

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED SEVENTY-SIXTH MEETING

AUGUST 20, 2004

A Special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Friday, August 20, 2004 at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors: Stephen Cassano, Vice-Chairman (present by telephone)
 Mark Cooper
 James Francis
 Michael Jarjura
 Edna Karanian
 Mark Lauretti
 Raymond O'Brien
 Andrew Sullivan

Present from the CRRA staff:

Thomas Kirk, President
Jim Bolduc, Chief Financial Officer (present by telephone)
Bettina Bronisz, Assistant Treasurer & Director of Finance (present by telephone)
Paul Nonnenmacher, Director of Public Affairs & Communications
Kristen Greig, Legal Temp

Also in attendance were: Brian Anderson of AFSCME, Council 4, Peter Boucher of Halloran & Sage, LLP, Larry Dorman of AFSCME, Christine McCluskey of the Journal Inquirer, Paul Rachmuth of Anderson Kill & Olick (present by telephone), Kathleen St. Onge of Halloran & Sage, LLP, and Douglas Woods of MDC.

Chairman Pace called the meeting to order at 4:12 p.m. and noted that a quorum was present.

Pledge of Allegiance

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

Chairman Pace stated that the Steering Committee had a lengthy meeting with management and legal counsel to present the Board with the resolution to be introduced at the meeting.

Chairman Pace introduced a new member of the Board of Directors, Ms. Edna Karanian. Mr. Kirk stated that Director Karanian replaced former Director Christopher Blake as an energy expert.

Director Sullivan stated that the bids up for consideration had a sunset clause which expired at 5:00 p.m. and requested that the meeting be conducted in an expeditious fashion.

EXECUTIVE SESSION

Chairman Pace requested a motion to go into Executive Session. The motion made by Director O'Brien and seconded by Director Cooper was approved unanimously. Chairman Pace requested that the following people remain for the Executive Session:

Chairman Michael Pace	Tom Kirk
Vice Chairman Stephen Cassano (via telephone)	Jim Bolduc (via telephone)
Mark Cooper	Bettina Bronisz (via telephone)
James Francis	Peter Boucher of Halloran & Sage
Michael Jarjura	Paul Rachmuth of Anderson, Kill & Olick (via telephone)
Edna Karanian	Kathleen St. Onge of Halloran & Sage
Mark Laretti	
Raymond O'Brien	
Andrew Sullivan	

The Executive Session began at 4:16 p.m. and concluded at 4:42 p.m. Chairman Pace noted that no votes were taken in Executive Session.

Chairman Pace reconvened the Board meeting at 4:43 p.m.

RESOLUTION REGARDING THE APPROVAL OF THE SALE OF THE ENRON SETTLEMENT CLAIM

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

WHEREAS, the Connecticut Resources Recovery Authority (the "Authority") has been duly established and constituted as a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut, to carry out the purposes of Chapter 446e of the Connecticut General Statutes, Sections 22a-260 et. seq., as amended; and

WHEREAS, on July 22, 2004, the Board of Directors of the Authority approved a resolution (the "Resolution") authorizing the sale of its interests in the \$221 million settlement (the "Enron Settlement Claim") received in connection with those certain proofs of claim filed in connection with the litigation entitled In Re Enron Corp., et al., Chapter 11 Case No. 01-16034 (S.D.N.Y.); and

WHEREAS, the Resolution stated that such sale was to be conducted pursuant to a bidding and solicitation process to be established by the Authority's bankruptcy counsel, Anderson Kill & Olick, P.C., the results of which were to be submitted to the Board of the Directors of the Authority for final approval of the successful bidder and sale of the Enron Settlement Claim; and

WHEREAS, Anderson Kill & Olick, P.C. has conducted such bidding and solicitation process, and has submitted those interested parties, and the respective bids thereof, to the Board of Directors of the Authority for review and consideration.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Authority:

Section 1. Upon the review and consideration by the Board of Directors of the Authority, and consultation with the Authority's counsel, the Board of Directors of the Authority hereby approves the sale of the Enron Settlement Claim to the highest qualified bidder, pursuant to and substantially in accordance with the terms of such sale as presented by Anderson Kill & Olick, P.C. to the Board of Directors of the Authority.

Section 2. The Board of Directors of the Authority hereby authorizes the President and Chief Financial Officer of the Authority to enter into an agreement with the approved successful bidder, and to execute any and all documents evidencing the sale of the Authority's interests in that certain Enron Settlement Claim substantially in accordance with the terms of such sale as presented by Anderson Kill & Olick, P.C. to the Board of Directors of the Authority.

Section 3. The price and identity of the bidder is to be disclosed to the public after 5 (five) business days of Monday, August 23, 2004.

Section 4. This resolution shall take effect immediately.

Date: August 20, 2004

Director Sullivan seconded the motion.

Chairman Pace requested comments from the Chairman of the Finance Committee. Director Sullivan responded that he wanted to make it clear that bid packages were sent to approximately 20 large international investment banks and hedge funds. Director Sullivan explained that there were two rounds to the bidding process. Director Sullivan emphasized that

no individual at CRRA, either Board member or management, nor Anderson Kill & Olick had any relationships with any of the firms which had submitted bids.

Director Sullivan also noted that Anderson Kill & Olick had been working on this matter for an hourly rate.

Director Sullivan noted that the details of the bid including name of the winner bidder would not be part of the resolution due to a confidentiality agreement with the successful bidder. The winning bidder and the bid amount only would be made public on August 30, 2004.

Chairman Pace stated that there would be no finder's fees or broker's fees and that fees were figured strictly on an hourly basis.

Director Sullivan noted that Attorney General Blumenthal had given his opinion that the CRRA Board of Directors had the right and authority to enter into the sale transaction.

Director Lauretti asked if the pending transaction was a result of a business decision of the Board and not the result of litigation. Chairman Pace responded that the decision was a business decision. The litigation aspect was factored in when the Board considered and accepted the bankruptcy settlement.

Director Sullivan reiterated that Section 3 of the resolution stated that the price and identity of the bidder would be available to the public after 5 business days of Monday, August 23, 2004.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Lauretti	X		
Raymond O'Brien	X		
Andrew Sullivan	X		

PUBLIC COMMENT

Chairman Pace thanked the guests for waiting for the Board to settle that matter prior to public session. Chairman Pace invited the guests to speak. Mr. Doug Woods of the Metropolitan District Commission made the following statement:

“Good afternoon Chairman Pace and members of the Connecticut Resources Recovery Authority Board. My name is Douglas Woods and I am employed by the Metropolitan District Commission. I am a member of AFSCME Local 184, one of three bargaining units representing MDC employees.

I would specifically like to address the negative impact on our members caused by the privatization and loss of jobs at CRRA transfer stations.

Our members have found out about impropriety in state contracting the hard way. In what very much looks like a case of political and improper “quid pro quo,” the CRRA broke a contract it had with our members’ employer, the Metropolitan District Commission, and hired a trucking operation run by the politically connected Manafort family to replace AFSCME truck drivers.

The privatization of transfer stations at Torrington, Watertown, Ellington and Essex has cost 61 middle class workers their jobs over the last two years. Many of our workers have had to take a 20% pay cut. Another 90 face layoff with the pending privatization of the Mid-Connecticut plan in Hartford.

Our co-workers were literally thrown out of their jobs with as little as ten minutes notice. This CRRA contract with Manafort was engineered by Peter Ellef. I am sure you remember Mr. Ellef – he is the architect of the infamous ENRON-CRRA contract that lost state ratepayers more than \$220 million.

One of the more disturbing occurrences is that after awarding this contract to Manafort, CRRA turned ratepayer owned trucks and trailers (estimated to have a value of between \$1 million and \$3 million) to the Manafort company, CWPM. This seems to have been done either free of charge or for a ridiculously low return.

After our complaints to the news media Manafort returned these trucks and trailers to CRRA in May. This can’t help but make the original receipt of the trucks by Manafort look like a gift of taxpayer owned property to a big political contributor by gubernatorial appointees. At a recent CRRA meeting, one of CRRA’s own board members decried the improper nature of this truck transfer.

We assumed that because Mr. Ellef was under federal investigation and facing possible indictment, that the CRRA contract with Manafort would be voided or at least not renewed when it expired this June.

We thought that because there is still a court ordered arbitration in process with MDC over the work covered in this contract that CRRA might not renew such a contract.

We thought because of the egregious truck overloading that Manafort was caught committing, and its improper policing of weight scales, that this work would be returned to public employees.

Imagine our surprise when CRRA recently extended and expanded this very suspect and tainted contract to Manafort for another two years.

This means that even though Manafort's acceptance of the trucks and trailers was acknowledged by CRRA as improper; even though Mr. Ellef is disgraced and under investigation; and even though the contract has not been rebid in five years from a 1999 RFP, CRRA still thought it proper to renew.

We again urge this board to sever its relationship with the Manafort company, to accept the mediator's decision to continue the contract with MDC, and to return our workers to their jobs.

Thank you very much."

Chairman Pace responded, "The Chair has made numerous requests of MDC to work with us. And after two years of hoping that we would get closer, that was not the case.

As to the Manafort truck deal, it was this Chair and this Board who took those trucks back. It had nothing to do with anything else except a business decision that we thought was appropriate.

As to the contract itself and privatization, we contracted with MDC. We are contracting with anyone who will provide the best dollar value with efficiency and effectiveness to this company on the taxpayers' rate. And to that extent, sir, we have tried to work with your Board to achieve that. Unfortunately, that has not been successful.

As to the mediation, we went to mediation, arbitration, and have agreed one more time, to sit down. We have also offered proposals that would protect the workers and see if that could be done. It was, in my opinion, not in MDC's management, if you will, or board's prerogative to go that way. We are taking a look at cost factors, of scheduling. We are taking a look at other issues, including overhead, which have nothing to do with your union that would provide a cost benefit back to the towns and CRRA.

The overloading issue, we continue to look back in history on that. That was previous this Board and we do take a look at the overloading as right now we are taking a look at practices that did, in fact, happen at our scale houses of which both the Manafort company and MDC were involved. So I will assure you, as a worker, we have worked and tried to maintain a relationship with MDC and if one takes a look at the record, be it on film or be it in print, you will see the Chair's comments to that and you will see actions that will reflect that that is indeed the case.

So we continue to work on part of the issue with MDC, but as a company, it is such that when we have contracts, we deal with the management, and in this case it is MDC that we are contracting with, which then contracts through you. Privatization, I would not call it that. We are looking for contractors to do bids of our jobs—the powerhouse, the transfer stations. I

appreciate you coming here. I would also hope that you would go back and speak to the MDC board about your concerns, about the politically connectedness. This Board is fully aware of what may have been the situation here and I have also looked at the MDC board on that same relationship.”

Mr. Anderson requested to respond. Mr. Anderson stated that taking public employee jobs away and replacing them with a politically connected contractor was privatization and commented on a specific Manafort dumping incident. Chairman Pace requested that Mr. Anderson choose a difference forum to defame people and asked that he address the issues of the workers of MDC. Mr. Anderson said that he had a right to speak about a taxpayer-owned entity contracting with someone with a dubious reputation.

Mr. Anderson stated that he had not seen a report from CRRA on the trucks.

Chairman Pace requested clarification regarding which trucks Mr. Anderson was referring to.

Mr. Anderson stated that he would like information regarding the trucks that were given to the Manafort company and returned very quietly in May after a public complaint.

Chairman Pace stated that he took exception to Mr. Anderson’s comment because the trucks were returned after the current Board, the current Chairman, and the Attorney General’s Office reviewed the agreement. Chairman Pace stated that it was decided that the trucks belonged to CRRA and they were returned because the agreement did not benefit CRRA.

Mr. Anderson asked if the agreement with the Manafort company was illegal.

Chairman Pace responded that the contract simply allowed for the return of the titles.

Mr. Anderson said that he found Chairman Pace’s response regarding CRRA’s attempts to save union members jobs inadequate and disingenuous. Mr. Anderson referenced an article from the Journal Inquirer in which Mr. Anderson said that Mr. Kirk spoke about privatizing the Mid-Connecticut project.

Mr. Kirk stated that he took exception to Mr. Anderson’s comment and emphasized that he never referred to the change of contractors at any of the facilities as privatization. Mr. Kirk added that CRRA is statutorily required to operate with private contractors because there is a statutory limitation to the number of employee that CRRA can have. As a result, CRRA could not have public employees operate the facilities.

Mr. Kirk stated that CRRA’s responsibility is to find the most cost effective means of delivering services to member towns and communities. Mr. Kirk stated that in an effort to do so, CRRA spent seven months in mediation with MDC and then moved to arbitration. Mr. Kirk stated that he did not believe he was being unfair in characterizing CRRA’s offer to take all of the employees under its wing, recognizing that statutory corrections would have to be made, as

genuine. Mr. Kirk said that offer was not acceptable to MDC. Mr. Kirk stated that to characterize CRRA as being disingenuous with its offer to maintain jobs was inaccurate.

Director Lauretti stated that the issue had been discussed in length at previous meetings and was well documented in the minutes of such meetings. Director Lauretti suggested that the minutes be provided to Mr. Anderson, which would answer any questions he might have. Mr. Anderson stated that he read the minutes and found them incomplete regarding Mr. Ellef and the Manafort truck deal.

Mr. Anderson asked again if the agreement with Manafort was illegal. Director O'Brien stated that the CRRA's decision to reclaim the vehicles was a business decision. Chairman Pace reiterated that the CRRA Board made business decisions and other people made legal decisions. Mr. Kirk stated that if the transaction was illegal, he was sure the matter would be addressed by federal and state authorities.

Mr. Kirk stated that CRRA was pursuing the interests of the ratepayers and determined that a return of the vehicles was in their best interest. Mr. Kirk noted that the details were fully laid out in the minutes.

Mr. Anderson stated that the answers he was receiving did not seem very forthcoming and this Board chose to extend the contract for the Watertown and Torrington transfer stations and added the Essex and Ellington transfer stations. Chairman Pace agreed with Mr. Anderson and stated that was done through a process of trying to work with MDC. Chairman Pace stated that most of Mr. Anderson's questions had to be addressed by the MDC board, not the CRRA Board.

Mr. Anderson stated that the MDC board did not make that deal and asked again, if the Manafort deal was illegal, why CRRA chose to re-sign with Manafort. Chairman Pace responded that CRRA evaluated all of its contractors, what they represent, and how they are run to see if there is full transparency.

Mr. Anderson handed out a copy of the above referenced article from the Journal Inquirer and asked if CRRA intended to privatize the Mid-Connecticut Project. Mr. Kirk responded that CRRA's intent was to maximize the value of the operations of the ratepayers. Mr. Kirk added that CRRA had the hope that MDC would put its best foot forward and try to provide those services in a cost-effective manner. Mr. Kirk stated that if MDC could not do that, there was a substantial amount of savings to be had by the customers of the Mid-Conn project. CRRA is duty-bound and fiscally bound to pursue those savings.

Mr. Anderson stated that MDC offered to cover any costs that CRRA might incur by keeping MDC and the public employees. Chairman Pace responded that was not the case. MDC had rejected covering the costs.

Chairman Pace stated that he was willing to discuss the issues being brought up by Mr. Anderson and suggested that a discussion be held with the MDC Board. Chairman Pace

expressed his appreciation for Mr. Anderson's comments. Chairman Pace told Mr. Brown that CRRA did attempt to work with MDC and invited Mr. Brown or his co-workers to come to CRRA so that the minutes and records could be made available to him.

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 5:15 p.m.

Respectfully submitted,

Kristen B. Greig
Legal Temp