviewed by Wallingford because it applies -- in other words, they are committed once you sign, as well?

MR. KIRK: The answer is no, but it's our responsibility to remove the excess from Wallingford.

DIR. LAURETTI: It's a day-to-day thing; is it not?

MR. KIRK: Literally day to day. In the morning we decide how much we have to move, if any, and we move it out. So, although they are familiar with the contractors and our enforcement folks are down there on a daily basis to help manage it, we didn't ask them to review the bids.

DIR. O'BRIEN: This is for excess received by Wallingford to move it

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out?

DIR. LAURETTI: And Mid-Conn.

DIR. O'BRIEN: But I'm just concerned about the Wallingford aspect of it. I think it would just be good business practice to have them look through this and make sure that there's nothing in there that -- if we approve it today, I would recommend that it be forwarded to them for any comments.

MR. KIRK: We can certainly do that.

DIR. LAURETTI: How often do they meet? Do they meet monthly like Bridgeport?

MR. KIRK: No, bimonthly like the SWAB.

THE CHAIRPERSON: The tonnage of export going out of state increases relatively the same? It looks like it's up in '03.

MR. KIRK: It's quite honestly a guess as to what we anticipate. We do expect less diversion and less export. Two issues here: One is diversion of projects in

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the state, and the other is export out of state. As our tip fees rise, we expect less need for that. And as our production improves at Mid-Conn, we expect less.

THE CHAIRPERSON: For our new board member, there's a significant difference in the price per kilowatt hour we get from Wallingford to Mid-Conn. One is 3.1 and the other one is, what, 23?

MR. KIRK: It's over 20 cents. We never let Wallingford run short. And it's been asked and, no, we can't run an extension cord up to the Mid-Conn project.

THE CHAIRPERSON: Ray, any other comments on this? Mark?

DIR. LAURETTI: Forward march.

Okay. We have a motion on the table. All those in favor?

Opposed?

Abstained?

So moved.

Next item is a resolution regarding rolling stock.

DIR. O'BRIEN: Mr. Chairman, I would move the resolution regarding rolling

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stock that follows tab 8.

THE CHAIRPERSON: Okay. That has a cost factor of 77,500.

Tom, are you going to speak to this?

MR. KIRK: Yes. We run quite a number of vehicles, a rolling stock of 185.

THE CHAIRPERSON: Excuse me. I just heard a comment from the right-hand side. Was this seconded?

DIR. COHN: I second it. And I have a question when Tom is finished.

MR. KIRK: The Lennox Group is a consultant we've used for many years to be our expert on vehicle maintenance, inspection, repair. This is what amounts to a renewal. We've reduced the scope of services based on the fact that we have developed some expertise in house on our engineering and operations group such that we can drop the requirement from three full inspections per year down to two.

These are DOT and federally required inspections. Unfortunately it's very difficult to get interested folks to bid on this work. We were only able to get one bid, but the price we still feel is reasonable, and we'd recommend the Board approve this resolution.

THE CHAIRPERSON: If you take a look at page 2, just before Ted asked the questions, it's a reduction of 32,000 over current year.

DIR. MARTLAND: DOT doesn't do inspections as they do other trucks?

MR. KIRK: They qualify private companies to essentially out to contract.

THE CHAIRPERSON: You were going to say something?

DIR. COHN: Is there any particular reason why there's so little bid interest?

MR. KIRK: I don't know what the reason is. My sense is we have a very big contract. One hundred eighty-five trucks is a big fleet. And the Lennox Group is a power house, if you will. They do a lot of this. Fuss & O'Neill, we don't know why, in particular, they haven't bid waste equipment

services, but I can't answer the question. I don't know why.

DIR. LAURETTI: How long does it take for them to do the testing? Is it ongoing throughout the year? Do they come in once every six months and blow it out?

MR. KIRK: No. It's an ongoing process, but there is a discrete beginning. They'll come and they'll start with tractor number one of our 185 pieces and work their way through the fleet. And by the time they're done it's near ready to start again.

THE CHAIRPERSON: A hundred and eighty-five pieces you said?

MR. KIRK: Between tractors, loaders, trailers, pickups.

THE CHAIRPERSON: And it's about roughly a $32,000 cost per event?

MR. KIRK: But they are also our consultant, if you will, for maintaining a watchful eye on the contractors we use to maintain the equipment.

THE CHAIRPERSON: Just so people know what we're getting for our

services.

MR. KIRK: For instance, they were instrumental in helping us establish market value of the trucks in our negotiation with the Manafort Company to unwind the truck deal for the two transfer stations.

THE CHAIRPERSON: Sir.

DIR. FRANCIS: Did you say the Lennox Group was doing it prior to that?

MR. KIRK: Yes.

DIR. FRANCIS: Do we have a comparison of the cost per inspection from what they were charging to what this --

MR. KIRK: Yes, we do. I don't have that available. I can get it for you. Virginia can pull that together.

DIR. FRANCIS: I was just interested because of the fact that there's only one bid and what that meant from a cost standpoint.

MR. KIRK: The total costs are lower but that's a different --

DIR. FRANCIS: Different scope.

MR. KIRK: We'll get that to

you before the end of the day.

THE CHAIRPERSON: Ray.

DIR. O'BRIEN: To help our cash flow problems, because we will spend this money in this fiscal year, likely based on the presentation you made a few months ago, likely won't get reimbursed by DEP until the next fiscal year, may I suggest --

THE CHAIRPERSON: Boy, are you optimistic, next fiscal year. It was a poor joke. That's all I can say.

DIR. O'BRIEN: I was just going to suggest that we ask DEP formally to allow us to test in July instead of April and make that the annual schedule, if they can, so at least we'd be testing and paying and getting reimbursed in the same fiscal year which helps our cash flow. I'm not optimistic about that either, Mike.

MR. KIRK: I'll chase that down, cash flow timing issue.

DIR. O'BRIEN: Tell them the alternative is to speed up the reimbursement.

THE CHAIRPERSON: That may be a problem.

DIR. O'BRIEN: That's a poor joke, too.

THE CHAIRPERSON: I know.

Okay. Any further discussion? The Chair did recognize a second to that. So all those in favor?

Opposed?

Abstained?

So moved.

Moving on, we're on tab number 9. This deals regarding annual stack testing for calendar years '04 and '05.

MR. KIRK: This is the --

THE CHAIRPERSON: Dioxin tax. Is there a motion to put it on the table?

DIR. MARTLAND: I so move.

THE CHAIRPERSON: Second? Mark.

DIR. O'BRIEN: Didn't we just do that one?

MR. KIRK: No. You jumped ahead. The rolling stock we were doing. DEP is not going to reimburse us for the rolling stock.

DIR. O'BRIEN: Oh.

THE CHAIRPERSON: That's why I was making the joke. You didn't catch on to it.

DIR. LAURETTI: I was going to say same discussion applies.

THE CHAIRPERSON: And the Reporter is going to have to forgive us that Art Rocque was going to reimburse us for that. That was the joke.

DIR. O'BRIEN: Okay. I was off. My apologies.

MR. KIRK: I think we got a second.

DIR. LAURETTI: Call the vote --

THE CHAIRPERSON: All right. You can see TRC will be performing the annual emissions for the Mid-Connecticut site.

Any questions? Comments? Everyone knows we are mandated to do it.

DIR. MARTLAND: What's our reimbursement?

MR. KIRK: A hundred percent reimbursement from the DEP. That sounds a lot better than it is. They collect about a

million and a half from us and they reimburse a hundred thousand.

THE CHAIRPERSON: If you recall, this was the issue -- while it's on the table, this was the issue last year. We took a look at what our return was, and there's a big delta between what we pay over and what we get back in return. And we had actually asked if whether or not our 50 cents a ton -- or the dollar a ton at that point could be reduced, and the Bristol Resource Recovery was in agreement with that. And then we all found out after the fact by surprise that, in fact, OPM had increased our tip fee by 50 cents which cost us more money.

DIR. LAURETTI: We won't do that again, will we?

MR. KIRK: We won't be surprised again.

THE CHAIRPERSON: I think the issue is, again, I bring to the table that this is really a tax that does not come back for the benefit for which it's being charged but goes to offset costs at DEP for other reasons. All right. That is more than an

editorial comment from the Chair, but it's something that we need to take a look at for our next legislative package, as well.

Any further comment?

Sir.

DIR. LOVEJOY: At the Bridgeport meeting last week, the subject came up regarding the 50 cent increase, and it was our understanding that the comment was made in order to cover -- or in order to prevent the reduction in staff the funds were necessary. Would it be inappropriate if Bridgeport started asking questions of DEP to give us more detail on how this arrived? I don't want to stir up a pot, but I'm getting a little annoyed.

THE CHAIRPERSON: No. The Chair has probably already stirred that pot. What we do have, I've gone to CCN, their last meeting. The Bristol project will bring forth legislation. We, CRRA, will support that legislation. We have asked that CCN also support that legislation. So anything that you can do with your legislators.

And, again, as I talked to Art

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Rocque way back when, he can't play a zero sum game either. He needs a revenue stream. But there was opportunity, I think, for DEP and us and Bristol to sit down and over a period of time mitigate those expenses to us all, and unfortunately what happened is somebody went the other way. So through CCN at cost, I think we try to build our argument there.

MR. KIRK: I'd also like to point out that our management here is pursuing very creative approaches to a portion of the statute that allows us to request reimbursement. In the past years we've only been reimbursed -- only requested and been reimbursed for what I call the wet chemistry stack tests. We are preparing requests for reinbursement for a number of other tests we've run and are required statutorily, including ash tests, that we think very neatly fit inside the intent and the letter of the statute.

So as much as I would hope the Board supports moving to reduce the dioxin tax, we think there's potentially some modest

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good news in that we will be able to get more of our other costs reimbursed from dioxin tax collections.

DIR. O'BRIEN: Maybe.

MR. KIRK: We're certainly going to turn over all those stones. We spend a fair amount of money on ash testing, and we think that's very clearly reimbursable.

THE CHAIRPERSON: One thing that's part and parcel to this is why we do this is that I did get a call from East Hartford, Stephanie, the environmental group. As you know, we did a lot of work to the smoke stacks there for the odor, and so on. We're going to try to continue with good friends toward East Hartford and anybody who had an impact from that before, and I've asked Tom to set up a meeting with those environmental groups so that we keep an ongoing dialogue with them, be it for something of the past or looking forward to the future.

So I say that because through the legislation, Woody, or anything else we

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are not looking to not do this, all right, or anything else that's in need for the environment. It's just a matter of how those costs get allocated and shipped back.

Any further discussion? Seeing none, all those in favor?

Opposed?

Abstained?

So moved.

And legal counsel.

DIR. COHN: I'll move the resolution.

DIR. O'BRIEN: Second.

THE CHAIRPERSON: Who will speak?

DIR. COHN: I'll speak to it. As I think you all know, our general counsel outside general counsel, withdrew due to a conflict of interest. We interviewed six firms, I believe it was, and we were most impressed with Halloran and Sage and recommend them as our new outside general counsel.

THE CHAIRPERSON: Who else was on that, Ray, and -- so we have four members

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here. Just for the record, any concurring statements to make?

DIR. O'BRIEN: I endorse the recommendation. As we discussed it after the interviews were over, that was the leader of the pack.

THE CHAIRPERSON: Mark, you had a question?

DIR. LAURETTI: I don't have any issue with Halloran and Sage as to the recommendation. I just was wondering about the monetary consideration, any change in the fee structure.

DIR. COHN: The fees that they proposed were close but not exactly what we've been paying to our other counsel. Ann had instructions to go back and negotiate it further. I don't know where she wound up on that.

MR. KIRK: Those are still ongoing.

DIR. MARTLAND: Their fees were somewhat lower. What we're negotiating and one of the things we discussed is if they come to a board meeting how are they billing us, that kind of thing.

DIR. O'BRIEN: One of the advantages they offered us is they are familiar with our business. Their lead counsel is Peter Boucher who did a lot of work with us to get better return for our electricity finally off the part we owned or the part that Enron would have owned. So they are familiar with us, and that was one strong point in their favor.

THE CHAIRPERSON: So to Mark's question.

DIR. COHN: Let me make a suggestion that we change the resolution slightly since the negotiations on fees is still open that we make this election contingent upon satisfactory conclusion of fee negotiation.

DIR. O'BRIEN: That was part of what I seconded.

DIR. LAURETTI: Were they higher than the existing counsel?

DIR. MARTLAND: No.

DIR. COHN: If I remember right, I think their partner rate was

like 270 and we're paying 260, so it was very close. It's unusual for the initial proposals to be that close. Usually they are a whole lot higher.

DIR. MARTLAND: They also had a lot of experience with other governmental agencies in the State of Connecticut which helps us. They had attorneys that used to be with OMB or something, so they had people who were more well acquainted with how our other agencies that affect us operate.

THE CHAIRPERSON: Mark, you had another question?

DIR. LAURETTI: Just a general comment that I wanted to make. I think it's important because we're all about money here. It's nice to be in the board meeting and not see 35 people that are all on our nickel, whether they are our staff employees or whether they're attorneys.

THE CHAIRPERSON: I think that's why we've moved the meetings here from Murphy Road because we don't have to have the staff transport down there. And as many of the unique types of events that we've had to

deal with over the last two years disappear, our need for those kinds of attorneys will diminish.

DIR. LAURETTI: That was a tremendous distraction for me to try to do the math every hour.

THE CHAIRPERSON: At one point the Chair was signing those bills. And my favorite comment to them was that this is on your nickel.

Now, upon this motion we've just made an amendment to that upon satisfactory, okay. Before we vote on that, okay, that satisfactory consultation, I would hope that this Board would leave to Bud and his committee as opposed to having to come back. Would that be agreed --

DIR. LAURETTI: Seeing we're in the ballpark price range, I would agree.

THE CHAIRPERSON: Just so the Board knows, this will not come back unless it falls apart. But if Bud and the committee agree on the satisfactory arrangement with the dollars, they would have the authority to move forward. Agreeable?

DIR. O'BRIEN: If they agree then with the president with regard to moving forward.

MR. KIRK: I'd, of course, call Bud and tell him the final resolution of the rate.

THE CHAIRPERSON: But it would not need further Board action. Okay?

Knowing that, we'll call for a vote on the amendment. All those in favor?

Opposed?

So moved.

Now, on the main motion. All those in favor?

Opposed?

So moved.

Now we have an executive session.

DIR. O'BRIEN: Mr. Chairman, I will move a short recess followed by an executive session.

THE CHAIRPERSON: The Chair enjoys that short recess. Thank you.

(Whereupon, the above proceedings were adjourned at 11:15 o'clock a.m.)

TAB 2

RESOLUTION REGARDING THE ADOPTION OF THE FISCAL YEAR 2005 CRRA SOUTHEAST PROJECT OPERATING AND CAPITAL BUDGETS

RESOLVED: That the fiscal year 2005 CRRA Southeast Project Operating budget in the amount of $11,512,342 and the Capital Budget for $1,700,000, which represents 92% and 100%, respectively of the total budget be adopted as substantially presented in the form as discussed at this meeting.

Fiscal Year 2005 Southeast Project Operating & Capital Budget

December 11, 2003

Attached is the proposed fiscal year 2005 Southeast Project operating budget and capital budget, which includes a four-year capital plan and projected surpluses through FY15.

Executive Summary

The overall proposed operating budget reflects a $300,000 or 2.6% increase from the adopted FY04 budget. The CRRA portion of this budget reflects a $260,000 or 2.3% increase from the adopted FY04 budget.

A copy of the memo presented to the CRRA Finance Committee at their December 11, 2003 meeting detailing the major assumptions within this budget.

Recommendation

The Finance Committee approved a motion to recommend that the attached budgets and resolution be submitted to the CRRA Board of Directors for approval.

Pursuant to the Bridge Agreement between the Southeastern Connecticut Regional Resources Recovery Authority ("SCRRRA") and CRRA, CRRA will develop and deliver a budget to SCRRRA. Upon receipt of such budget, SCRRRA will include their administrative costs and set the tip fee for the next fiscal year.

The SCRRRA Executive Director had requested CRRA delay adopting our budget in November in an attempt to finalize costs related to the installation of a Selective Non-Catalytic Reduction ("SNCR") system for emission control. The resolution as to which vendor to use for this system remains open, but due to contract requirements the attached budget needs to be adopted in December.

The SCRRRA Board of Directors adopted the attached budget and a member tip fee of $60 per ton at their December 10, 2003 meeting.

Fiscal Year 2005 Southeast Project Operating & Capital Budget

December 8, 2003

Attached is the proposed fiscal year 2005 Southeast Project operating budget and capital budget, which includes a four-year capital plan and projected surpluses through FY15.

Executive Summary

This proposed operating budget reflects a $300,000 or 2.6% increase from the adopted FY04 Southeast Project Budget.

A. Revenues ($300k Increase)

a. Service Charges Solid Waste – Member ($1.54M Increase)

- Tip Fee remains unchanged from FY04 at $60 per ton
- Budget assumes a 15% increase in deliveries as compared to FY04 budget

b. Service Charges Solid Waste – Contract ($220k Decrease)

- Killingly, Mansfield, and Salem tip fees set per contract ranging from $66 to $69 per ton
- Deliveries based upon historical levels
- Assumes no additional tonnage contracted by SCRRRA as adopted in the FY04 budget

c. Service Charges Solid Waste – Spot ($720k Decrease)

- Assumes not spot deliveries due to increased member deliveries

d. Interest Income ($20k Increase)

- Assumes interest earnings of 1.5%

e. Use of Reserves ($320k Decrease)

- Use of SCRRRA Montville Postclosure Reserve only for postclosure costs and not tip fee stabilization

B. Expenditures ($300k Increase)

a. Debt Service / Administration ($220k Increase)

- FY04 budget assumed debt refinancing which did not occur

b. Resources Recovery Facility ($35k Decrease)

c.

- Average price per Kwh in FY05 is estimated at $.1478 as compared to $.1387 in FY04
- Service Fee includes financing and operating and maintenance costs associated with the installation of a Selective Non-Catalytic Reduction (SNCR) system. The project will have to make this investment in the event there are not enough credits to purchase for emissions or a cheaper alternative system is purchased. All three of these options are currently under review. This item is reflected in the capital budget.
- Increased processed tons assumption due to a change in permit language pertaining to processing limits

d. Ash Disposal ($85k Increase)

- Increased ash disposal costs associated with increased processed tons assumption

General Administration and Montville landfill costs are estimated to increase by $16k and $24k, respectively.

Risk Assessment

In the event the project is unable to purchase emission credits, the project will be required to install an SNCR system. Installation and financing of the project will have to be done under tight timelines. All options are currently being reviewed and the project anticipates that it will have a plan to address future requirements.

Recommendation

CRRA management is recommending the attached draft resolution be presented to the CRRA Board of Directors at their regularly scheduled meeting in December for adoption. CRRA need only adopt their portion of the budget and not the tip fee as stipulated in the agreements. The SCRRRA Board of Directors will review this budget prior to CRRA. Results of their meeting will be presented to the CRRA Finance Committee meeting.

Proposed FY05 Operating & Capital Budget

December 11, 2003

SOUTHEAST PROJECT - PROPOSED FY05 BUDGET

BUDGET ASSUMPTIONS

ASSUMPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
Member Tip Fee MSW	$57.00	$60.00	$60.00	SCRRRA
Average Contract Tip Fee MSW	$62.29	$65.24	$66.35	SCRRRA
CRRA Diversion Rate (1)	$59.00	$60.00	$61.50	SCRRRA
Average Price/Ton Company	$55.64	$59.54	$58.00	SCRRRA
DELIVERIES AND PROCESSING				
Member Waste	175,780	168,500	194,200	194,200
Contract Waste	8,571	14,100	10,300	10,300
CRRA Diversions	10,699	12,000	0	0
Total Authority Deliveries	195,050	194,600	204,500	204,500
Company/Spot/Merchant Waste	64,889	50,400	48,500	48,500
Municipal Solid Waste Deliveries	259,939	245,000	253,000	253,000
Waste Processed	259,078	245,000	253,000	253,000
POWER PRODUCTION				
kwh/Ton	533	540	540	540
Electric Power Produced (kwh)	135,046,935	128,353,316	132,673,316	132,673,316
Average Price/Kwh Sold	$0.1251	$0.1387	$0.1478	$0.1478
ASH DISPOSAL				
Total Ash Generated	74,718	69,825	72,105	72,105
Authority Ash	52,790	52,790	55,215	55,215
Actual Ash Residue Rate	28.84%	28.50%	28.50%	28.50%
Ash Disposal Cost/Ton	$36.44	$37.59	$37.59	$37.59
Ash Transport Cost	$4.99	$5.11	$5.25	$5.25
OPERATING FEES & OTHER				
Operating Escalation Factor (OEF)	1.577	1.616	1.660	1.660

PRIMARY CONTRACT EXPIRATIONS

CONTRACT	EXPIRATION
Municipal Service Agreements with Towns	November 2015
Energy Purchase Agreement (CL&P)	February 2017
Debt Service Obligations	November 2015
Resources Recovery Facility Operating Contract (American Ref-Fuel Company)	November 2015
Ash Disposal Agreement (Wheelabrator Putnam)	December 2008

(1) Rate is $61.50 per ton if total member deliveries do not exceed 205,000. If so, rate is $76.50 per ton.

SOUTHEAST PROJECT - PROPOSED FY05 BUDGET

REVENUE AND EXPENDITURE SUMMARY

REVENUES

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
11-001-000-40101	Service Charges Solid Waste - Members	$9,809,450	$10,110,000	$11,652,000	SCRRRA
11-001-000-40102	Service Charges Solid Waste - Contracts	$744,370	$898,924	$683,405	SCRRRA
11-001-000-40103	Service Charges Solid Waste - Spot	$631,261	$720,000	$0	SCRRRA
11-001-000-46101	Interest Income	$61,383	$25,300	$47,180	$47,180
11-001-000-48201	Use of Undesignated / Unrestricted Funds	$1,142,409	$0	$0	$0
11-001-000-48401	Use of SCRRRA Reserves	$96,264	$107,500	$131,800	SCRRRA
	Use of SCRRRA Reserves (Tip Fee)	$0	$339,800	$0	SCRRRA
	Total Revenues	$12,485,137	$12,201,524	$12,514,385	$47,180

EXPENDITURES

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
11-001-501-xxxxx	General Administration	$811,953	$908,602	$924,802	$327,190
11-001-502-xxxxx	Debt Service / Administration	$1,305,601	$1,072,519	$1,294,900	$1,294,900
11-001-503-xxxxx	Resources Recovery Facility	$7,196,047	$7,216,950	$7,179,825	$7,179,825
11-001-504-xxxxx	Ash Disposal	$2,713,320	$2,624,817	$2,710,427	$2,710,427
11-001-506-xxxxx	Recycling	$282,240	$191,137	$192,631	SCRRRA
11-001-901-xxxxx	Landfill - Montville	$175,976	$187,500	$211,800	SCRRRA
	Total Expenditures	$12,485,137	$12,201,524	$12,514,385	$11,512,342
	Balance	$0	$0	$0	N/A

SOUTHEAST PROJECT - PROPOSED FY05 BUDGET

EXPENDITURE DETAIL

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
GENERAL ADMINISTRATION					
11-001-501-52101	Postage & Delivery Fees	$24	$100	$100	$100
11-001-501-52104	Telephone & Pagers	$0	$100	$100	$100
11-001-501-52302	Miscellaneous Services	$0	$500	$500	$500
11-001-501-52303	Subscriptions/Publications	$0	$100	$100	$100
11-001-501-52305	Business Meetings and Travel	$31	$100	$100	$100
11-001-501-52355	Mileage Reimbursement	$600	$500	$710	$710
11-001-501-52602	Bad Debt Expense	$0	$0	$0	$0
11-001-501-52856	Legal	$43,316	$55,000	$42,800	$42,800
11-001-501-52863	Auditor	$2,501	$0	$20,000	$20,000
11-001-501-52875	Insurance Broker	$417	$15,000	$800	$800
11-001-501-52899	Other Consulting Services	$11,850	$25,000	$0	$0
11-001-501-57820	Local Administration	$570,645	$569,535	$597,612	SCRRRA
11-001-501-57840	Allocation - Salaries	$99,578	$117,733	$144,810	$144,810
11-001-501-57850	Allocation - Overhead	$82,991	$124,933	$117,170	$117,170
	Subtotal	$811,953	$908,602	$924,802	$327,190
			11.9%	1.8%	
DEBT SERVICE / ADMINISTRATION					
11-001-502-52856	Legal	$90	$15,000	$0	$0
11-001-502-52859	Financial	$16,200	$10,000	$0	$0
11-001-502-55518	Interest - 89 Series A	$193,847	$131,250	$163,530	$163,530
11-001-502-55527	Interest - 98 Series A	$446,721	$422,291	$396,600	$396,600
11-001-502-55560	Principal Repayment	$632,866	$486,378	$714,770	$714,770
11-001-502-55585	Trustee Fees	$15,877	$7,600	$20,000	$20,000
	Subtotal	$1,305,601	$1,072,519	$1,294,900	$1,294,900
			-17.9%	20.7%	
RESOURCES RECOVERY FACILITY					
11-001-503-52507	Payment in Lieu of Taxes	$539,374	$566,492	$591,820	$591,820
11-001-503-52640	Insurance Premiums	$86,465	$155,012	$87,875	$87,875
11-001-503-52701	Contract Operating Charges	$6,566,007	$6,490,446	$6,490,130	$6,490,130
11-001-503-52710	Disposal Fees - Solid Waste	$3,282	$0	$0	$0
11-001-503-52858	Engineering	$919	$5,000	$10,000	$10,000
	Subtotal	$7,196,047	$7,216,950	$7,179,825	$7,179,825
			0.3%	-0.5%	

EXPENDITURE DETAIL

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
ASH DISPOSAL					
11-001-504-52706	Contract Hauling - Ash	$0	$0	$0	$0
11-001-504-52711	Disposal Fees - Ash	$2,713,320	$2,624,817	$2,710,427	$2,710,427
	Subtotal	$2,713,320	$2,624,817	$2,710,427	$2,710,427
			-3.3%	3.3%	
RECYCLING					
11-001-506-52701	Operating Charges	$163,925	$191,137	$192,631	SCRRRA
11-001-506-56605	Capital Expenditures	$118,315	$0	$0	SCRRRA
	Subtotal	$282,240	$191,137	$192,631	$0
			-32.3%	0.8%	
LANDFILL - MONTVILLE					
11-405-901-52645	Postclosure Expense	$102,412	$107,500	$131,800	SCRRRA
11-001-901-52709	Other Operating Charges	$73,302	$80,000	$80,000	SCRRRA
11-001-901-58001	Contingency	$262	$0	$0	SCRRRA
	Subtotal	$175,976	$187,500	$211,800	$0
			6.5%	13.0%	

Exhibit A - Service Fee to American Ref-Fuel

DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
Debt Service (DS)				
Project Bond DS (88.872%)	$7,076,591	$7,102,961	$7,099,000	$7,099,000
Interest Earnings on Project Bonds	($178,119)	($170,000)	($309,000)	($309,000)
Trustee Fees on Project Bonds	$23,069	$23,000	$23,000	$23,000
Subtotal	$6,921,541	$6,955,961	$6,813,000	$6,813,000
Base Operating Charge (BOC)	$8,443,258	$8,652,064	$8,888,000	$8,888,000
Pass Through (PT)				
Water	$225,886	$230,625	$242,000	$242,000
Electricity	$223,102	$230,625	$242,000	$242,000
Administration (Billing & Clerical)	$13,000	$13,000	$13,000	$13,000
NOx Credits (A)	$0	$184,671	$0	$0
Residue Transportation	$263,376	$269,889	$289,970	$289,970
Discriminatory Taxes	$273,025	$237,920	$382,180	$382,180
Insurance	$134,777	$200,000	$150,000	$150,000
Mercury Control	$0	$63,542	$52,540	$52,540
Carbon Monoxide (CO) Control	$0	$28,594	$0	$0
Convex UCC - QEI	See UCC	$0	$3,600	$3,600
SNCR O&M (B)	$0	$0	$101,000	$101,000
Other (lime, interconnect maint.)	$42,137	$60,000	$60,000	$60,000
Subtotal	$1,175,302	$1,518,867	$1,536,290	$1,536,290
Other Adjustments				
Energy Share (ES)	($10,244,896)	($11,151,566)	($11,889,200)	($11,889,200)
Energy Makeup Allowance (EMU)	$82,500	$81,948	$81,950	$81,950
Curtailment Sales	($78,517)	($48,840)	($48,840)	($48,840)
Uncontrollable Circumstance Costs (UCC) (B)	$171,354	$0	$226,000	$226,000
Federal Tax Law Surcharge (FTLS)	$842,118	$862,944	$886,440	$886,440
Landfill Costs (TG - 195,520) (LC)	($796,622)	($646,374)	($634,900)	($634,900)
Other Waste Share (OWS)	$0	$0	$0	$0
($30 * OEF * (CRRAW > TG)	$806,641	$804,768	$1,319,700	$1,319,700
Ferrous Recovery	$0	$0	$0	$0
Prorated Acceptable Waste Surcharge	($735,433)	($539,325)	($688,310)	($688,310)
Subtotal	($9,952,855)	($10,636,446)	($10,747,160)	($10,747,160)
SERVICE FEE =	$6,587,246	$6,490,446	$6,490,130	$6,490,130
MONTHLY SERVICE FEE =	$548,937	$540,870	$540,844	$540,844

(A) Current estimates show that the project would pay approximately $175,000 for credits in FY05.
(B) Installation of the SNCR system will cost the project approximately $327,000 annually.

Exhibit B - SCRRRA Administrative Budget

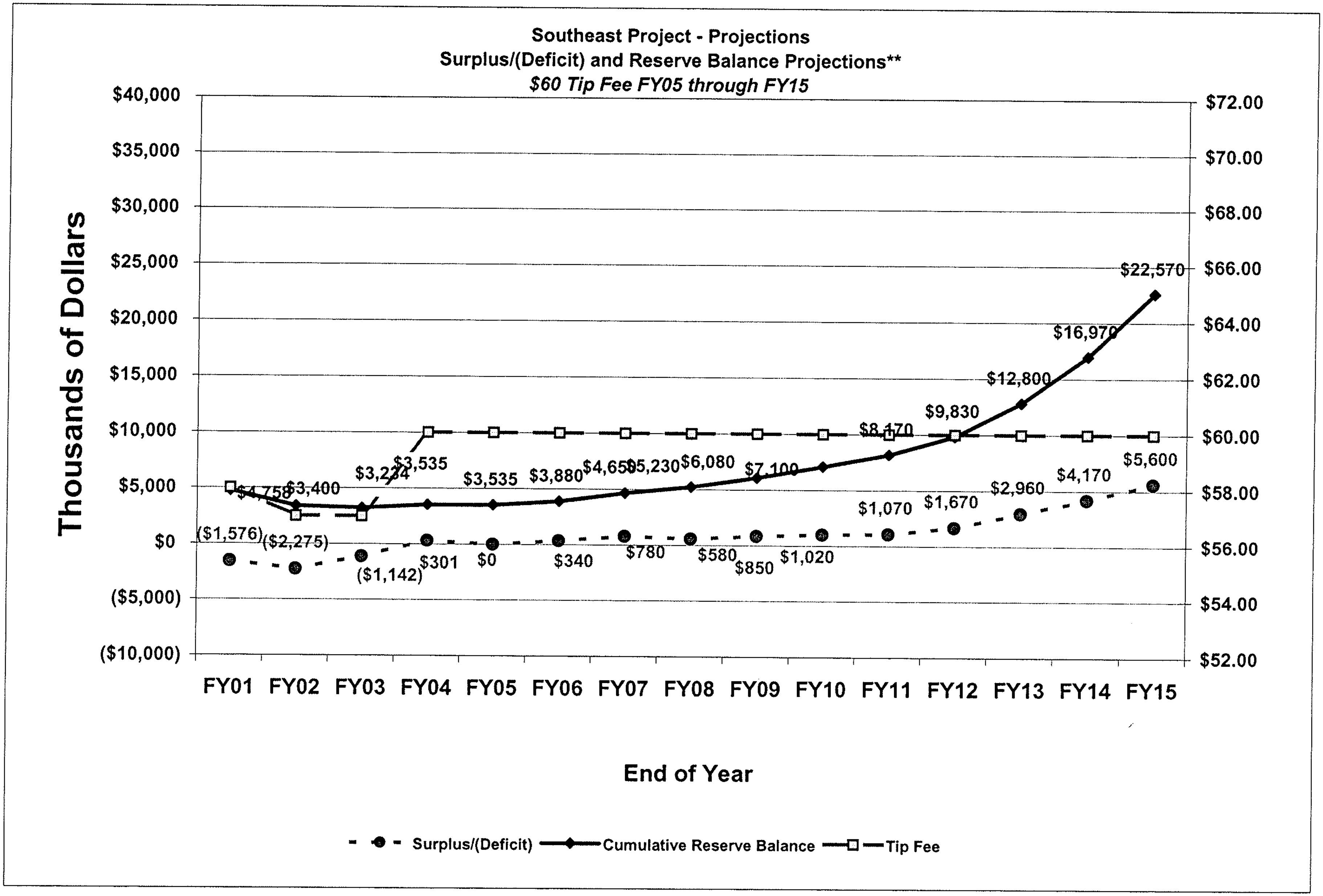
DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
Salaries	$175,648	$145,904	$186,437	SCRRRA
Benefits and Taxes	Incl. Above	$37,902	Incl. Above	SCRRRA
Expenses				
Executive Director	$2,775	$1,500	$3,200	SCRRRA
Professional Services				
Attorney Fees	$27,450	$40,000	$32,000	SCRRRA
CPA Audit	$3,000	$7,500	$7,500	SCRRRA
Inspector (tipping floor)	$0	$20,000	$30,000	SCRRRA
Contractual Services				
Insurance				
General Liability	$7,550	$15,000	$10,000	SCRRRA
Commercial Property	$13,296	$4,000	$13,500	SCRRRA
Commercial Umbrella	$5,838	$2,200	$7,500	SCRRRA
Commercial Auto	$0	$2,500	$0	SCRRRA
	$26,684	$23,700	$31,000	SCRRRA
Personnel Bond	$166	$175	$175	SCRRRA
Worker's Compensation	$1,291	$1,750	$1,750	SCRRRA
Postage Meter	$531	$750	$750	SCRRRA
Postage Fees	$1,531	$2,500	$2,000	SCRRRA
Computer Service	$895	$2,500	$2,500	SCRRRA
Copy Machine Service	$1,221	$1,100	$1,300	SCRRRA
Telephone	$4,787	$6,000	$5,500	SCRRRA
Internet Service	$0	$1,500	$1,500	SCRRRA
Bank & Payroll Service Charges	$989	$1,750	$1,250	SCRRRA
Commodities				
Office Supplies	$1,967	$5,000	$3,500	SCRRRA
Storage	$1,752	$2,500	$2,500	SCRRRA
Equipment				
Computers/Software	$3,229	$2,750	$2,750	SCRRRA
Computers/Hardware	$1,422	$2,000	$2,000	SCRRRA
Office Equipment/Copier	$0	$2,000	$2,000	SCRRRA
Contingencies	$1,697	$20,000	$20,000	SCRRRA
Transportation Subsidy	$254,206	$240,754	$298,000	SCRRRA
SCRRRA Administrative Budget	$511,241	$569,535	$637,612	SCRRRA
Use of Retained Earnings	$0	$0	($40,000)	SCRRRA
Net SCRRRA Administrative Budget	$511,241	$569,535	$597,612	SCRRRA

Exhibit C - SCRRRA Recycling Budget

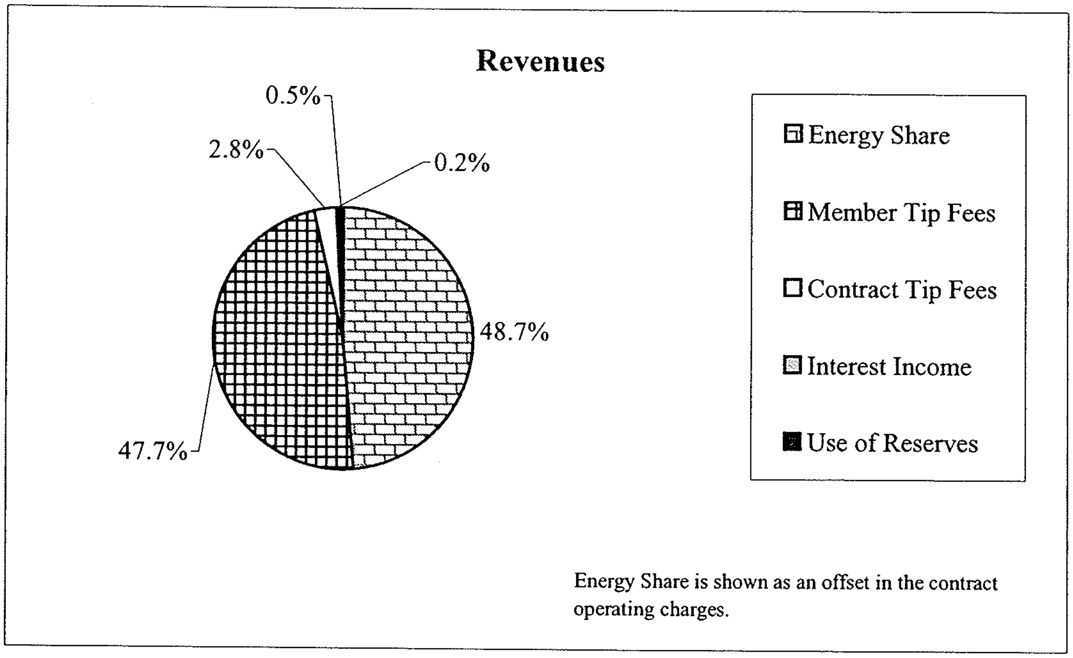
DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
Salaries	$67,840	$49,892	$74,931	SCRRRA
Benefits and Taxes	Incl. Above	$14,000	Incl. Above	SCRRRA
Expenses				
Recycling Coordinator	$2,577	$3,500	$3,500	SCRRRA
Professional Services				
Attorney Fees	$1,635	$1,000	$1,000	SCRRRA
Contractual Services				
Copy Machine Service	$2,379	$0	$0	SCRRRA
Telephone	$1,703	$2,400	$2,500	SCRRRA
Internet Service	$0	$750	$750	SCRRRA
Publicity	$5,157	$5,000	$2,000	SCRRRA
HVAC	$911	$1,000	$1,000	SCRRRA
Miscellaneous Supplies/Equipment	$491	$5,000	$0	SCRRRA
Bank & Payroll Service Charges	$599	$1,200	$700	SCRRRA
Equipment				
Office Equipment/Copier/Printer	$557	$4,000	$2,250	SCRRRA
Other				
Trash Disposal	$7,560	$43,500	$40,500	SCRRRA
Trash Hauling	$31,405	$11,395	$12,500	SCRRRA
America Recycles Day	$0	$7,500	$7,500	SCRRRA
Earth Day	$0	$4,000	$4,000	SCRRRA
Electronics Pickup	$20,299	$30,000	$30,000	SCRRRA
Electronics Publicity	$0	$5,000	$5,000	SCRRRA
Capital Improvements	$0	$0	$0	SCRRRA
Contingencies	$0	$2,000	$4,500	SCRRRA
SCRRRA Recycling Budget	$143,113	$191,137	$192,631	SCRRRA
Use of Retained Earnings	$0	$0	($20,000)	SCRRRA
Net SCRRRA Administrative Budget	$143,113	$191,137	$172,631	SCRRRA

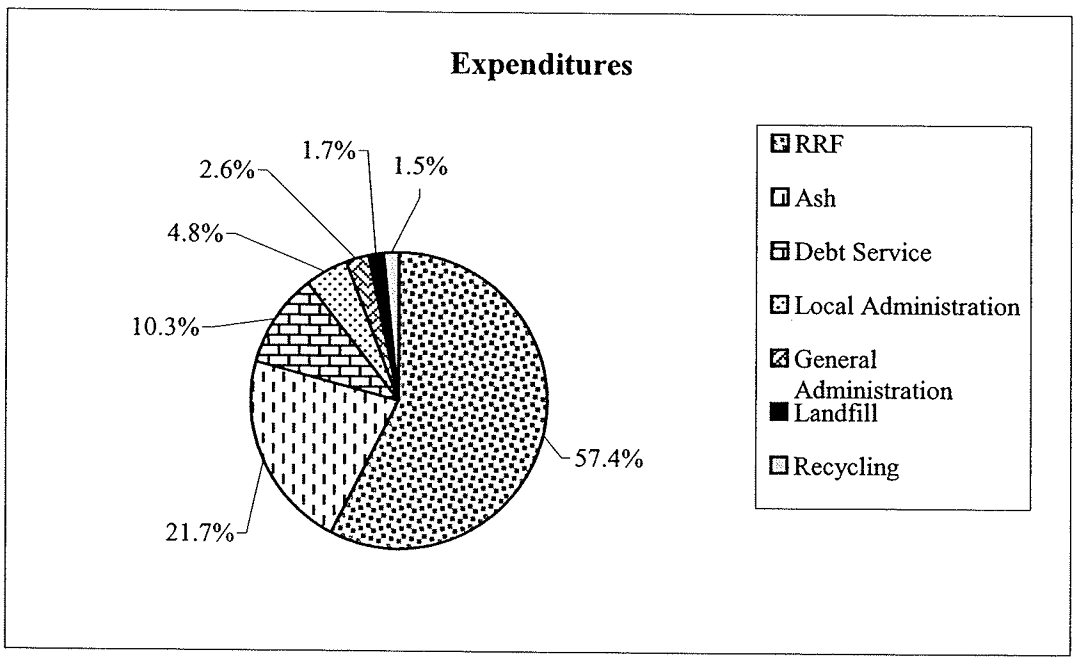
Exhibit D - SCRRRA Landfill Budget (Postclosure)

DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05	CRRA FY05
Permit Fees/Licenses	$10,200	$10,000	$15,300	SCRRRA
Contract Operating Charges	$106,491	$97,500	$111,500	SCRRRA
Mortgage	$76,053	$80,000	$80,000	SCRRRA
Contingency	$0	$0	$5,000	SCRRRA
Subtotal	$192,744	$187,500	$211,800	SCRRRA


Southeast Project - Projections
Surplus/(Deficit) and Reserve Balance Projections**
$60 Tip Fee FY05 through FY15
Thousands of Dollars
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
($5,000)
($10,000)
$72.00
$70.00
$68.00
$66.00
$64.00
$62.00
$60.00
$58.00
$56.00
$54.00
$52.00
FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15
$4,758 $3,400 $3,224 $3,535 $3,535 $3,880 $4,650 $5,230 $6,080 $7,100 $8,470 $9,830 $12,800 $16,970 $22,570
($1,576) ($2,275) ($1,142) $301 $0 $340 $780 $580 $850 $1,020 $1,070 $1,670 $2,960 $4,170 $5,600
End of Year
Surplus/(Deficit)
Cumulative Reserve Balance
Tip Fee

Fiscal Year 2005 Southeast Project Budget Breakdown





TAB 3

Resolution Regarding the Refurbishment Of Conveyor CV-202 At The Mid-Connecticut Waste Processing Facility

Resolved: The Board of Directors authorizes the expenditure of $237,322 for the refurbishment of the CV-202 conveyor at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting. The funds for this project are available from the FY04 Mid-Connecticut Capital Improvement Budget provided certain capital projects are deferred to FY05.

Connecticut Resource Recovery Authority Refurbishment Of Conveyor CV-202 At The Mid-Connecticut Waste Processing Facility

Executive Summary

The Metropolitan District (MDC) is requesting funding for the refurbishment of the inclined steel apron conveyor CV-202 at the Mid-Connecticut Waste Processing Facility (WPF). Although this request for funds is highlighted in the MDC's FY2004 budget under "Capital Plant Modifications" it was not included in the CRRA's approved Capital Budget for FY2004.

According to MDC, the CV-202 has a historical life of 8-9 years between overhauls. This conveyor was last rebuilt in the summer of 1996. Although the conveyor has only 7 ½ years of wear since the last rebuild, a major refurbishment is needed now because of the increased downtime and higher maintenance costs experienced over the past year. The CV-202 experienced approximately 59 hours of processing downtime in 2003. This downtime results in numerous extra expenditures including diversions and exports of MSW, increase in dozer usage and an increase in MDC O&M costs. The MDC O&M costs alone are in excess of approximately $67,000 per year for the last two years. Ideally when the CV-202 is refurbished, its processing downtime should be reduced to less than 10 hours per year and should require less than $10,000 annually to maintain. Based on a MDC capital cost budget of $237,322 for refurbishment, MDC calculates about a 3.5 years payback based on the difference of the excess to ideal operating and maintenance costs. (See attached letters from MDC).

The refurbishing scope will include a complete replacement of all rails, both head and tail drive components and all apron flights. A different wheel type will be installed to reduce the wear on the rails, which is critical to maintaining all system components. The goal of both CRRA and MDC is to extend the useful life of CV-202 to at least 10 years between rebuilds. This increase in conveyor life will be accomplished by the increased attention to conveyor side skirting, the addition of the new wheel type and through improved preventative maintenance (PM) procedures. The scope of work will require 3 to 3.5 days to complete. This project is being scheduled to coincide with the major boiler outages at the Power Block Facility in January or February of 2004.

I recommend that the Board of Directors be requested to provide authorization to the MDC to execute the capital project for the refurbishment of CV-202 for the amount of $237,322 as presented. Funds for this project are available from the FY04 Capital Improvement Budget provided certain capital projects are deferred to FY05.

MDC

The Metropolitan District

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December 8, 2003

Mr. John Romano
Project Manager
Connecticut Resources Recovery Authority
211 Murphy Road
Hartford, CT 06114

RE: Mid-Connecticut Project
Replacement of Pan Conveyor 202

Dear John

Attached is the comparison of bids lists for the two major contracts associated with conveyor 202. Gardner Engineering was the only bidder for the labor contract and Motion Industries was the low bidder to supply the Rexnord conveyor parts. As you know, Rexnord is the OEM of the WPF pan conveyors' major components.

Today, questions surfaced regarding the substitution of the OEM wheels, previously recommended by the District as a cost savings measure. The recommended replacement was to use HMW blocks designed as an aftermarket substitute for this application. However, altering portions of these contracts will void the contracts and require re-bids. Delays at this juncture will inevitably ensure that this project will miss the target date of the Power Block boiler outage scheduled for January and possibly the February outage as well. The primary purpose of purchasing complete subassemblies of six-foot conveyor sections is a critical factor in completing the project within 2.5 to 3 days. If the District were to proceed with the project as currently specified and also purchase the HMW blocks to replace the OEM wheels, (work to be performed by MDC maintenance personnel) this course of action would be doable and beneficial to the Authority.

The total cost of the project remains at $237,322 including 10% contingency (reference letter dated November 4, 2003, copy attached). The HMW blocks cost a total of $2,350, which can be covered by the contingency. As requested, we've also included in this package, supporting documentation retrieved from the Computerized Maintenance Management System (CMMS) associated with maintenance costs on conveyor 202 during the last three years.

Should you have any questions or suggestions regarding this matter, please call.

Very truly yours,

F. Tavares

F. Tavares
Assistant Manager of Solid Waste

cc: D. Arruda
D. DiGangi
D. Patel
M. Jantsch
A. Rabah
C. Fancher
R. Quelle

COMPARISON OF BIDS FOR RENOVATIONS TO THE 202 REXNORD CONVEYOR AT THE MID-CONNECTICUT WPF HARTFORD, CONNECTICUT

SUBMITTED TO THE METROPOLITAN DISTRICT ON OCTOBER 16, 2003

CONTRACT 2003-57

BIDDERS			GARDNER ENGINEERING, INC. 47 OLIVINE STREET CHICOPEE, MA 01013			
PROPOSAL GUARANTEE			BID BOND			
PERFORMANCE BOND STATEMENT			YES			
ADDENDUM N/A						
NO	DESCRIPTION	QUANTITY	UNIT	TOTAL	UNIT	TOTAL
1	MATERIAL AND LABOR FOR RENOVATIONS	LUMP SUM		$167,500.00		
	DEDUCT FOR CANCELLATION OF UMBRELLA POLICY REQUIREMENT			-$75,000.00		

DEPT HEAD______________DATE________PURCHASING AGENT_____________DATE_________MGR.FINANCIAL CONTROL_____________DATE___

COMPARISON OF BIDS FOR FURNISHING NEW CONVEYOR PARTS CONVEYOR #202

SUBMITTED TO THE METROPOLITAN DISTRICT ON AUGUST 14, 2003

CONTRACT 2003-53

BIDDERS			MOTION INDUSTRIES, INC 256 MAIN STREET EAST WINDSOR, CT 06088		BEARING DISTRIBUTORS, INC 170 ELLIOTT STREET HARTFORD, CT 06114		APPLIED INDUSTRIAL TECH 190 BURNHAM STREET SOUTH WINDSOR, CT 06574		KAMAN INDUSTRIAL TECHNOLOGIES 800 MARSHALL PHELPS ROAD WINDSOR, CT 06095	
PROPOSAL GUARANTEE			BID BOND		CHECK		NONE		NONE	
PERFORMANCE BOND STATEMENT N/A										
ADDENDUM N/A										
ITEM NO	DESCRIPTION	QUANTITY	UNIT	TOTAL	UNIT	TOTAL	UNIT	TOTAL	UNIT	TOTAL
1	NEW CONVEYOR PARTS CONVEYOR #202	LUMP SUM		$80,995.00		$81,000.00		$87,300.00		$87,305.56
	BIDDER'S TOTAL			$80,995.00		$81,000.00		$87,300.00		$87,305.56

DEPARTMENT HEAD________ DATE________ PURCHASING AGENT________ DATE________ MGR.FINANCIAL CONTROL________ DATE________

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September 4, 2003

Mr. John Romano, Project Manager
Connecticut Resources Recovery Authority
211 Murphy Road
Hartford, CT 06114

RE: REFURBISHMENT OF 202 CONVEYOR (PARTS)

Dear John:

In the FY 2004 CRRA approved budget, under the Section *Needed Major Refurbishments and Capital Plant Modifications (page B-6)*, funding for the refurbishment of the 102/202 conveyors (parts and labor) was requested. This part of the budget is expected to be funded through the Authority's capital budget.

The District has received bids for Furnishing new Conveyor Parts for Conveyor 202, Contract 2003-53, in the amount of $80,995.00 (copy of the canvass of bids is attached). The contract is to supply 108 linear feet of 72" wide, style "A" apron conveyor pans pre-assembled in sections to include the rollers and chain. The only parts that are not included in this contract are the rails, tail shaft and head shaft.

The District would like to move forward with the award of this contract as soon as possible, so that this major refurbishment can be scheduled. As the funding will be from the CRRA's capital budget, I will need a purchase order from the Authority to proceed.

If you have any questions, please feel free to call me.

Very truly yours,

David A. Arruda,
Manager of Solid Waste Systems

Cc: D. DiGangi
R. Moore
F. Tavares
M. Jantsch
A. Rabah
J. Bolduc
R. Constable

MDC

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November 4, 2003

Mr. John Romano
Project Manager
Connecticut Resources Recovery Authority
211 Murphy Road
Hartford, CT 06114

RE: Mid-Connecticut Project
Replacement of Pan Conveyor 202

Dear John:

The 202 pan conveyor, as previously communicated to you, shows heavy wear of all critical components, particularly the conveyor chains, pans, feed rails, return and impact rails as well as head and tail sprockets (see attached photos, note that these pictures were taken while line was processing). Consequently, the District strongly recommends a major overhaul for this conveyor as soon as possible. Please note that many of these components require a lead-time of six to ten weeks for delivery. Per your request, this project has been put on hold pending additional justification and cost analysis.

Historically, conveyors 102 and 202 have endured 8 to 9 years of operation before requiring a major overhaul. These conveyors have currently reached that milestone since they were both replaced in the summer of 1996. Although this recommendation is to overhaul conveyor 202 as outlined in the FY 03 / 04 budget, conveyor 102 will soon require the same treatment. However, this request and comments is limited to the condition and immediate needs of conveyor 202. The current reality is that the costs to maintain this conveyor operational are disproportionately excessive and not cost effective. In the last three years, according to the Project's Computer Maintenance Management System (CMMS), $127,000 has been spent on maintenance of conveyor 202, which is exorbitant.

The specifications for this conveyor overhaul call for the removal of all the conveyor components including all the rails and the installation of feed, return and impact rails, all conveyor chain sprockets, all bearings, head and tail shaft assemblies; all pans, conveyor chains, wheels and take-up assemblies. Basically, the conveyor will be stripped down to the main structure. It is estimated that this project will require, at best, 2 ½ to 3 days working around the clock till completion. It is also expected that this aggressive schedule will drive the contract costs up considerably and limit the number of respondents to the few contractors who have past experience with this specific type of work and conditions.

555 Main Street Post Office Box 800 Hartford, Connecticut 06142-0800 telephone: 860-278-7850 fax: 860-724-2679

Estimated Project Cost:

Parts:	
Rails	10,000
Drive and driven sprockets	3,065
Head and tail shafts	2,230
Take-up assemblies	5,283
Pans, chain, wheels ass'y (contract)	81,000
Head shaft bearings	$6,440
Parts Cont'd:	
Tail shaft bearings	1,624
Head shaft sprockets	2,825
Tail shaft sprockets	2,980
Labor:	
Labor (contract)	$92,500
Insurance (required additional)	5,000
MDC labor and support	2,500
Area clean up	300
Contingency 10%	21,575
Total	237,322

Analysis Methodology:

The following expense analysis is based on data retrieved from the CMMS, historical factors and observation, looking back three years starting August 9, 2003, going back to October 8, 2001. Refer to chart (attached) showing top 10 causes of downtime. Another significant factor shown on the charts is that a sharp rise in downtime and therefore, maintenance expenses occurred in calendar year 2003. During the 3 year period, conveyor 202 was out of service during normal processing hours for a total of 67 hours due to mechanical failures. This downtime equates to a lost opportunity to process at least 5,360 tons of MSW. The cost of labor and materials for repairs on the 202 during the same period was $127,000, well above expected or budgeted costs. In addition, when these conveyors fail during processing, quite often, the same conveyor in the adjacent line must also be taken out of service for safety reasons. This could account for about 30% of additional downtime. The basis for payback calculations was the

3-year cost projected for 9 years, the expected life of this particular conveyor, compared to the conveyor replacement cost.

Conveyor 202 assumptions:

Maintenance cost (last 3 years) =	127,000
Projected expenses for 9 years =	381,000
Hours of projected lost time (9 years) = 201hrs	
Lost processing = 201hrs X 80t/h X 15.69 =	252,295
Total projected costs at current rate of expense	$644,591 for 9 years

New Conveyor Replacement Cost = **$237,322**

Payback is 3. 3 years

Please be sure to expedite this project and call me should you have any questions or suggestions regarding this matter.

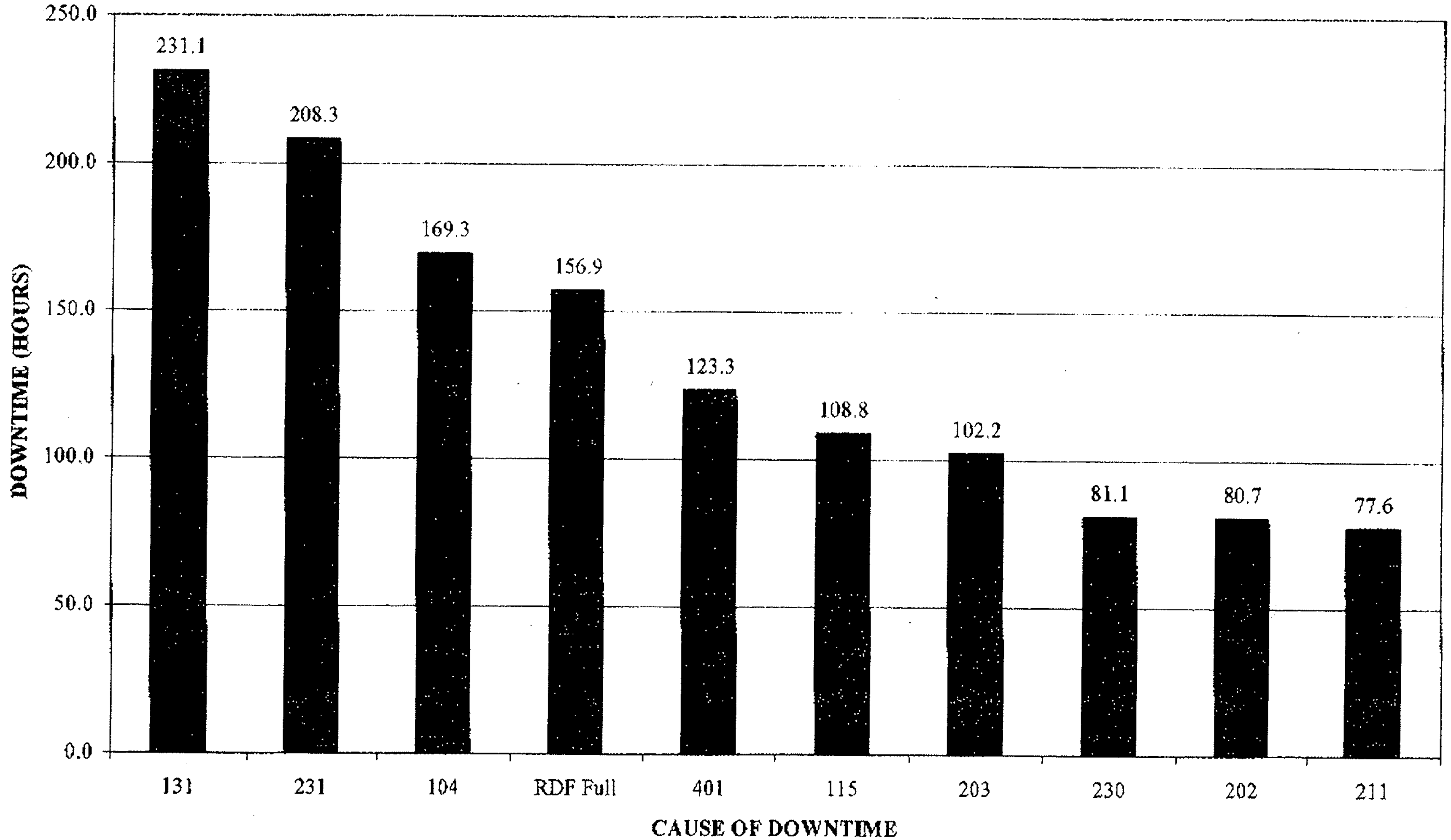
Very truly yours,

F. Tavares

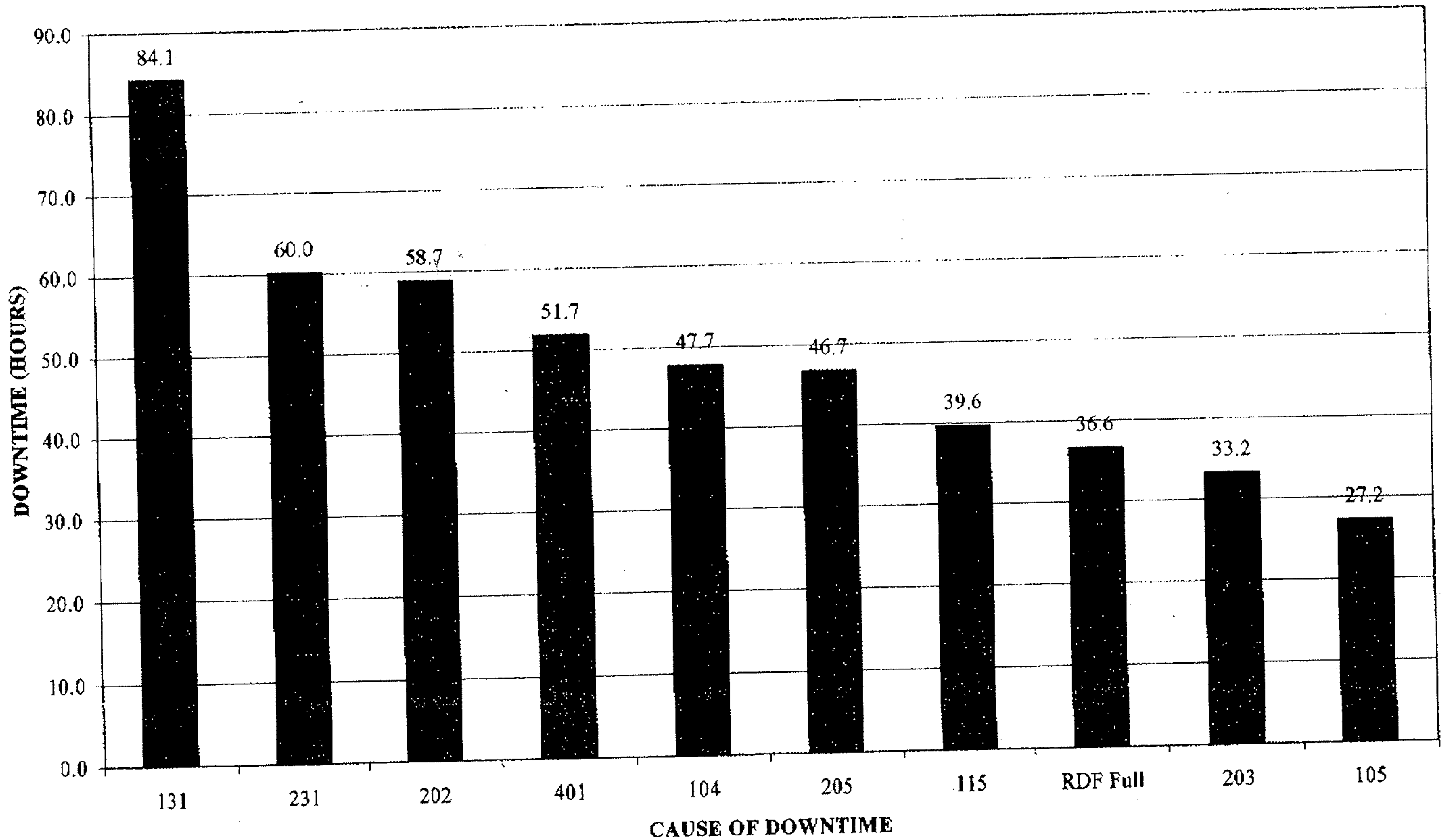
F. Tavares
Assistant Manager of Solid Waste
cc: D. Arruda
D. LaCaprucia
M. Jantsch
A. Rabah

TOP 10 EQUIPMENT CAUSING MAJOR DOWNTIME

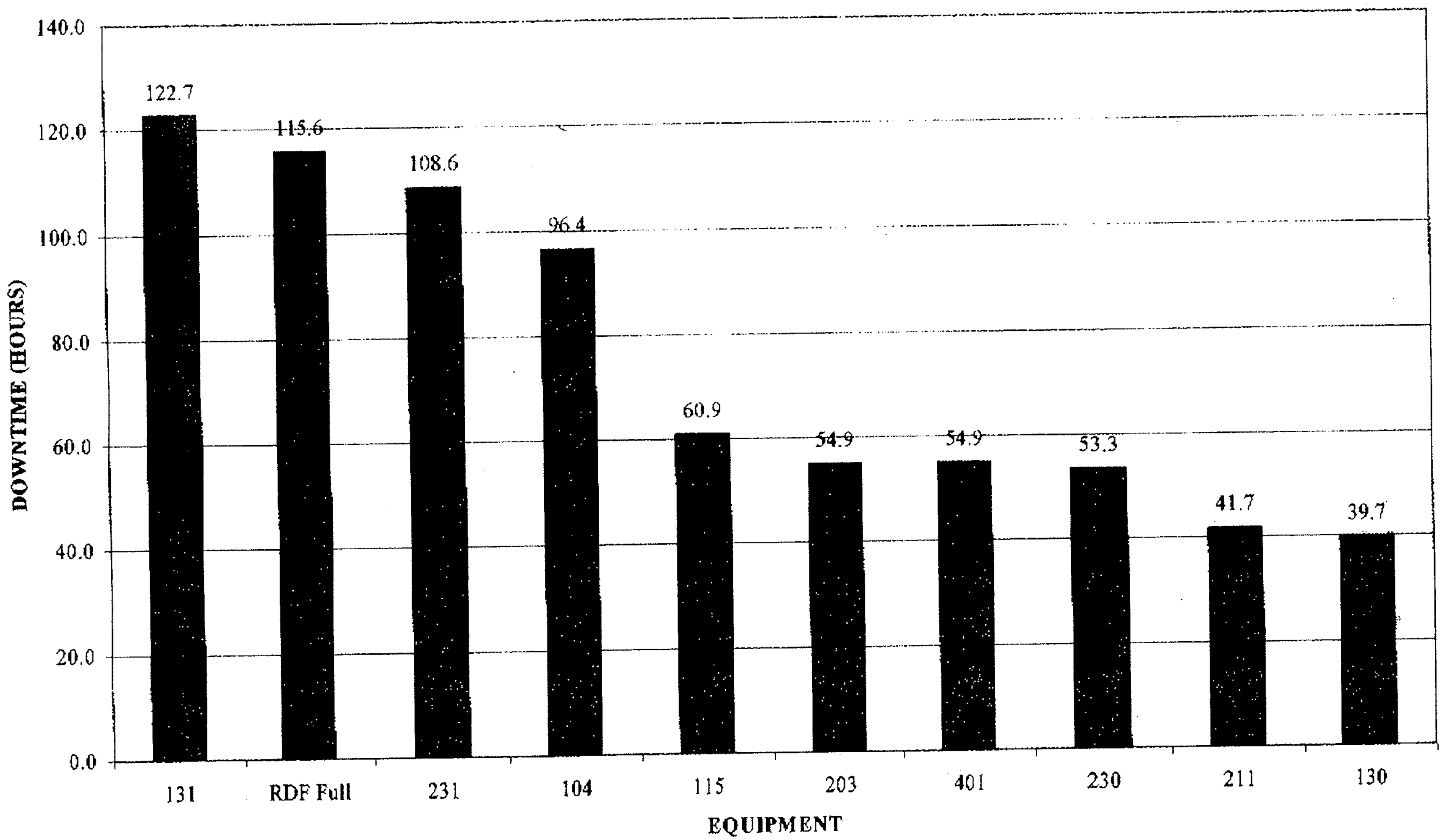
October 2001to October 2003



TOP 10 EQUIPMENT CAUSING MAJOR DOWNTIME FOR 2003



TOP 10 EQUIPMENT CAUSING MAJOR DOWNTIME FOR 2002



MDC
The Metropolitan District
water supply • environmental services • geographic information

November 17, 2003

Mr. John Romano
Project Manager
Connecticut Resources Recovery Authority
211 Murphy Road
Hartford, CT 06114

RE: Mid-Connecticut Project
Replacement of Pan Conveyor 202

Dear John:

We have been directed to provide additional information regarding the 202 pan conveyor including a breakdown of costs for each of the last three years. As previously communicated to you, the 202 conveyor is in **extremely poor** condition and must be replaced. New replacement parts, which have been installed in attempts to keep it running, become severely damaged in a short period of time. For this reason, few if any parts will be salvageable to reuse on conveyor 201, although every attempt will be made to salvage any useful parts. We strongly recommend that you expedite this project because further delays will expend maintenance resources and escalate operating costs as has been evident during calendar year 2003.

In an e-mail sent to David Arruda, on November 13, 2003, C. Fancher questioned whether new methods of preserving the conveyor rails would be employed? Relative to this matter, the District has in fact conducted tests on a couple of aftermarket wheels. This information has been shared with you as we conducted the tests. The two types of wheels are: 1) 6" UHMW square blocks; 2) 6" sealed bearing steel rollers. Both products have performed well at a cost savings of 84% and 31% respectively. Furthermore, the District has also previously implemented changes to strengthen the return rails, which included heavier angle iron reinforced with a 3"x1" AR plate wear strip. Although the UHMW blocks can be used in all conveyors to replace the OEM wheel, it will perform best when installed on new or good condition rails.

For this project, the District has proposed ordering conveyor pan assemblies (6 ft sections completely pre-assembled) from Rexnord (the OEM) in order to expedite the installation and therefore, complete the project within the specified time.

The maintenance cost breakdown, provided to you in previous correspondence was found to be incomplete. Consequently, the costs previously submitted to you were understated. The reason is that data entry into the AllMax, Computerized Maintenance Management System (CMMS), began in July, 2002. Therefore, any reporting, which includes data entered prior to this date will require queries from both systems.

555 Main Street Post Office Box 800 Hartford, Connecticut 06142-0800 telephone: 860-278-7850 fax: 860-724-2679

The actual maintenance costs charged to conveyors 102 and 202 from January 2, 2001, through the end of October 2003, were the following:

Conveyor 102	**$61,861**
Conveyor 202	**169,792**

The chart bellow shows the cost breakdown for the last three years.

	CVY-102	CVY-202
2001		
ATM	$ 15,816.85	$ 12,308.87
Focus	$ 23,201.69	$ 22,736.91
	$ 39,018.54	**$ 35,045.78**
2002		
ATM	$ 13,134.39	$ 51,377.72
Focus	$ 2,156.75	$ 17,632.47
	$ 15,291.14	**$ 69,010.19**
2003*		
ATM	$ 7,551.46	$ 65,736.42
Focus	$ -	$ -
	$ 7,551.46	**$ 65,736.42**
Total	**$ 61,861.14**	**$ 169,792.39**

* Up to end of October 2003

Please be sure to expedite this project and call me should you have any questions or suggestions regarding this matter.

Very truly yours,

F. Tavares

F. Tavares
Assistant Manager of Solid Waste

cc: D. Arruda, D. Patel, M. Jantsch, A. Rabah, C. Fancher

TAB 4

Resolution Regarding Spot Waste Delivery Services for the Mid-Connecticut and Wallingford Projects

RESOLVED: That the President is hereby authorized to enter into agreements with USA Hauling and Recycling and CWPM, LLC for the delivery of spot waste on an as needed basis for the Mid-Connecticut and Wallingford Resources Recovery Facilities substantially in accordance with the terms and conditions presented at this meeting.

Contract Summary
Waste Export Hauling and Disposal Services for
Mid-Connecticut and Wallingford Projects

Presented to CRRA Board on:	December 18, 2003
Vendors/Contractors:	USA Hauling and Recycling, CWPM, LLC
Effective Date:	January 1, 2004
Contract Type/Subject Matter:	On-call spot waste delivery services
Facilities Affected:	Mid-Connecticut and Wallingford Resources Recovery Facilities
Term:	January 1, 2004 – December 30, 2004
Term Extensions:	None
Scope of Services:	To provide spot waste delivery services on an on-call, as needed basis for the Mid-Connecticut and Wallingford Projects.
Per Ton Revenue:	Tip fees to be paid: CWPM: \$48.00/ton for MSW; \$1.00/ton for woodchips USA Hauling: \$46.00/ton for MSW; \$20.00/ton for RDF; \$00.00/ton for woodchips
Annual Revenue:	FY04 budgets for the Mid-Connecticut and Wallingford Resources Recovery Facilities project revenues of \$252,500 and \$120,000, respectively, through the delivery of spot waste.

Spot Waste Deliveries for Mid-Connecticut and Wallingford Projects

EXECUTIVE SUMMARY

For the past several years the Authority has contracted with private waste haulers for the delivery of spot waste (MSW, RDF, and woodchips) to the Mid-Connecticut and Wallingford Resources Recovery Facilities. The current contracts for this service expire on December 31, 2003.

In October, a Request for Proposals was issued to receive competitive quotes for spot waste deliveries. The term of the agreement is for one year for "on-call" service during periods when additional waste is needed at the plants. The Authority received bids from two firms. Staff is recommending that the Board of Directors provide authorization to enter into one-year agreements with both firms submitting bids, USA Hauling and Recycling and CWPM, LLC.

DISCUSSION

On occasion, primarily during the winter months, the Authority's waste deliveries or RDF availability may not meet the plants' operational needs. During these periods the Authority will authorize, on an "as-needed" basis, additional deliveries of MSW, RDF and/or woodchips. The following charts summarize the amount of spot waste the Authority authorized during the past two fiscal years.

Mid-Connecticut Spot Waste Deliveries

FY02 Tons	FY03Tons
16,231	12,377

Wallingford Spot Waste Deliveries

FY02 Tons	FY03 Tons
3,500	2,302

The Authority received bids from two firms. The following charts summarize the bid results.

Contract Year – January 1, 2004-December 31, 2004 – Mid-Connecticut Project

Company and Material	Price Per Ton
USA Hauling & Recycling - MSW	$46.00
USA Hauling & Recycling - RDF	$20.00
USA Hauling & Recycling - Woodchips	$00.00
CWPM, LLC - MSW	$48.00
CWPM, LLC - Woodchips	$01.00

Contract Year – January 1, 2004-December 31, 2004 – Wallingford Project

Company and Material	Price Per Ton
CWPM, LLC - MSW	$48.00
USA Hauling & Recycling	No bid

Based on current operations, the need for spot waste is minimal. However, it is prudent to enter into these agreements to ensure the availability of a fuel supply in the event of unusual or unpredictable circumstances.

FINANCIAL SUMMARY

The FY 04 budgets for the Wallingford and Mid-Connecticut plants project revenues of \$120,000 and \$272,500 respectively, through the sale of spot waste capacity.

TAB 5

RESOLUTION REGARDING THE INSTALLATION OF AN ASH TREATMENT SYSTEM AT THE MID-CONNECTICUT RESOURCE RECOVERY FACILITY

RESOLVED: That the President is hereby authorized to execute an agreement with Covanta Mid-Connecticut, Inc. to install a dolomitic ash treatment system at the Mid-Connecticut Resource Recovery Facility, substantially as presented and discussed at this meeting.

Connecticut Resources Recovery Authority
Contract Summary for Contract
entitled

Installation of a Dolomitic Ash Treatment System

Presented to the CRRA Board on:	December 18, 2003
Vendor/ Contractor(s):	Covanta Mid-Connecticut, Inc.
Effective date:	Upon Execution
Contract Type/Subject matter:	Letter Agreement/Construction
Facility (ies) Affected:	Mid-CT Resource Recovery Facility
Original Contract:	Amended and Restated Agreement for Operation and Maintenance of Power Block Facility
Term:	Through May 31, 2012
Contract Dollar Value:	$582,667.00
Amendment(s):	NA
Term Extensions:	N/A
Scope of Services:	Installation of a dolomitic lime ash treatment system at the Mid-Connecticut Resource Recovery Facility
Other Pertinent Provisions:	None

Connecticut Resources Recovery Authority
Mid-Connecticut Resource Recovery Facility
Installation of an Ash Treatment System

December 18, 2003

Executive Summary

This is to request approval of the CRRA Board of Directors for the President to enter into an agreement with Covanta Mid-Connecticut, Inc. (Covanta) to install a dolomitic lime ash treatment system at the Mid-Connecticut Resource Recovery Facility ("RRF") at CRRA's South Meadows site.

Employment of this ash treatment system is recommended in order to provide an additional level of assurance that the ash residue generated by the Mid-Connecticut RRF will, in the future, continue to be acceptable for management as non-hazardous solid waste at the Hartford Landfill.

Discussion

The Mid-Connecticut Resource Recovery Facility combusts refuse derived fuel (manufactured from the shredding and screening of municipal solid waste) and in turn generates an ash residue from the combustion process. This ash residue is transported to the Hartford Landfill where it is placed in the ash residue monocell for disposal.

Periodically CRRA analyzes the RRF ash residue to determine the concentration of several metal constituents in order to demonstrate that the ash is non-hazardous. The analytical test that is employed to make this waste characteristic determination is called the Toxicity Characteristic Leaching Procedure (TCLP).

The ash residue consists of fly ash and bottom ash. The fly ash is removed from the flue gas and collected by the air pollution control equipment, and contains significant quantities of lime. The bottom ash consists of non-combustible material discharged from the boiler grates after the combustion process is complete.

Results of the most recent ash residue characterization indicate that the ash passes the TCLP test and may be managed as a non-hazardous solid waste. However, the results also suggest that the level of one metal, cadmium, may be present in the ash at concentrations that, although not exceeding the regulatory threshold, may from time-to-time approach the regulatory threshold.

Cadmium is found in nickel-cadmium batteries, and in a variety of consumer electronics devices. Although there has been an increased emphasis on recycling of consumer electronics in recent years, use and subsequent discard of these consumer electronic items in the municipal solid waste stream may, on a moving forward basis, result in an upward trend in the level of cadmium in the municipal solid waste stream.

The USEPA recently published draft technical guidance for sampling and analysis of solid waste, which includes ash residue from waste-to-energy facilities. The guidance revises and clarifies certain solid waste sampling and analytical techniques and methods, including statistical methodologies, for characterizing solid waste. Although the guidance is only in draft form at this time, it suggests that, in the future, generators of municipal solid waste combustion ash may be required to apply more rigorous statistical waste characterization methodologies, and may be required to sample ash more frequently.

Accordingly, CRRA management believes it is prudent and appropriate at this time to install an ash treatment system at the RRF designed to further immobilize metals, including cadmium, in the ash residue. Accordingly, the operation of this system will provide an added level of assurance that, in the future, none of the ash residue from the Mid-Connecticut RRF will exceed the regulatory threshold for cadmium as measured by the TCLP test. In the event that the ash exceeds the regulatory threshold for cadmium, it would have to be managed as a hazardous waste, at a significantly increased disposal cost.

During the past several months CRRA and Covanta has evaluated several different ash Treatment technologies, including those employing Pebble Lime, Magnesium Hydroxide, Dolomitic Lime, and the Wes-Phix© system. CRRA management has also discussed ash Treatment systems with two other waste-to-energy plant operators, Wheelabrator and American Ref-Fuel, as well as with several consultants experienced with ash treatment systems.

CRRA and Covanta have concluded that the preferred system for use at the Mid-Connecticut RRF is a dolomitic ash treatment system. Covanta, the facility operator, agrees that the dolomitic lime system is preferable to the other ash Treatment technologies. Covanta has conducted an engineering analysis for the installation of a dolomitic lime addition system and has recommended a system to CRRA. The system will consist of a lime storage silo and sifting screw, configured to feed dolomitic lime from the storage silo into the submerged drag conveyors for each boiler ash train. The dolomitic lime will combine with the bottom ash, which is then combined with the fly ash.

CRRA Management has conducted a preliminary review of Covanta's proposed system specifications. A more detailed review of the project will be occurring during the next several weeks. At this time CRRA staff recommend that the Board of Directors authorize the President to contract with Covanta to install the dolomitic ash treatment system, pending final review and approval of the proposed engineering and construction design by CRRA staff.

Financial Summary

Covanta has solicited bids from three vendors experienced with the design and installation of the proposed system, and has provided the results of the solicitation to CRRA. Covanta has recommended Methuen Construction, the low bidder. The results of this solicitation are tabulated below:

Vendor	Price
Methuen Construction	$529,697.00
Quality "Plus" Services, Inc.	$538,410.00
All State Boiler & Construction	$636,435.00

The bids submitted are for a "turnkey" scope of supply which includes design, supply and installation of a complete dolomitic lime ash treatment system. Under the terms of the PBF agreement with Covanta, there is no markup of the Contractor's price. However, the quotation does include certain exclusions, such as no cost for posting a bond, which will increase the final price. Accordingly, CRRA staff is recommending adding a 10% contingency to the low bidder's price. With the contingency, the price for the design, supply and installation of the proposed system is $582,667.00.

The funds for this project are available from the fiscal year 2004 Mid-Connecticut capital improvement budget, provided certain other capital projects are deferred to fiscal year 2005. Deferring these other capital projects to fiscal year 2005 will not impact operation of the Mid-Connecticut project facilities.

CRRA staff is currently negotiating an operation & maintenance fee with Covanta for operation of this system. CRRA staff expects to have this fee established shortly and intends to seek board approval at that time. It is expected that this fee will be in the range of $40,000 to $80,000 per year. In addition, the cost of the lime is expected to range between $100,000 and $400,000 per year.

TAB 6

RESOLUTION REGARDING SOLID WASTE, RECYCLING AND ACCOUNTING/FINANCE CONSULTING SERVICES

RESOLVED: That the President is hereby authorized to enter into contracts with the following firms and individuals for solid waste, recycling and accounting/finance consulting services for the period from January 1, 2004 through December 31, 2006, substantially as discussed and presented at this meeting:

Solid Waste Consulting Services

Alternative Resources Inc.
Arace & Company Consulting
CalRecovery, Inc.
Cashin Associates, PC
CDM
Charles River Associates
Davies Associates, Inc.
Dvirka & Bartilucci
EcoData, Inc.
Gannett Fleming Corp.
Gershman Brickner & Bratton, Inc.
J A Hayden Associates
M. I. Holzman & Associates, LLC
Malcolm Pirnie, Inc.
Modal Resources LLC
Plumley & Associates
R. L. Banks & Associates, Inc.
R. W. Beck, Inc.
RS Lynch, Inc.
Shaw E. & I. Inc.
Stearns & Wheeler, LLC

Recycling Consulting Services

CalRecovery, Inc.
Dvirka & Bartilucci
Gershman Brickner & Bratton, Inc.
Malcolm Pirnie, Inc.
R. W. Beck, Inc.
RRT Design & Construction
Shaw E. & I. Inc.

Accounting/Finance Consulting Services

Alternative Resources Inc.
Cashin Associates, PC
Crouse & Co.
Davies Associates, Inc.
Hammond, Peter S.
Jennings, Peter
Johnson, Andrew H.
Kropp, Robert E.
Malcolm Pirnie, Inc.
McAlpine, Peter
Mission: A Consulting Group

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Solid Waste, Recycling, and Accounting/Finance Consulting Services Agreement

Presented to the CRRA Board on:	December 18, 2003
Vendor/ Contractor(s):	Various (See Attached)
Effective date:	January 1, 2004
Contract Type/Subject matter:	Solid waste, recycling and accounting/finance on-call consulting services
Facility(ies) Affected:	Not Applicable
Original Contract:	Not Applicable
Term:	Three Years – January 1, 2004 through December 31, 2006
Contract Dollar Value:	Not Applicable
Amendment(s):	Not applicable
Term Extensions:	Not applicable
Scope of Services:	On-call consulting services in the solid waste, recycling and accounting/finance areas.
Other Pertinent Provisions:	Any work under the Agreements will be pursuant to a Request for Services (RFS). Any RFS in excess of $50,000 per year will require approval by the Board of Directors.

Connecticut Resources Recovery Authority
Solid Waste, Recycling and Accounting/Finance Consulting Services

December 18, 2003

Executive Summary

CRRA from time to time requires the assistance of firms and individuals to provide consulting services at a policy level in a wide variety of subject areas. CRRA's "Procurement Policies and Procedures" establishes a "Request for Qualifications" (RFQ) process (Section 4.2) to obtain such services. CRRA issued an RFQ for solid waste, recycling and accounting/finance consulting services in September 2003.

CRRA received responses to the RFQ from 39 firms and individuals. The responses were evaluated by, depending on the area(s) of interest identified by the respondents, staff of the Operations, Environmental, Recycling and/or Accounting/Finance Divisions. Based on those evaluations, the firms on the attached list have been selected for recommendation to the Board.

This is to request approval of the CRRA Board of Directors for the President to enter into agreements with the firms and individuals identified on the attached list to provide consulting services for the three-year period beginning January 1, 2004 and ending December 31, 2006. Any work performed under such an agreement will be pursuant to a Request for Services (RFS) and any RFS that is in excess of $50,000 per year requires approval by the Board of Directors.

Discussion

CRRA's "Procurement Policies and Procedures" establishes an RFQ process as "a process by which CRRA identifies persons to perform services on behalf of . . . CRRA through the solicitation of qualifications, experience, [and] prices." CRRA has, with considerable success, used the RFQ process to pre-qualify firms for a variety of technical services that it requires (e.g., engineering services).

It has become clear that CRRA has a need for consulting services directed at policy-level concerns (e.g., strategic planning, issue tracking, etc.). CRRA would benefit from having firms pre-qualified to provide policy-level consulting services on an on-call basis. To this end, CRRA decided to issue an RFQ for solid waste, recycling and accounting/finance consulting services. In addition to the three major areas identified in the RFQ, CRRA also identified nine sub-areas in the solid waste area, two in the recycling area and five in the accounting/finance area. Potential respondents were directed to indicate the sub-areas for which they would like to be considered.

CRRA issued the RFQ on September 15, 2003. The availability of the RFQ was advertised in the Hartford Courant, the New Haven Register and Waste News. Responses to the RFQ were due by October 17, 2003.

CRRA received responses from 39 firms and individuals. The table on the following page indicates the areas and sub-areas for which each of the 39 respondents requested consideration. Of the 39 respondents, 32 expressed interest in solid waste consulting services, 25 in recycling consulting services and 20 in accounting/finance consulting services.

After the responses were evaluated for administrative sufficiency, they were distributed to staff of the Operations, Environmental, Recycling and Accounting/Finance Divisions, depending on the areas for which the respondents indicated an interest. Responses were evaluated on the experience of the respondent, the experience of the individuals would be assigned to do work, the fee structure and whether or not there were any potential conflicts of interest or outstanding legal issues.

Based on the evaluation conducted, the following firms/individuals were selected for recommendation to the Board of Directors in each of the service categories:

<u>Solid Waste Consulting Services</u>

- Alternative Resources Inc.
- Arace & Company Consulting
- CalRecovery, Inc.
- Cashin Associates, PC
- CDM
- Charles River Associates
- Davies Associates, Inc.
- Dvirka & Bartilucci
- EcoData, Inc.
- Gannett Fleming Corp.
- Gershman Brickner & Bratton, Inc.
- J A Hayden Associates
- M. I. Holzman & Associates, LLC
- Malcolm Pirnie, Inc.
- Modal Resources LLC
- Plumley & Associates
- R. L. Banks & Associates, Inc.
- R. W. Beck, Inc.
- RS Lynch, Inc.
- Shaw E. & I. Inc.
- Stearns & Wheeler, LLC

<u>Recycling Consulting Services</u>

- CalRecovery, Inc.
- Dvirka & Bartilucci
- Gershman Brickner & Bratton, Inc.
- Malcolm Pirnie, Inc.
- R. W. Beck, Inc.
- RRT Design & Construction
- Shaw E. & I. Inc.

Accounting/Finance Consulting Services

Alternative Resources Inc.	Johnson, Andrew H.
Cashin Associates, PC	Kropp, Robert E.
Crouse & Co.	Malcolm Pirnie, Inc.
Davies Associates, Inc.	McAlpine, Peter
Hammond, Peter S.	Mission: A Consulting Group
Jennings, Peter	

The agreements the selected firms would be required to execute would have an effective date of January 1, 2004 and would be for the following three years, terminating December 31, 2006.

Financial Summary

CRRA makes no financial commitment to any firm or individual in the Agreement that the recommended firms and individuals would be required to execute. This selection merely makes a firm or individual eligible for selection for work at a later date when a need is actually identified. Any such future work would be procured through an RFS and any RFS that was for more than $50,000 per year would require approval by the Board of Directors.

REQUEST FOR QUALIFICATIONS FOR SOLID WAST, RECYCLING AND ACCOUNTING/FINANCE CONSULTING SERVICES (Proposal Due Date: October 17, 2003)
CATEGORIES REQUESTED BY PROPOSERS FOR CONSIDERATION

CATEGORIES OF SERVICES	Allan Company	Alternative Resources Inc.	Anchor Engineering Services, Inc.	Arace & Company Consulting	Beta Group Inc.	CalRecovery, Inc.	Cashin Associates, PC	CDM	Charles River Associates	Crouse & Co.	Davies Associates, Inc.	Dvirka & Bartilucci	EcoData, Inc.*	Gannett Fleming Corp.	Gershman Brickner & Bratton, Inc.	Grillo Engineering Co.	Hammond, Peter S.	J A Hayden Associates	Jennings, Peter	Johnson, Andrew H.	Kellcorp, Inc.	Kropp, Robert E.	M.I. Holzman & Associates, LLC	Malcolm Pirnie, Inc.	Marsh, Stephen	McAlpine, Peter	Mission: A Consulting Group	Modal Resources LLC	Plumley & Associates	Project Management Assoc. LLC	R. L. Banks & Associates, Inc.	R.W. Beck, Inc.	Ram Engineering Environmental	RRT Design & Construction	RS Lynch, Inc.	RSM McGladrey	SCS Engineers, PC	Shaw E. & I Inc.	Stearns & Wheler, LLC
I. Solid Waste Consulting Services																																							
A. Solid Waste Operations & Waste Systems Management Consulting		X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X			X	X	X	X					X	X		X	X	X				X	X
B. Collection Systems Evaluation Consulting Services		X	X	X	X	X	X	X		X	X	X			X	X					X	X		X						X		X	X				X		X
C. Economic Flow Control Consulting Services		X	X	X			X	X		X	X	X		X	X	X	X	X			X	X		X						X		X	X		X				X
D. Solid Waste Transportation Systems Consulting Services		X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X			X	X		X				X		X	X	X	X	X			X	X	X
E. Solid Waste Management Plans and Feasibility Studies consulting Services		X	X	X	X	X	X	X		X	X	X		X	X	X	X	X			X	X	X	X					X	X		X	X	X			X	X	X
F. Electrical Generation, Boiler & Turbine Analysis Consulting Services		X		X			X	X		X	X	X			X	X						X		X								X	X					X	X
G. Energy Marketing Consulting Services		X		X		X	X	X	X	X	X	X			X	X		X				X										X	X		X		X	X	
H. Solid Waste Market Analysis Consulting Services		X	X				X	X	X	X	X	X			X	X	X	X			X	X		X						X		X	X		X			X	X
I. Landfill Operation & Administration Consulting Services		X	X		X		X	X		X	X	X				X	X	X			X	X		X						X		X	X		X			X	X
II. Recycling Consulting Services																																							
A. Recycling Marketing Consulting Services	X	X	X	X		X	X			X	X	X	X		X	X	X							X			X			X		X		X				X	X
B. Recycling Planning & Implementation Consulting Services	X	X	X	X	X	X	X			X	X	X		X	X	X	X	X						X	X		X			X		X		X			X	X	X
III. Accounting/Finance Consulting Services																																							
A. Policies & Procedures Consulting Services							X			X	X		X		X		X		X	X		X		X			X								X	X			
B. Strategic Planning Consulting Services	X	X			X		X			X	X						X	X	X	X	X	X		X		X	X								X	X			
C. Accounting Systems Consulting Services							X			X	X								X	X							X								X	X			
D. Financial Services		X					X		X	X	X								X	X		X		X		X	X								X	X			
E. Budgetary & Control Processes Consulting Services							X			X	X								X	X		X		X			X								X	X			

TAB 7

RESOLUTION REGARDING SIGNATORY AUTHORITY FOR ENVIRONMENTAL SUBMITTALS

RESOLVED: Pursuant to Conn. Gen. Stat. Section 22a-277(c) the board hereby authorizes the President to delegate to designated members of the CRRA staff, as duly authorized representatives of the Authority, the authority to sign documents submitted by CRRA to the Connecticut Department of Environmental Protection and the United States Environmental Protection Agency, in connection with air, water, and solid waste compliance and permitting programs, substantially as presented and discussed at this meeting. This delegation of authority, in the President's opinion, would be appropriate for the prompt and orderly transaction of the business of the Authority.

FURTHER RESOLVED: That the Board hereby ratify such documents previously signed by Peter W. Egan, Director of Environmental Services, and John D. Clark, Operations Division Head, and submitted to the Connecticut Department of Environmental Protection and the United States Environmental Protection Agency, in connection with air, water, and solid waste compliance and permitting programs

Connecticut Resources Recovery Authority
Signatory Authority for Environmental Submittals

December 18, 2003

Discussion

Certain state and federal air, water, and solid waste regulations require that certain documents, such as permit applications, reports, and certifications, which CRRA is required to submit to government agencies from time-to-time, be signed by the principal executive officer of CRRA, or his/her duly authorized representative. In the case of CRRA, the President is the principal executive officer.

This is to request that the CRRA Board of Directors affirm that the President of CRRA is authorized to delegate as duly authorized representatives, for the purpose of signing environmental related documents, the position of Director of Environmental Services, Director of Operations, or other senior level positions within CRRA as the President deems appropriate. This signatory authority will be extended by the President, in writing, to duly authorized representatives, in accordance with certain environmental regulations, including, but not limited to, the water pollution control regulations at RCSA 22a-430-3, the air pollution control regulations at RCSA 22a-174-2a, and the solid waste management regulations at RCSA 22a-209.

TAB 8

Memorandum

To: Tom Kirk

From: Ann R. Stravalle-Schmidt

Date: December 9, 2003

Re: Anderson Kill Update

In June, 2003, the board authorized an additional $240,000 to pay off Anderson Kill through May 31, 2003, for work on the bankruptcy constructive trust issue, along with $26,500 for fees and expenses incurred because of the unanticipated CL&P bankruptcy issues. The original authorization was for $300,000 in June 2002.

In June 2003, the board also authorized an additional $115,000 to commence the appeal process on the bankruptcy constructive trust issue. (See attached resolution.) I was informed in mid-November 2003 that the total fees and expenses from June 15, 2003, through October 30, 2003, would be approximately $99,431. As of Anderson's November bill (for work done in October) the total charged for the appellate work is $150,259.29, minus a $12,511.80 credit and a $20,000 deferral, for a total appeal bill of $128,881.22. (The deferral will only need to be repaid upon a recovery in amount greater than Anderson Kill's total legal expenses). Thus far we have only paid $19,854.42 on the appellate matter.

It is anticipated that the appeal will cost an additional $10,000 to $23,500. This sum includes approximately $8,500 for fees and expenses incurred during November, plus an additional amount up to $15,000 to complete the appeal. The reason for the variable expense projection is because all briefings have been completed. The District Court Judge hearing the appeal can either rule based on the papers already submitted or choose to hold an oral argument. If no oral argument is held, there will only be nominal costs incurred. If, however, oral argument is held, there will be additional costs associated with its preparation and execution.

It is further s anticipated that CL&P issues will cost an additional $10,000 to $20,000. CL&P has filed a proof of claim in the Enron case claiming to be due all or part of the funds lost by CRRA. We may need to act to enforce CRRA's rights to those funds, including possibly briefing and arguing a motion to disallow CL&P's claim and allow CRRA's claim.

RESOLUTION RE: AUTHORIZATION FOR PAYMENT OF ANDERSON KILL AND OLICK

RESOLVED: That the President of CRRA is hereby authorized to pay Anderson Kill and Olick up $240,000 to reimburse Anderson Kill for fees and expenses incurred, up until May 31, 2003, but not paid, which exceed the June 2002 authorized amount of $300,000 for work with the Attorney General's Office in the matter of In re: Enron Corp., et al. (Chapter 11, Case No. 01-16034(AJG)) ("Bankruptcy Case"),

And to further pay for the additional work in the amount of $26,500 for fees and expenses incurred, up until May 31, 2003, not anticipated on the CL&P issues which arose in the Bankruptcy Case and in discussions with CL&P to obtain monies owed to CRRA.

FURTHER RESOLVED: That the President of CRRA is hereby authorized to pay Anderson Kill an additional $115,000 for preliminary motions and appeal in bankruptcy action on the condition Anderson Kill inform CRRA when it is within $50,000 of this authorized expenditure.

TAB 9

RESOLUTION WITH RESPECT TO AN INCREASE IN LEGAL FEES FOR ANDERSON KILL& OLICK, BY THE ATTORNEY GENERAL, ON BEHALF OF CRRA

RESOLVED: That the President of the Authority be hereby authorized to fund, as necessary, an additional $ 23,500 to pay for Anderson, Kill & Olick's legal representation of CRRA in the ENRON bankruptcy appellate matter and an additional $20,000 to pay for Anderson, Kill & Olick's legal representation of CRRA in the ENRON bankruptcy matter pertaining to issues arising from CL&P.

TAB 10

RESOLUTION REGARDING PAYMENT OF LEGAL EXPENSES FOR FORMER CRRA EMPLOYEES AND DIRECTORS

RESOLVED: Pursuant to Conn. Gen. Stat. Section 1-125, CRRA is required to:

> protect, save harmless and indemnify its directors, officers or employees from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence...or any other act or omission resulting in damage or injury, if the director, officer or employee is found to been acting in the discharge of ...his duties or within the scope of his...employment and such act or omission is found not to have been wanton, reckless, willful or malicious,

Given the aforementioned statute, the board hereby authorizes the President to effectuate the edicts of said statue as appropriate..

TAB 11

RESOLUTION RE: LEGAL REQUESTS FOR SERVICES

RESOLVED: That the President is hereby authorized to sign RFSs pursuant to the legal services agreement with Pullman and Comley in excess of $50,000 as substantially presented at this meeting.