

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**THREE HUNDRED FIFTY-SECOND MEETING**

**DECEMBER 19, 2002**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, December 19, 2002 at the 211 Murphy Road, Hartford. Those present were:

Chairman Michael A. Pace

Directors:     Benson Cohn  
                  Theodore Martland  
                  Howard Rifkin (delegate for Director Nappier)  
                  Stephen Cassano  
                  James Francis  
                  Mark Cooper  
                  John Mengacci (delegate for Director Ryan)  
                  Mark Lauretti  
                  Ray O'Brien  
                  R. Christopher Blake (arrived at 9:10 a.m.)  
                  Marc Ryan (left at 11:25 a.m.)  
                  Andrew Sullivan (present by phone)

Directors Knopp, Boone and Nappier did not attend.

Present from the CRRA staff:

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

Others in attendance were: John Stafstrom, Jr. of P&C; Joyce Tentor of HEJN; David Arruda of MDC; Frank Marci of USA Hauling; Jerry Tyminski of SCRRRA; Jonathan Bilmes of BRRFOC; Douglas Orr of BRBI and Jim Bolduc.

Chairman Pace called the meeting to order at 9:05 a.m. and noted that a quorum was present. Chairman Pace requested that everyone stand up for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

### **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.

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

### **APPROVAL OF THE NOVEMBER 21, 2002 REGULAR BOARD MINUTES**

Chairman Pace requested a motion to approve the minutes of the November 21, 2002 regular Board meeting. Director O'Brien made the motion which was seconded by Director Martland.

Director Sullivan said that the first paragraph on page 6 should read "experience working with the DPUC." The word "with" was omitted, he said. Director Sullivan said that on the same page, the word "adaptation" should be changed to "adoption."

The motion previously made and seconded was approved unanimously.

### **ADDITIONS TO THE AGENDA**

Chairman Pace requested a motion to add items to the regular agenda. Director Blake made a motion to add the election of a Vice Chairman to the agenda. The motion made by Director Blake and seconded by Director Martland was approved unanimously.

Director Blake made a motion to add the reappointment of the Steering Committee to the agenda. The motion made by Director Blake and seconded by Director Francis was approved unanimously.

Director O'Brien made a motion to add a resolution as requested by the Legislative Program Review and Investigations Committee Chair to the agenda. Director Martland seconded the motion. Director O'Brien explained that the resolution was a request by the Chairperson of the Legislative Program Review and Investigations Committee as part of their review of whether or not CRRA should remain a quasi-public agency. The motion previously made and seconded was approved unanimously.

Director Cassano made a motion to add an executive session in order to discuss personnel matters. The motion was seconded by Director Sullivan and approved unanimously.

Chairman Pace said that the Policy & Procurement Committee report would also be added to the agenda.

## **FINANCE**

### **REVENUE AND EXPENDITURE REPORT FOR THE MONTHS OF SEPTEMBER AND OCTOBER 2002**

Ms. Bronisz distributed the Revenue Fund analysis for the Mid-Connecticut project for the Board's review. Ms. Bronisz said that it tracked the transfers from surplus funds made since April into the Mid-Connecticut Revenue Fund due to the non-receipt of the Enron funds. Ms. Bronisz continued that Bucket #1, the excess in the Energy Operating Fund, had been depleted in November. Funds had to be transferred from Bucket #3, the excess in various Operations funds, which had about \$7 million, she said.

Ms. Bronisz said the funds in Bucket #2, the excess in the Operations & Maintenance and Renewal Replacement Funds, held by the trustee for bond accounts, were finally released to CRRA. It was a direct transfer into the Revenue Fund by the trustee, she said, which was received on December 2, 2002. The deposit was for \$3.5 million and negated the need to make any transfers during the month of December, Ms. Bronisz added.

Ms. Bronisz said that staff was anticipating the release of the monies that were held in escrow by CL&P in the amount of approximately \$7 million. She said that the amount was expected to be deposited in January. Once that was received, she stated, staff did not anticipate making any transfers for several months. However, Ms. Bronisz continued, it was anticipated that by March transfers would again have to be made from the last bucket remaining. Chairman Pace added that staff was anticipating receiving monies from CL&P so that a monthly revenue stream of about \$1 million would be commencing in March from the second part of the power contract.

Director Sullivan said that the Finance Committee had lengthy discussions as to what approach would be taken with respect to cure the deficit situation using the \$115 million that was authorized with the legislation creating the existing CRRA Board. Director Sullivan noted that

the Finance Committee considered at least eight different alternatives and recommended to the Board the adoption of one of the alternatives for the financing from the state.

Ms. Bronisz continued that the Mid-Connecticut project had an operating surplus of \$1.4 million for the combined September and October months and had a year-to-date surplus of approximately \$7,000. Ms. Bronisz pointed out that in September and October, service charges for member spot, municipal bulky waste and recycling sales were all up and better than budgeted. Ms. Bronisz noted that under "Electricity," staff did not show the July and August payments of electricity because they were not received. The accounting staff, however, decided to put the anticipated amounts in September and October. Ms. Bronisz said that there was a \$3.4 million revenue item in September covering the payables for July, August and September and a \$1 million revenue item in October.

For the Bridgeport project, Ms. Bronisz continued, there was a combined operating surplus for September and October of \$490,000. The project had realized an increase in revenues of approximately \$480,000 year-to-date as a result of increased member deliveries. The bulky waste fees were higher than budgeted, she said, and the recycling sales benefited from an improved market. Administrative expenses were below budget, she stated.

Ms. Bronisz said that there was anticipated savings at the Shelton Landfill of approximately \$630,000 from budgeted expenditures that would not be spent. Staff was going to discuss with the Finance Committee the possibility of putting the monies aside in a future use reserve. Mr. Egan explained that in the FY03 operating budget, staff included a \$630,000 expenditure for a public recreation use area at the landfill, as well as to cover the cost of an anticipated supplemental environmental project that would be associated with a Consent Order that was still being negotiated with the DEP. Mr. Egan said that he did not anticipate that the Consent Order was going to be finalized before the end of the fiscal year 2003, and that neither of the expenditures was going to happen before June, so the money could be set aside to be available in FY04.

Ms. Bronisz continued that the Wallingford project also operated at a surplus. The project benefited from a very lucrative electricity contract, she said, that has resulted in additional year-to-date revenues of \$380,000. The general administration budget continued to be below budget, Ms. Bronisz noted, and waste transport expenses were less than anticipated for this period because the project processed more waste than budgeted and the need to export waste was therefore reduced.

Ms. Bronisz said that the Southeast project for September and October had a combined surplus of \$275,000. Member and spot deliveries were up, she said, contributing to the increase in revenues. General administration budgets were tracking lower than expected year-to-date, she continued, and there also was a one-time regional recycling expense.

## **INSURANCE**

### **TERRORISM COVERAGE**

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

**RESOLVED:** That the Steering Committee is authorized to bind terrorism coverage based upon advice of staff and consultants. These actions shall be ratified by the full Board at its next subsequent meeting.

Director O'Brien seconded the motion.

Director Sullivan said that the document in the Board package illustrated the legislative change regarding terrorism insurance and the insurance guarantee fund which was federally enacted and signed by President Bush. Director Sullivan said that more information was needed in order for the Board to make decisions regarding the matter. The Board would not receive needed cost figures, he said, to make a cogent decision because those figures from carriers were coming in periodically. The resolution was to give the Board the latitude to consider the options, given whatever the incremental costs would be.

Director Sullivan said that the concern at the Finance Committee level was that it might be a budgetary issue if costs were substantially greater than anticipated. CRRA would have to understand further what terrorist actions would be covered, the difference between domestic versus international and what the exclusions would be under these policies. There was a lot of work that would have to be done before the Board could make a decision, he said.

The motion previously made and seconded was approved unanimously.

## **PROJECT REPORTS**

### **MID-CONNECTICUT**

#### **AUTHORIZATION REGARDING 2003 EMISSIONS TESTING**

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

**RESOLVED:** That the President and the Chairman is authorized to enter into an agreement with TRC Environmental Corporation for performance of air emissions performance testing at the Mid-Connecticut RRF in April 2003, substantially in the form as presented and discussed at this meeting.

Director Sullivan seconded the motion.

Mr. Yates said that the resolution would authorize CRRA's President to enter into a contract with TRC Environmental Corporation in the amount of \$52,000. The money would pay for the annual air emissions performance test required by State Regulation 22a 174-38, which governed municipal waste combustors. This was the third year that municipal waste combustor sources had been required to conduct their own testing. Mr. Yates stated that in the previous year CRRA entered into a two-year contract with the Connecticut DEP for reimbursement of the expenses of the testing. The DEP approved the test report from calendar year 2002's test in November and a reimbursement was expected in the amount of \$82,383. CRRA would seek reimbursement for the testing to be performed in calendar year 2003 in the same manner.

Director O'Brien asked when the testing would be completed. Mr. Yates replied that it would be completed in April of 2003. Director O'Brien asked when the deadline was for the report after the completion of the testing. Mr. Yates responded that regulation required the test results to be submitted to the DEP within 60 days following the completion of the testing.

Director O'Brien asked whether CRRA should withhold payment until it received confirmation that the DEP, due to their budgetary problems, would be able to reimburse CRRA for the cost of the testing. Chairman Pace responded that CRRA would perform the testing with the presumption that the DEP would refund CRRA in due course. Mr. Egan added that CRRA had a contract with the DEP that required them to refund the money. The funds would come from the \$1 dioxin tax, he explained. Mr. Yates added that the testing, reporting and reviewing process was a long one and the reimbursement would not be expected immediately after the testing was completed.

Director Martland asked whether CRRA could place a percentage of the reimbursement in escrow. Chairman Pace responded that the Steering Committee report included a review of the legislation of the dioxin tax issue.

Director Ryan asked whether the testing was a federal regulation. Mr. Yates replied that it was part of the state implementation plan. There was a federal regulation requiring the testing, but Connecticut had written its own regulation to supplant the federal regulation, he stated. Director Ryan asked whether it was a Title 5 fund or the stationary pollutants program. Mr. Yates responded that it was neither. Mr. Yates explained that it was a state program administered by the DEP. It had federal enforceability, but it was a state program. Director Ryan asked whether the Federal Clean Air Act mandated the test. Mr. Yates replied that it did. If Connecticut had not chosen to write its own regulation, Mr. Yates continued, CRRA would be obligated to perform the testing pursuant to the federal regulation, which was essentially identical. The Connecticut regulation was more stringent in certain areas, he said.

Chairman Pace noted that CRRA was very committed to the testing because it was an important part of CRRA's environmental concerns. Chairman Pace said that one of the issues was that CRRA was taxed at a level of approximately \$2 million, which was paid to the DEP, and then reimbursed by the DEP to the tune of approximately \$300,000. Chairman Pace said that he would like to readdress the issue because it was seen as an exceptional cost factor to CRRA without an equal benefit.

Director Lauretti asked whether the federal regulation required taxing. Mr. Yates answered that the federal regulation did not require the \$1 per ton surcharge in the State Solid Waste Fund. Mr. Yates added that the DEP would likely consider the dioxin tax as part of the solid waste program. The emissions testing was an air program, which the DEP would consider to be separate from the dioxin tax. Mr. Yates said that the DEP would see the dioxin tax as separate from the emissions testing, but CRRA would look at it as one picture for budgetary purposes.

Director O'Brien suggested that staff advise the chosen vendor that the Travel & Expense Reporting policy was going to be revised and they would be expected to adhere to the policy in effect when their work commenced.

The motion previously made and seconded was approved unanimously.

## **CHAIRMAN'S AND COMMITTEE REPORTS**

### **ORGANIZATIONAL SYNERGY AND HUMAN RESOURCES COMMITTEE**

#### **EXECUTIVE SESSION**

Chairman Pace requested a motion to convene an executive session to discuss the hiring of the Chief Financial Officer and other personnel matters with appropriate staff. Director Cassano made the motion which was seconded by Director Blake. Chairman Pace requested that Mr. Kirk and Mr. Gendron remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 9:50 a.m.

The Executive Session concluded at 10:37 a.m.

Chairman Pace reconvened the Board meeting at 10:38 a.m.

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

### **AUTHORIZATION TO HIRE A CHIEF FINANCIAL OFFICER**

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

**RESOLVED:** the President is authorized to enter into a contract agreement with Mr. James Bolduc as the Chief Financial Officer of CRRA, with terms and conditions similar to those of the President's contract as discussed.

Director O'Brien seconded the motion.

Chairman Pace noted that the "terms and conditions" were similar to the President's except for the salary. Director Cassano confirmed.

The motion previously made and seconded was approved unanimously.

Mr. Bolduc introduced himself and thanked the Board for the opportunity. Mr. Bolduc said that he was looking forward to working with the staff, the towns and the Board members. Mr. Bolduc stated that the tasks were going to be challenging but there were opportunities for improvement.

Director Sullivan gave a brief background on Mr. Bolduc. He said that Mr. Bolduc joined Connecticut Natural Gas when it was The Hartford Gas Company as an intern from Northeastern University. He was provided with a career opportunity, Director Sullivan said, that included all areas at CNG including the operations area. Mr. Bolduc was active in the Greater Hartford community, primarily with the Junior Achievement program. The Board was and should be delighted to have Mr. Bolduc on Board, Director Sullivan said.

#### **AUTHORIZATION TO FILL THE ACCOUNTING ASSISTANT POSITION**

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

**RESOLVED:** That the Chairman or President is authorized to fill the Accounting Assistant position vacancy created by Ms. Lucy Kuang's promotion in November of 2002.

The motion made and seconded by Director O'Brien was approved unanimously.

#### **AUTHORIZATION TO FILL THE ENVIRONMENTAL SERVICES SENIOR ANALYST POSITION**

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

**RESOLVED:** That the Chairman or President is authorized to lift the Sunset provision passed by the previous Board, and that the pay range for this position be Salary Grade 7, Management 2 at maximum of \$87,088 per year.

Director O'Brien seconded the motion.



Director Cassano said that the position had outside financing for a period of time and that there was a Sunset provision relative to the position that was passed by the previous Board.

Director O'Brien asked whether the position was within CRRA's statutory cap on employees. Director Cassano replied that it was.

The motion previously made and seconded was approved unanimously.

### **AUTHORIZATION TO ELECT A VICE CHAIRMAN**

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

**RESOLVED:** That the CRRA Board of Directors is authorized to elect Mayor Stephen Cassano as the Vice Chairman of CRRA's Board of Directors.

Director O'Brien seconded the motion.

Director Ryan asked that since there was no statutory provision for a Vice Chairman, and if the person was serving in the stead of the Chairman, would legal documents and other such items be binding. Director Ryan said that it was a question that needed to be forwarded to the Attorney General just so the CRRA Board knew the powers of a Vice Chairman. Chairman Pace responded that the intention was for the Vice Chairman to act in the Chairman's behalf in meetings. That may be different from signing documents, he said. Ms. Schmidt added that staff would provide research on the matter.

The motion previously made and seconded was approved unanimously.

### **AUTHORIZATION TO REAPPOINT THE STEERING COMMITTEE**

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

**RESOLVED:** That the CRRA Board of Directors is authorized to reappoint Michael Pace, Stephen Cassano and Andrew Sullivan as the Steering Committee of CRRA's Board of Directors.

Director O'Brien seconded the motion.

Director O'Brien asked whether the motion should be to recommend to the Governor that they be reappointed, since the legislation required the reappointment of the Steering Committee by the Governor. Chairman Pace replied that the Governor appointed the Steering Committee, but the legislation stated that the Steering Committee would be defunct on December 31, 2002

on the filing of its report. The legislation allowed the CRRA Board to continue the Steering Committee, he said.

Director Rifkin offered a friendly amendment to the motion to continue the Steering Committee through December 31, 2003 so that the Board could review structurally how it conducted its business on an annual basis.

The motion previously made and seconded was approved unanimously.

## **POLICY AND PROCUREMENT COMMITTEE**

Director Cohn said that the Policy and Procurement Committee met on December 5, 2002 and in addition to reviewing the Steering Committee Report to the General Assembly, the Committee focused on two items. The first was to begin the process of reviewing all CRRA policies that had not yet been reviewed and setting up a list of priorities. Director Cohn stated that the Committee would be referring some of the policies to other committees where they had jurisdiction.

The second item, Director Cohn continued, was the issue of the space at 100 Constitution Plaza. CRRA had something of an opportunity, he explained, in that the owner of the building, Capital Properties, was in the process of reskinning the building and CRRA's presence was an obstacle. Director Cohn stated that the Committee arrived at two points: 1) to cost out all theoretical options of what may occur; and 2) establishment of a subcommittee, consisting of himself and Directors Martland and O'Brien, to oversee negotiations, all subject to Board approval, should a agreement be reached.

Director Cohn continued that he had a complication in that Capital Properties was the entertainment retail housing developer for Adriaen's Landing. Director Cohn explained that in the last meeting he attended regarding Adriaen's Landing, he notified the group that his consulting time with the state on Adriaen's Landing would conclude at the end of December 2002. Director Cohn stated that he received an offer to perform consulting services from Capital Properties on their Adriaen's Landing participation. Director Cohn said that he needed to recuse himself from the process until he made a decision whether or not to accept the offer from Capital Properties. He added that he was waiting for guidance from the Ethics Commission on the matter. He noted that he would like Directors Martland and O'Brien to carry out the duties as planned.

Director Rifkin suggested asking Director Ryan to designate someone from OPM to work with the Directors Martland and O'Brien regarding the matter because OPM had been very heavily involved in space needs and lease negotiations. Chairman Pace suggested that Director Mengacci be a part of that subcommittee. Director Ryan added that OPM would supply leasing agents as well.

## **STEERING COMMITTEE REPORT TO THE GENERAL ASSEMBLY**

Chairman Pace requested that the Board review the Steering Committee Report page by page. Director O'Brien noted that a table of appendices was needed and Mr. Flaherty replied that it would to be included in the final report.

Chairman Pace asked whether there were comments on page 2 of the report under "Governing Authority: The Board of Directors." The section talked about the new Board and information pertaining therein. Director O'Brien suggested that the page also include a statement regarding government appointment of the Steering Committee as part of the governing authority.

Chairman Pace asked whether there were comments on page 3, "Executive Summary." Director Rifkin suggested that in the second paragraph which stated, "Enron's bankruptcy and uncertainty of CRRA's energy transaction," the word "energy" should be eliminated. The word "transaction" should be kept, he said, because it was at the heart of the Attorney General's litigation on CRRA's behalf. To describe it as an energy transaction seemed to undermine the thesis that CRRA was moving forward on, Director Rifkin said.

Director Rifkin suggested that in the next sentence, "have placed CRRA in a precarious situation," to add "Mid-Connecticut project (project going forward)" after "have placed CRRA's" because there were instances in which staff would want to specifically refer to Mid-Connecticut and distinguish it from the other CRRA plants or facilities. Director Rifkin said that under "Multiple Challenges," the fourth bullet had the word "facility" which should be changed to "project" to read, "electric output from the project." The specific facility was not defined, he said.

Chairman Pace asked whether there were comments on page 4, "Mission Redefined: Accountability, Affordability, Stability." Seeing none, he asked whether there were any comments on "Elements of Recovery."

Director Martland suggested that under #7, to add the statement, "CRRA is exercising efforts for further savings." The process was ongoing, he said. Mr. Kirk suggested that in #2 to remove "to the state." Mr. Kirk explained that ideally CRRA would like to maintain the option to sell to other customers in the United States if the problems were worked out with the DPUC and CL&P. The option of going to the grid and ISO was a possibility for CRRA, he said.

Chairman Pace asked whether there were comments on page 6, "A Plan to Restructure CRRA." These were recommendations in brief, he said. Director Rifkin said that under the "Continue operation as a quasi-public entity," the Board had not had an opportunity to review the Legislative Program Review and Investigations Committee report. Director Rifkin stated that he was not prepared as a Board member to draw conclusions that day. One of the issues brought up in the Legislative Program Review and Investigations Committee report was that CRRA as a quasi-public agency operated outside of the statutory mandates that were given to it in several ways, including filing of financial reports in a timely way or conducting financial reviews over a

number of fiscal years. Director Rifkin said that he would want to be convinced that the existing Board, with Mr. Kirk and Mr. Bolduc, was going to be capable of changing the culture and putting the administrative framework in place that would allow CRRA to work as a quasi-public entity. Director Rifkin continued that he was not entirely convinced that looking at private options for all or parts of CRRA's work was something that CRRA should take off the table. He was not prepared to endorse that sentence in the report, nor was he prepared to endorse the resolution, Director Rifkin stated.

Chairman Pace agreed that certain items had not been performed in accordance with the legislation, but that was the Board's job to correct so that it could work. Chairman Pace said that he believed the model of a quasi-public was a good one.

Because the Steering Committee needed to file the report, Chairman Pace requested that anyone who had a minority opinion on any of the items to voice it for the record. A vote on line-by-line items would not be in the best interest of time, he said. Director Rifkin said that what he was asking for was that the Board acknowledges receipt of the Legislative Program Review and Investigations Committee report and that the Board was going to examine their recommendations and observations. The report was a work in progress, he continued, and he was not prepared to generally support the contents of the report because he wanted to read it.

Director Ryan agreed with Director Rifkin's comments. Director Ryan also pointed out that the report was simply staff findings and recommendations and would have to be reviewed at a full hearing by the Legislative Program Review and Investigations Committee. Director Ryan continued that a final document would then be released.

Director Rifkin suggested that the first sentence in the third paragraph of page 6 should read, "The Steering Committee and CRRA Board commit to do a complete review of the final report and respond accordingly," and eliminate "generally share these views." Mr. Flaherty suggested, "The Steering Committee and CRRA Board commit to work with the Legislative Program Review and Investigations Committee as it proceeds through the final adoption of its staff findings and recommendations." Director O'Brien added "and will respond accordingly."

Chairman Pace said that one of his concerns was the monopolizing of any or all factors of garbage collection in the state of Connecticut by the private sector. He said that CRRA had to safeguard that the municipalities from the creation of a monopoly.

Director Francis said that on page 6, last paragraph, the last sentence should read that CRRA was going to run out of money by March 2003 or sooner. Chairman Pace suggested "during the first quarter of 2003."

Chairman Pace asked whether there were comments on page 7, which talked about capping the tipping fee at a 7% increase per year and utilizing state loans to cover annual shortfalls. Director Ryan voiced his reservations to having the payments in principal and interest to the state deferred into fiscal year 2014.

Director Ryan commented for the record that he appreciated the statement on page 7 that said, “fiscally prudent for the state at this time.”

Chairman Pace asked whether there were comments on page 8, “Redefine and strengthen CRRA business model.” Director Rifkin suggested that rather than conclude that CRRA would, by restructuring certain initiatives, reduce the amount of the state loan, to read that CRRA “would decrease the amount required to be drawn from the state load or be available to reduce the tipping fees in the out years of the program.” Director Rifkin said that originally there was a proposed 8% increase in tipping fees, which had been reduced to 7%, forcing the Authority to borrow more money from the state. One of his concerns, Director Rifkin stated, was that the model used in the report had tipping fees going up to \$105 per ton in fiscal year 2010. Director O’Brien suggested changing the word “reduce” to “stabilize.”

Director Lauretti suggested changing “Rein in” regarding contract outsourcing. The words were misleading, he said, because contract outsourcing could be a good thing. It would depend upon how the contracts were negotiated, and the flexibility provided to the person who had the contract. Director O’Brien suggested that the words “Effectively manage” be substituted for “Rein in.”

Director Rifkin said that in the second sentence of the third paragraph in contract outsourcing section should read, “without regard to whether those services are provided directly or under contract.”

Chairman Pace asked whether there were comments on page 9, “Proposed legislative changes.” Chairman Pace said that CRRA was looking for proposed legislative changes that would help reduce the cost of air testing but still perform the function. The issue was the tax that CRRA paid to the DEP for a much reduced benefit, Chairman Pace explained.

Director Ryan commented that perhaps the Board did not fully understand the complexity of what was occurring with the tax. It would not be as easy as just repealing a state law, Director Ryan said.

Chairman Pace asked whether there were comments on “Utilize revenues from unclaimed bottle bill,” mainly the escheats. This has been a long-discussed item, Chairman Pace said and pointed to a worksheet on page 10 which staff had prepared and had already been viewed by Governor Rowland and possibly OPM. There was a considerable amount of nickels in bottles that were not reclaimed, approximately \$16.4 million, Chairman Pace said. The money ultimately stayed with the bottlers, he said, but the people of Connecticut paid the nickel. The cans from the people of Connecticut who did not reclaim the nickels probably ended up at a CRRA facility, he stated.

Chairman Pace said that the proposal was for a bottle bill to go to the legislation that would take the escheats, estimated at \$16.4 million, and divide it among the four CRRA projects. Mid-Connecticut would receive approximately \$5.6 million, Bridgeport would receive approximately \$3.2 million, Southeast would receive approximately \$1.2 million, and

Wallingford would receive approximately \$1 million. The monies were a new revenue stream, Chairman Pace continued, and because there were communities that were not part of the CRRA, the balance of \$5,286,000 would be turned over to OPM for disbursement as they saw fit to those communities.

Chairman Pace said that given the State of Connecticut's financial condition, he saw no reason for a legislator not to vote for this bottle bill to bring revenues back into what would ultimately benefit the municipalities.

Director O'Brien suggested, since he was also a member of the HRRRA board, that a portion of the escheats are forwarded to other resource recovery authorities. Chairman Pace replied that that was a matter of distribution either by CRRA or by OPM. Chairman Pace discussed a paragraph at the top of page 10, that CRRA would devote a share of the revenues for quality of life projects for the host communities of CRRA facilities. Some of the towns that had landfills such as Hartford, or smokestacks in East Hartford, bore an impact of CRRA facilities being in their town or neighboring them. Chairman Pace said that a certain portion of these funds would be put aside to negate the quality-of-life issues for the residents in those communities before the distribution of the rest of the funds on the tipping fees.

Again, Chairman Pace reiterated, the nickels were for an environmental cause. They should come back to the municipalities. They should come back to the residents based on what was environmentally friendly and good conservation efforts. Director Sullivan stated that the money could also be used to reduce the borrowing from the state of Connecticut.

Director Ryan commented that the Governor had supported escheats proposals in the past. Director Ryan said that he supported including the matter in the report, but he also noted that OPM might submit a bill that would utilize the monies differently, perhaps as direct municipal aid. Chairman Pace responded that his proposal would be a direct municipal aid. The monies would not just be put in a side account for CRRA. It would go right back to offset costs to the municipalities, he said. Mr. Kirk added that there were also significant real costs associated with dealing with bottles in the waste stream. It was a significant cost to CRRA's contractors, which eventually came back to CRRA, he explained.

Chairman Pace asked whether there were comments on page 11, "The Steering Committee report: Restoring lost revenues, lost confidence, loss of Enron revenues." Director Rifkin asked that the "\$8.6" number under "CL&P withholding" be checked for accuracy.

Chairman Pace asked whether there were comments on page 12 which talked about greater depletion of reserves, pressure on tipping fees and Mid-Connecticut project contractors. Director Ryan commented that he believed that the report minced too many words under the MDC. He said that if the legislature was going to have appreciation for CRRA's position on the contract with MDC, the language should be more explicit in this section for issues such as the high cost of indirects. Director Ryan suggested at the bottom of page 12 which stated, "The contract dispute remains unresolved despite ongoing discussions, issues of concern to CRRA," that a sentence be added to strengthen, for the record, CRRA's concerns. Mr. Flaherty replied

that language was already suggested by the Legal department and would be included following clarification of certain issues.

Director Rifkin argued that words like “Astronomical overcharges” and “inability to perform its contract,” on page 16 were inflammatory. Director Ryan agreed with Director Rifkin’s concern not to be too inflammatory in any section, but to clearly state CRRA’s case with regards to the MDC. Chairman Pace replied that the language would be modified.

Chairman Pace asked whether there were comments on page 13, Covanta and the contract dispute with Allied Waste Industries. Seeing none, Chairman Pace asked whether there were comments on “Institutional issues.” Director O’Brien suggested referencing the table that was in the Policies and Procurement Committee chapter that addressed the issues.

Chairman Pace asked whether there were comments on page 14, “Elements of Recovery.” Director Martland stated that for the record he was not convinced that CRRA was going to receive a return on its monies by pursuing Enron. CRRA needed to figure out what it was paying to get whatever it was going to get, he said. CRRA had to politically pursue Enron and had to pay the Attorney General, but he asked what the probability was of receiving a return. Director Ryan said that he agreed with Director Martland. Director Ryan added that he had been very supportive of the Attorney General’s role in the litigation process because he believed it brought continuity and resources to bear. But, Director Ryan continued, CRRA had already spent \$800,000 and he wanted ensure that any further legal costs were at a reasonable rate without compromising the recovery efforts. Director Ryan suggested adding, “Although we are supportive to CRRA’s efforts to recover funds lost in the Enron transaction, the CRRA Board is very concerned about mounting legal bills and their impact on operations and wants to work with the Attorney General and legislature to ensure that recovery efforts are cost effective for CRRA member towns.” Director O’Brien suggested adding in that sentence after the Enron transaction comma, “and have supported the Attorney General’s efforts in this area.” Director O’Brien said that CRRA supported the legislature’s decision as well as the Attorney General’s efforts.

Chairman Pace noted that the Attorney General was also concerned about the bills. The Attorney General had put far more of his staff on the Enron case, Chairman Pace said, and he was putting in a lot of effort and resources into it to mitigate the cost, but that it was an expensive procedure.

Director Rifkin cited his concerns that the Board should be mindful of what it transmitted in a public document and how it was said. The Board had to understand who was reading the report and what kind of signals it may send to the opposition of CRRA’s recovery efforts. Director Rifkin commented that the Board might not fully understand the legal thesis of the litigation.

Director O’Brien suggested a compromise to take out “although” and begin with “The Board is supportive.” Director Ryan said to put a period at “Enron transaction” and add, “Further, the Board continues to be supportive of the Attorney General’s belief that any and all efforts should be made to recoup losses suffered by CRRA.” Director Francis agreed with the

changes already made and added that the term “cost-effective” made it sound as if to say that if the efforts were not cost-effective that CRRA would not pursue. Director Francis suggested added, “CRRA believes a dialogue between the Attorney General, the Board, and the Legislature needs to occur to discuss the structure of future payments for legal services.”

Chairman Pace asked whether there were comments on page 15 regarding green power. Seeing none, Chairman Pace asked whether there were comments on page 16, Director Lauretti said that in “Begin the process of mitigating costs associated with the Hartford landfill closure,” he believed that the future use of all of CRRA’s landfills could play a significant role in helping to mitigate some of the costs associated with the closure plans. Director Lauretti said that he took the liberty of pulling information he received with respect to the City of Virginia Beach and their alternative solid waste disposal and passed it on to Chairman Pace. Director Lauretti stated that he believed it would be prudent on the Board’s behalf to research future use and closures associated with the various landfills that CRRA owned because they could become income generating. Chairman Pace said that the issue would be addressed, but he did believe that it belonged in the section.

Chairman Pace asked whether there were comments on page 17, “Projected lower costs, higher productivities, in-house legal counsel,” and, “Enhanced communications.” Chairman Pace said that was a legal mandate and was immediately followed-up by putting information on the net and sending out communications to CRRA’s municipalities.

Chairman Pace asked whether there were comments on page 18 regarding the umbrella organization that was created and never used, and disbanded. Chairman Pace said that “Recycling and environmental education” talked about the Boettner award that CRRA received.

Chairman Pace asked whether there were comments on page 19, under the Finance Committee chapter. Director Rifkin suggested that bond counsel craft appropriate language on the “Maintaining investment grade bond rating” section without causing current bondholders to essentially try to declare a default on CRRA bonds. Mr. Stafstrom agreed that there was troublesome language the way it was drafted but that his firm, Pullman & Comley, would draft something more generic.

Chairman Pace asked whether there were comments on page 22. Director Sullivan suggested changing the first sentence under “Launched operational audit” to say, “The Finance Committee is also developing...” It was not completed, he said.

Director Ryan commented that the hiring of the President in the Organizational Synergy & Human Resources Committee chapter was understated. Director Rifkin suggested highlighting it in the Executive Summary.

Chairman Pace asked whether there were comments on page 24 under the Policy & Procurement Committee chapter. Mr. Flaherty changed the second paragraph under “Contract procurement procedures under fire” to “Questions raised by the companies CRRA had retained as well as how the companies were chosen and how much they were paid.”



Chairman Pace asked whether there were comments on Chapter 4, Organizational Synergy & Human Resources Committee. Chairman Pace said that it was important to identify that it could not just be a Personnel Committee, it had to be that organizational synergy to see that personnel as well as departments functioned as a whole. On page 32, Director Cassano suggested replacing the word “intense” with “criticism.” Director Cassano suggested that “Government relations terminated” should be changed to “use of outside lobbyist terminated.”

Chairman Pace asked whether there were comments on Chapter 5, “Plan to Restructure the CRRA.” Director Sullivan suggested changing all first quarter references to first calendar quarter. Chairman Pace said that the general public would identify with closer with calendar year as opposed to different fiscal years.

Chairman Pace suggested that at the top of page 40, the language should be changed to “Consider reinvesting, prudently reinvesting SCARF and other reserves in a higher yielding funds.”

Chairman Pace said that on page 41, the word “scheme” would be removed under “Repeal DEP air testing funding scheme” and replaced with the word “statute.” Director Rifkin said that using the word “repeal” suggested that CRRA was confident that it could. Director Rifkin suggested using different language in that section. Chairman Pace responded that he did not want to soften the language on the issue, but that DEP would be contacted to determine their involvement as an agent for enforcing the Clean Air Act and how they had chosen to pay for the testing.

Director O’Brien suggested that the escheats be placed before the air testing because they made more financial impact.

Chairman Pace asked whether there were comments on Chapter 6, “Options for the future.” Director Ryan said that under “Investigate accessing recent \$20 million bond issuance for landfill closure,” CRRA had to state that CRRA’s towns did not benefit directly from the authorizations for landfill closures and that CRRA was asking for future authorizations.

Chairman Pace said that page 53 was the background information on CRRA. There were references to an appendix, he said, which was going to be included.

Director O’Brien made the motion to authorize the Board of Directors to endorse the report as discussed and amended. Director Martland seconded the motion.

The motion previously made and seconded was approved unanimously.

## **RESOLUTION REGARDING RECOMMENDATIONS TO THE LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

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

**RESOLVED:** that the Board approves the draft resolution as presented to the Legislative Program Review and Investigations Committee.

Director Martland seconded the motion.

Director Rifkin said that the Board had changed the phraseology in the Steering Committee report so that it did not necessarily come to as strong of a conclusion as the draft resolution and for that reason would oppose the resolution. It was not consistent with what was said in the Steering Committee Report as amended, he said.

Director O'Brien suggested that the motion be withdrawn because the Committee had asked for a resolution by the next legislative session. The next regular CRRA Board meeting would not meet that deadline, he said. Director Rifkin suggested writing a letter to the Committee Chairman acknowledging receipt of the staff recommendations and that the CRRA Board has had preliminary discussions in the context of the Steering Committee Report. Director Rifkin added that the Steering Committee Report reflected CRRA's intention to more thoroughly review the Program Review and Investigations Report and would work with the Committee going forward.

Directors O'Brien and Martland withdrew the motion previously made and seconded and Director Rifkin made a motion to develop a letter with Chairman Pace's signature stating his previous comments.

## **OTHER BUSINESS**

Ms. Schmidt said that DPUC's decision to reconsider CRRA's original supplier's license was that any kind of renegotiation with CL&P would have to be approved by them. One of the reasons for the limitation, she explained, was that the DPUC was not sure that CRRA had the right to the electricity. Ms. Schmidt said that it was her recommendation to appeal the DPUC decision that was recently received. Ms. Schmidt stated that Mr. Boucher spoke with the Attorney General's office and they understood CRRA's need to preserve it's right. If CRRA did not file by the end of the week, she continued, CRRA would lose the right to appeal the DPUC decision.

Director Ryan expressed his frustration that the item was brought up at the very end of the meeting while it should have been at the top of the agenda. Director Rifkin agreed and said that the Board reviewed the Steering Committee report without knowledge of the decision and how it would affect the Authority's ability to sell power in the future. Director Ryan added that

the issue should be a part of the Steering Committee Report with a recommendation that CRRA seek statutory relief as opposed to regulatory relief. Chairman Pace said that language would be considered for inclusion in the Steering Committee Report.

Director Ryan made a motion to appeal the ruling and to preserve CRRA's legal rights. Director O'Brien seconded the motion.

Director Rifkin stated that what the Board was doing was agreeing to file the appeal to meet the deadline, but it had not drawn any conclusions with respect to whether or not an appeal might ultimately be withdrawn or some other changes to occur.

The motion previously made and seconded was approved. Director Blake voted "nay."

### **AJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 12:59 p.m.

Respectfully submitted,

Angelica Mattschi  
Corporate Secretary to the Board

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**EXECUTIVE SESSIONS**

**DECEMBER 19, 2001**

An Executive Session, called for the purposes of discussing the hiring of the Chief Financial Officer and other personnel matters, was convened at 9:50 a.m.

**DIRECTORS**

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

**STAFF**

Tom Kirk  
Gary Gendron

No votes were taken in Executive Sessions.

The Executive Session was adjourned at 10:37 a.m.