CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED FIFTIETH MEETING OCTOBER 17, 2002

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, October 17, 2002 at the 211 Murphy Road, Hartford. Those present were:

Chairman Michael A. Pace (left at 12:05 p.m.)

Directors:
Benson Cohn
Theodore Martland (arrived at 9:25 a.m.)
Howard Rifkin (delegate for Director Nappier)(left at 12:20 p.m.)
Stephen Cassano (Present by telephone)
James Francis
Mark Cooper
John Mengacci (delegate for Director Ryan)
Mark Lauretti (arrived at 9:45 a.m.)(left at 12:25)
Ray O'Brien
R. Christopher Blake (arrived at 9:20 a.m.)
Marc Ryan (left at 11:25 a.m.)
Alex Knopp (arrived at 9:30 a.m.)
Catherine Boone (delegate for Director Nappier)

Directors Sullivan and Nappier did not attend.

Present from the CRRA staff:

Bettina Bronisz, Assistant Treasurer & Director of Finance
John Clark, Operations Division Head
Robert Constable, Senior Analyst
Peter Egan, Director of Environmental Services
Brian Flaherty, Communications Coordinator
Thomas Gaffey, Recycling and Environmental Education Division Head
Gary Gendron, Director of Administration
Lynn Martin, Insurance and Claims Manager
Angelica Mattschei, Executive Assistant & Corporate Secretary
Diane Spence, Secretary
Ann Stravalle-Schmidt, Director of Legal Services
Christopher Fancher, Facilities Engineer
Michael Tracey, Director of Civil & Construction Engineering

Others in attendance were: Theodore Doolittle of the Attorney General's Office; Joyce Tentor of HEJN; David Arruda of MDC; David Valzania and Margaret Teta of Marsh; A. Francis Robinson, Jr. of Sidley Austin Brown & Wood; Steve Diaz of Covanta; Jerry Tyminski of SCRRRA; Marie V. Phelan of Pullman & Comley, LLC; and John A. Alexander of Old Lyme.

Chairman Pace called the meeting to order at 9:02 a.m. and noted that a quorum was present as well Director Cassano's participation via telephone. 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 9:00 a.m. and 9:30 p.m. in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes. Chairman Pace asked whether any member of the public wished to speak.

Mr. John Alexander introduced himself and said that there had been plenty of discussion regarding the $220 million loss and the effect that it had on the tipping rates for the Mid-Connecticut project. Mr. Alexander stated that his concern was with the $60 million that Enron did not receive. Mr. Alexander said that he formally requested an itemized accounting of the disposition of the $60+ million that was transferred from the Mid-Connecticut Project to the Non-Project Ventures account.

Mr. Alexander said that he would also request that the Board act to apply the cash balance in that account, at the rate of $2.1 million dollars per month, to the reduction of tipping fees for Mid-Connecticut municipalities like Old Lyme to the exhaustion of that balance.

Chairman Pace said that the item would be addressed during the meeting.

Ms. Tentor introduced herself and noted that she represented the Hartford Environmental Justice Network (HEJN). Ms. Tentor said that they were greeted that morning by the nuisance odors that the community surrounded by the CRRA plant too often had to live with. She said that she wanted to bring that fact out in the public record that it did happen with frequency. Whether it be nuisance or toxic emissions, Ms. Tentor continued, it was not a good advertisement for the community. Ms. Tentor said that she would like to again make arrangements for her group to tour the facility at a later date. She added that planning the tour had been a long process.

Chairman Pace responded that there were problems with finding a mutually agreeable date for the tour. Chairman Pace suggested that Mr. Clark set up the tour for HEJN.

ADDITIONS TO THE AGENDA

Chairman Pace requested that three items be added to the agenda. Chairman Pace said that, under Section VI, he would like to add an item 3 regarding an emergency repair for the north wall at the Mid-Connecticut project Waste Processing Facility. Director Cooper seconded the motion which was approved unanimously.

Chairman Pace said that he would like to add two items under Finance. The first item was a resolution with respect to transferring specific funds within the Mid-Connecticut project and the second item was a resolution with respect to financial advisory services. Director Mengacci seconded the motion which was approved unanimously.

APPROVAL OF THE AUGUST 30, 2002 SPECIAL BOARD MINUTES

Chairman Pace requested a motion to approve the minutes of the August 30, 2002 special Board meeting. Director O'Brien made the motion which was seconded by Director Cooper.

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

APPROVAL OF THE SEPTEMBER 19, 2002 REGULAR BOARD MINUTES

Chairman Pace requested a motion to approve the minutes of the September 19, 2002 regular Board meeting. Director O'Brien made the motion which was seconded by Director Cooper.

Director Mengacci noted that page 8, third paragraph, third sentence of the minutes should read "that past" instead of "the past." Director Mengacci said that on page 10 under the resolution, the word "megawatts" should be "kilowatts." Mr. Clark responded that it was correctly recorded as "megawatts" but the word "hours" should be added to read "megawatt hours."

The motion previously made and seconded was approved unanimously.

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss personnel matters with appropriate staff. Director O'Brien made the motion which was seconded by Director Cooper. Chairman Pace requested that Ms. Schmidt and Mr. Larry Brown stay during the executive session. Mr. Tom Kirk would be invited in at the appropriate time. The motion previously made and seconded was approved unanimously.

The Executive Session began at 9:11 a.m.

The Executive Session concluded at 10:40 a.m.

Chairman Pace reconvened the Board meeting at 10:41 a.m.

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

CHAIRMAN'S AND COMMITTEE REPORTS

FINANCE COMMITTEE

AUTHORIZATION REGARDING FIDUCIARY INSURANCE THROUGH TRAVELERS

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

> **RESOLVED:** that the Board of Directors authorizes the procurement of $3 million of Fiduciary Insurance through Travelers for a two-year period (November 1, 2002 – November 1, 2004) and a premium of $8,328.

Director Cooper seconded the motion.

Ms. Martin said that several options were offered as documented in the Board materials, and that the recommendation was to stay with Travelers. She said that CRRA has had a relationship with them for several years. Travelers had provided insurance to CRRA when no one else would quote, she said. Their price of $8,328 was competitive for a $3 million limit of liability, she said, and would cover CRRA for two years. Ms. Martin noted that the Finance Committee had reviewed the item and was also willing to recommend Travelers.

Director Francis asked whether there was a reason not to go into a three-year package. Ms. Martin said that the reason why she recommended the two-year rather than the three-year package was that most of the pricing were based on the level of funding in the 401(k) plan and it probably would not increase in two years but may increase in three. Ms. Martin said that CRRA might want a higher limit at that point. It was more conservative to stay with two years, she stated. Director Ryan stated that there virtually would be no inflation with the third-year premium and that CRRA would always have the ability to go back into the market and amend the agreement. Director Ryan said that spending the additional $3,000 was not a bad idea.

Director O'Brien amended the motion and recommended a change from two years at a cost of $8,328 to three years with a premium of $12,492. Director Cooper accepted the amended motion.

Director O'Brien asked whether the cost was paid annually and if it was within the budget for the existing year. Ms. Martin replied that it was a one-time, up-front payment and there were funds in the budget for the premium.

The amended motion previously made and seconded was approved unanimously.

RESOLUTION REGARDING INSURANCE CONSULTING AND BROKER SERVICES

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

> **RESOLVED:** that the Chairman, Vice Chairman or President of CRRA is hereby authorized to execute the Insurance Consulting and Broker Services Agreement with Marsh USA, Inc. for the period January 1, 2003 through December 31, 2005 for a total fixed fee as substantially presented and discussed at this meeting.

Director Cooper seconded the motion.

Ms. Martin noted that the referenced item was discussed twice with the Finance Committee and that they were willing to recommend Marsh for the three-year contract for a price of $307,000. Ms. Martin said that CRRA's experience with Marsh had proved to be positive and that they were the largest brokerage firm in the world. They had secured the insurance needed to cover all of CRRA's risks, despite the terrible market conditions.

Director Martland asked whether Marsh received remuneration from the insurance companies. Mr. Valzania responded that all of the placements that Marsh had done for CRRA had been net of any commission and would continue to be in the future, with the exception of those "book of business" commissions that agents and brokers received throughout the industry.

Director Lauretti stated that for the record he was opposed to the motion for a variety of reasons and had voted against the Finance Committee resolutions. Director Lauretti said that he was not opposed to Marsh as a company but rather to their fee structure, which had doubled from the previous three years. The rationale Marsh used to explain the fee increase, Director Lauretti continued, was that they felt that their previous fees were not based on the true quantification of their cost to provide the service. Director Lauretti stated that he was in doubt that the Board should be accepting their proposal from a financial standpoint since it took them 12 years to figure out their fee structure. Director O'Brien said that it took Marsh 3 years, not 12, to restructure their fees. Marsh had wanted to retain CRRA's business, Director O'Brien said, and the price they set three years prior was below where it should have been in order to cover their costs. Nonetheless, Director O'Brien added, they did provide the services that the former Board expected from them.

Director Lauretti stated that he had no reservations with Marsh or HRH's ability to perform their job. Some of the points that Marsh made were simply a part of the services they were supposed to be providing, Director Lauretti said. However, he added, the one criteria on their list that would be a legitimate issue was that six carriers were needed to complete property insurance program as oppose to just one carrier in previous years. Director Lauretti stated that it still did not warrant a doubling of their fees.

Director O'Brien noted that Marsh, despite the fee increase, had a higher score in the rating system and was very close in price to their competitor's proposal. In addition, he said, Marsh's fee for the previous three years on an annualized basis was 5.1% of CRRA's premiums. Looking forward over the three-year period, Director O'Brien continued, their fee would be 4.2% of the total.

Director Ryan asked whether the difference in the rating system was, in great measure, related to the small business qualification of Marsh versus HRH. Ms. Martin pointed out that neither company qualified as a small business but that there was a difference with respect to provision of affirmative action plans. Ms. Martin stated that HRH did not have an affirmative action plan in place, but that she gave them a scoring of 2.5 our of 4.0 because they were willing to implement a plan. Marsh had an affirmative action plan in place, she said. Director O'Brien said that the one category difference between Marsh and HRH was in the responsiveness to the RFP questions. Director Martland stated that the one who had already done the business would easily have an advantage in the responsiveness to the RFP category.

Chairman Pace asked whether anyone had a conflict of interest on the matter. Hearing none, Chairman Pace asked for the vote. The motion previously made and seconded was approved by a vote of 9-2. Director Rifkin abstained from the vote and Directors Lauretti and Martland voted "nay."

<u>YEAR-END AUDIT/FINANCIAL STATEMENTS</u>

Ms. Bronisz said that a congratulatory note from Chairman Pace to the Accounting department, in particular to Ms. Nhan Vo-Le, was included in the Board materials. Ms. Bronisz said that the Accounting department performed a herculean effort in getting the report completed by September 30th in compliance with State requirements.

Ms. Bronisz said that the audit report was distributed to the Finance Committee, but that a clarification needed to be made on page 2 of the Management's Discussion and Analysis regarding the comment on the decrease in the cash and cash equivalents. Ms. Bronisz said that the reported $18 million decrease figure from the previous year was correct, but that the explanation given for the decrease was incorrect. She said that the explanation should have read that the decline reflected the decrease in the amount of revenues received from Enron instead of a decrease in investment yields. Ms. Bronisz said that staff would make the correction and redistribute the audit. Ms. Bronisz added that CRRA's auditing firm, Scillia Dowling and

Natarelli would attend the next Board meeting to present their full analysis on the audit. They concurred that the change should be made, she said.

Director O'Brien asked Ms. Bronisz to state for the Board what the conclusion of the audit was with regard to financial records. Mr. Sawicki, a partner with Scillia Dowling and Natarelli, responded that CRRA's financial statements were unqualified without comments or exceptions. The opinion under government auditing standards was also unqualified as to any exceptions or problems.

AUTHORIZATION TO TRANSFER SPECIFIC FUNDS WITHIN THE MID-CONNECTICUT PROJECTS

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

RESOLUTION: That the persons able to withdraw Authority funds (authorized: Michael Pace, Bettina Bronisz, John Clark, and Nhan Vo-Le) be hereby authorized to transfer the following funds from the following Mid-Connecticut accounts into the Mid-Connecticut Trustee Revenue fund, as needed.

FUND	ACCOUNT#	MAXIMUM AMOUNT
Risk Fund	01-31101	$1,400,000
Waste Processing Facility (WPF) Modifications	41-31115	$2,500,000
Power Block Facility (PBF) Maintenance	41-31126	$500,000
Transfer Station Maintenance	41-31125	$466,000
Rolling Stock	41-31114	$4,500,000

Director Cooper seconded motion.

Ms. Bronisz distributed three documents regarding the cash drain at the Mid-Connecticut project due to nonpayments from Enron. Ms. Bronisz said that the first document was the Mid-Connecticut revenue fund analysis. Because energy payments from Enron had not been received, Ms. Bronisz explained, CRRA was experiencing a burn rate of approximately $2 to $3 million per month. The revenue fund account was depleted in April, Ms. Bronisz said, and other monies from other accounts had been transferred into the account to fund monthly operations since that time.

Ms. Bronisz said that the document made reference to four buckets. The first bucket was the Energy Project Operating fund that started out at approximately $15 million. The bucket had been declining as monthly transfers were made into the revenue fund as needed, she said. Ms. Bronisz said that the other three buckets were the Excess O&M and R&R Funds, excess funds in several operations accounts and the EGF Operations Fund. Releasing the excess funds in the operations account to be available for use required Board action, she explained, and the resolution identified these funds.

Chairman Pace said that CRRA was not receiving monies from CL&P on a monthly basis and that was causing a significant cash flow problem. That was one of the reasons why the reserves were being utilized. Chairman Pace said that he had met with CL&P, DPUC and the Attorney General's Office to discuss going to court and getting the monies that had been held in escrow released to CRRA. Chairman Pace said that although Enron was a prevalent issue, there were other derivatives to the cash flow situation such as the CL&P cash and the multiple lawsuits filed either against the Authority or that the Authority had started to arbitrate against others.

Director Rifkin asked what the status was of the Non-Project Ventures account. Chairman Pace replied that it had already been dissolved. Director Rifkin asked how the assets from the Non-Ventures were distributed. Chairman Pace responded that the assets were never moved out of the Mid-Connecticut Project. Director Rifkin asked which bucket was attributable to the Mid-Connecticut Project from the unrestricted assets of the Non-Project Ventures. Chairman Pace responded that it was the Energy Project Operating and the EGF Operations Fund.

Director Rifkin commented that he would like an explanation of the $60 million that was booked against the Non-Ventures account and attributable to the Mid-Connecticut project. Mr. Clark responded that $27 million went to the insurance policy for remediation, $10 million went to the purchase of the site from CL&P and $20 million went into the bucket called "the EGF." Mr. Clark said that the $20 million could be released but that it had caveats. It had to support the operation of the EGF, he explained. Director Ryan asked whether there were indenture requirements associated with the $20 million. Mr. Clark said that the restrictions on the $20 million were being examined.

Director Rifkin asked whether the site remediation had been fully accomplished. Mr. Clark replied that it was going to be a long-term project. Director Rifkin asked where the funds from the buy-down of the contract with CL&P were located. Mr. Clark said that the $27 million was with an insurance policy with AIG. Mr. Egan explained that as the remediation contractor continued with the remediation, funds would be reimbursed to the remediation contractor periodically from the policy. Director Rifkin asked why this arrangement was entered into. It was a mechanism to place the money in an escrow, he answered, and that the money would be paid out as the remediation was conducted. It was CRRA's responsibility to perform the remediation, Chairman Pace added.

Ms. Schmidt said that staff would provide the Director Rifkin with a copy of the AIG policy.

The motion previously made and seconded was approved unanimously.

RESOLUTION WITH RESPECT TO FINANCIAL ADVISORY SERVICES

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

> **RESOLVED:** That the Chairman, Vice Chairman or President be authorized to extend a contract to Public Financial Management ("PFM") to assist the Finance Division staff with work on a variety of projects, including numerous Mid-Connecticut and Southeast issues on an as-need basis. This contract would extend to June 30, 2003.

Director Cooper seconded the motion.

Ms. Bronisz said that there were several projects that needed additional financial analysis and modeling, in particular, the bond issue at the Southeast project that needed the services of debt remodeling and restructuring in order to alleviate the potential cash flow shortage in that project. In addition, Ms. Bronisz continued, the Mid-Connecticut project needed to examine its refunding analyses with regard to the projected level of cash flow and deficits.

Director Francis asked whether staff was examining both lowering the interest rates and restructuring the debt. Ms. Bronisz replied that that was correct. She explained that the Southeast project had a bond issue that had a very high interest rate which should be refunded, as well as the need to restructure some of the payments that would enable the project to get through a forecasted near term financial shortfall. Ms. Bronisz added that debt restructuring would be examined in all of the projects.

Director Francis asked whether PFM had experience with refunding bonds. Ms. Bronisz responded that they did.

Director Knopp noted that the agreement was for refinancing purposes and not general financial consulting.

The motion previously made and seconded was approved unanimously.

POLICY & PROCUREMENT COMMITTEE

Director Martland said that three policies had to be postponed until the November Board meeting due to the delay in the posting of the notice. Director Martland said that the committee distributed an RFP for attorneys and was in the process of collecting the responses. Director Martland noted that some of the recommendations of the Policy & Procurement Committee that had not yet been fully approved by the Board were already being implemented, such as the automobile policies.

Director Cohn said that he would like to publicly thank Director Martland for taking over the Committee in his absence.

ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE

Director Francis noted that the Committee did not have action items to report to the Board for consideration. Director Francis commented that Horton Associated had been asked to continue with the CFO search and that the Committee had authorized the finalization of the hiring of the senior counsel.

STEERING COMMITTEE

Chairman Pace noted that the Committee had a retreat in Old Saybrook and that the beginnings of the report to the Legislature were accomplished.

Mr. Clark presented a status report on the Mid-Connecticut Electricity Contract Buy-down. Mr. Clark said that the State issued the $280 million in securitization bonds for the Mid-Connecticut Project. Enron received $220 million to assume CL&P's obligations while CRRA received the balance of $60 million. Under the existing contract that CL&P was operating under, Mr. Clark said that CL&P received all ancillary components for all of the output. CL&P received the energy clearing price, the installed capacity payments and reserve payments from ISO, he stated.

Mr. Clark said CL&P had received energy payments from ISO for all the power that commenced since the closing date on March 30, 2001. CL&P had received approximately $23,594,000. CL&P had made payments to Enron for $6,525,927, he said, and Enron, in turn, paid CRRA. CL&P had paid CRRA $7,806,013 directly. Mr. Clark noted that approximately $6 million was owed to CRRA from monies set aside by CL&P. Mr. Clark added that CL&P appeared to be benefiting from the transaction and, based on the energy clearing price, has made approximately $3 million through September 2002.

Mr. Clark explained that CRRA produced power which was delivered to CL&P. The ISO monitored the amount of power produced and paid CL&P for the actual energy clearing price. The ISO may also have paid capacity payments, a green premium and, in some cases, congestion uplift. After CL&P had received the payments, Mr. Clark continued, CL&P should have then paid CRRA. Mr. Clark noted that CRRA was not receiving payments from CL&P because CL&P was holding the $6 million dollars discussed earlier in his presentation.

Mr. Clark said that CRRA was working with CL&P, working on obtaining its supplier's license, working with OPM and PLM to retail to the State and wholesale to other markets and working on claims against Enron in pursuit to capture the opportunities to improve electricity sales revenues. The primary players, Mr. Clark noted, were CL&P's legal and management group, the Attorney General's office, CRRA's legal and management group, Halloran & Sage and bankruptcy counsel Anderson Kill. Also involved, Mr. Clark added, were the DPUC (ombudsman), PLM, the Office of Policy and Management (OPM) and the law firm Cummings and Lockwood.

Mr. Clark said that on the retail analysis, preliminary results indicated that CRRA's use of the first 250,000 MWh to serve 100% of the identified state load would be less economic than selling the same energy at wholesale. The state load's profile did match CRRA's profile, he said. Mr. Clark continued that CRRA only had one source of power and would be buying from the wholesale market during the peak period when power was at its most expensive and selling to the market during the off-peak hours when the power was cheap. Mr. Clark added that once CRRA became a supplier, it would be responsible to line losses and load swings.

Mr. Clark said that a bid was received from wholesalers in June. Mr. Clark stated that the power marketers were contacted and asked to reexamine their proposals and submit a new price based on the existing market conditions. Mr. Clark said that he was expecting a draft decision for the supplier license on October 22, 2002.

LEGAL

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss the settlement with Keyspan Energy Management, Inc with appropriate staff. Director O'Brien made the motion which was seconded by Director Cooper. Chairman Pace requested that Ms. Schmidt, Ms. Bronisz, Mr. Tracey, Mr. Clark and Mr. Fancher remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 11:40 a.m.

The Executive Session concluded at 12:15 p.m.

Director O'Brien reconvened the Board meeting at 12:16 p.m.

Director O'Brien noted that no votes were taken in executive session. Director O'Brien also stated that Chairman Pace excused himself from the meeting during the executive session and had left him in charge.

RESOLUTION WITH RESPECT TO A SETTLEMENT WITH KEYSPAN ENERGY MANAGEMENT, INC.

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

> **RESOLUTION:** That the Chairman be authorized to enter in a settlement and release with Keyspan Energy Management, Inc. as substantially presented at this meeting.
>
> Director Rifkin seconded the motion.

Director Rifkin said that he would like to acknowledge Chairman Pace, Mr. Clark and others on staff on their hard work to make an admittedly bad situation as good as it could get. Director Rifkin said that the issue and the potential litigation or arbitration with Keyspan could be placed in the past and CRRA could move forward to complete the project as expeditiously as possible.

The motion previously made and seconded was approved unanimously.

PROJECT REPORTS

MID-CONNECTICUT

AGREEMENT FOR THE IMPROVEMENTS TO THE NORTH WALL AT THE WASTE PROCESSING FACILITY

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

> **RESOLVED:** The President, Vice Chairman or Chairman is authorized to enter into an Agreement for Improvements to the North Wall at the Waste Processing Facility with Central Construction Industries, LLC substantially as presented at this meeting.
>
> Director Francis seconded the motion.

Mr. Tracey distributed a document on the referenced item to the Board. Mr. Clark said that the item was stated as an emergency repair but noted that it was not considered an emergency. Mr. Tracey said that it was a fire separation wall at the north end of the tipping area of the waste processing facility. It separated the tip floor area from the control room area, he said. Mr. Tracey explained that the existing 15-foot concrete wall was built with metal panels and was not substantial enough to withstand the tip floor operations that were ongoing. Mr. Tracey continued that the wall needed to be rebuilt as well add other improvements to prevent the same damage from occurring again.

Mr. Tracey said that the fire rating on the existing wall would have to be maintained and the new cover would consist of half-inch Core-ten steel plates within the wall itself, which was approximately 124 feet long by 10 feet high. Structural framing members would also have to be added in order to support the plates, he added.

Director Lauretti asked whether this was an anticipated budget since the memo indicated that it was budgeted for $55,000. Mr. Tracey said that it was budgeted for $55,000 and after the bids were solicited, the actual price was $108,000. Director Francis noted that the project was more extensive than originally planned. He asked what the changes were from the original plan. Mr. Tracey responded that the original budget was estimated by the MDC and that they did not consider rebuilding it to the extent that which CRRA had.

Director O'Brien asked whether there was a provision in the contract for automatic arbitration. Ms. Schmidt replied that there was not but that mediation provisions prior to litigation could be included in future contracts.

The motion previously made and seconded was approved unanimously.

SUMMARY OF PROJECT ACTIVITIES

Mr. Fancher said that there were no major operational highlights during the month of September. Mr. Fancher stated that there was a difference in the outages from the previous year in the Bridgeport project. The Mid-Connecticut project had a reduction in steam and power production as compared to the previous year. Mr. Fancher explained that it was due to the scheduled outage being performed in September as opposed to October in the previous year. He added that Covanta was going to conduct a full plant shut down in October to repair several common ductwork components that require a full facility shutdown.

Mr. Fancher stated that the Southeast project had another very good month with very little down time. The Wallingford numbers also increased substantially due to a lack of scheduled outages in the month of September. The scheduled outages would be performed in October and would be reflected in that month's report. Mr. Fancher added that the jets were called to operate four times during the month and performed very well.

Director Mengacci asked how the tons of MSW processed in the Bridgeport and Mid-Connecticut projects could go up while the amount of steam and power generated in both facilities decreased. Mr. Fancher replied that, in the Mid-Connecticut project, the tons processed were the amount of MSW processed into RDF fuel. There was going to be an increase in inventory in the RDF storage area, he explained. The tons processed in the Bridgeport project could have been affected by the weather conditions, the heating value of the fuel was affected by the amount of rain received which in turn affects the amount of tons needed to be processed or burned in order to obtain the same amount of steam.

Mr. Clark added that Covanta operated the Wallingford and Mid-Connecticut projects and that they were currently in bankruptcy. Covanta was working with KKR, he said. Mr. Clark stated that the bankruptcy did not appear to be hurting the production at any of the plants.

EXECUTIVE SESSION

Director O'Brien requested a motion to convene an executive session to discuss litigation strategies and other items with appropriate staff. Director Francis made the motion which was seconded by Director Martland. Director O'Brien requested that Ms. Schmidt, Mr. Clark, Mr. Egan and Mr. Mason remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 12:37 p.m.

The Executive Session concluded at 1:15 p.m.

Director O'Brien reconvened the Board meeting at 1:16 p.m.

Director O'Brien noted that no votes were taken in executive session.

AJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 1:16 p.m.

Respectfully submitted,

Angelica Mattschei
Corporate Secretary to the Board

CONNECTICUT RESOURCES RECOVERY AUTHORITY

EXECUTIVE SESSIONS **OCTOBER 17, 2002**

Executive Sessions, called for the purposes of discussing legal and personnel matters, were convened at 9:11 a.m., 11:40 a.m. and 12:37 p.m. consecutively.

DIRECTORS

Chairman Pace (absent from 3rd session)
Director Cohn
Director Martland
Director Rifkin (absent from 3rd session)
Director Cassano (absent for some)
Director Francis
Director Blake
Director Cooper
Director Mengacci
Director Lauretti (absent from 3rd session)
Director O'Brien
Director Ryan
Director Knopp
Director Boone

STAFF

Ann Stravalle-Schmidt
Bettina Bronisz (part)
Mike Tracey (part)
Chris Fancher (part)
John Clark (part)
Peter Egan (part)

HORTON

Larry Brown (part)

Tom Kirk (part)

No votes were taken in Executive Sessions.

The Executive Sessions adjourned at 10:40 a.m., 12:15 p.m. and 1:15 p.m. consecutively.