

Connecticut Resources Recovery Authority
Board of Directors Meeting
Addition to the Agenda
January 25, 2007
9:30 AM

The following item has been added to the agenda:

1. Board Action regarding the Use of Settlement Proceeds.

BOARD RESOLUTION REGARDING THE USE OF SETTLEMENT PROCEEDS

RESOLVED: That the Board of Directors of the Authority hereby adopts the attached plan for use of the settlement funds received from Hawkins, Delafield, & Wood and from other Enron transaction-related litigation, totaling approximately twenty-three million eight hundred thousand dollars (\$23,800,000) (net of attorneys' fees and costs of litigation) and currently held in escrow by Pepe & Hazard (the "Settlement Funds"); and

FURTHER RESOLVED: That the Board charges the President to request the Authority's attorneys to provide copies of the adopted plan to the Court and to the Plaintiffs in the matter of *New Hartford et al. v. Connecticut Resources Recovery Authority* and request a hearing before the Court if necessary, all in accordance with the Court's instructions in that matter.

**PLAN FOR USE OF THE SETTLEMENT FUNDS RECEIVED FROM
HAWKINS, DELAFIELD, & WOOD AND FROM OTHER ENRON
TRANSACTION-RELATED LITIGATION**

- Settlement Funds will be wire transferred to U.S. Bank, National Association in its capacity as the Authority's Bond Trustee (the "Trustee").
- Pursuant to the Board Resolution adopted on October 26, 2006 (see copy of Board minutes attached as Exhibit A), Settlement Funds constitute Available Funds, and shall be applied toward the payment, redemption or defeasance of all or a portion of the Authority's outstanding Mid-Connecticut System Bonds, 1996 Series A (the "Bonds").
- Approximately nine million dollars (\$9,000,000) of the Settlement Funds shall be used to defease the Bonds.
- Upon completion of the defeasance of the remaining Bonds, and payment of the outstanding Mid-Connecticut Project Subordinated Indebtedness (the "State Loans"), the Trustee is required, under Section 11.1 of the Mid-Connecticut System Bond Resolution, adopted March 13, 1985, to pay over and deliver to the Authority all monies or securities held by them pursuant to the Bond Resolution; and that such monies or securities will be wire transferred to the Authority's Mid-Connecticut Systems Account at Bank of America.
- The balance of the Settlement Funds following defeasance of the Bonds (approximately fourteen million eight hundred thousand dollars (\$14,800,000)) shall be distributed to the participating municipalities based upon a prorated share of total tons delivered by or upon the behalf of each of the participating municipalities from fiscal years 2002 through fiscal year 2006, based upon the billing records of the Authority (see copy of Mid-Connecticut Project Distribution Table attached as Exhibit B).

A RESOLUTION AUTHORIZING SENIOR MANAGEMENT TO APPLY AVAILABLE FUNDS OF THE AUTHORITY TO THE DEFEASANCE OF OUTSTANDING MID-CONNECTICUT SYSTEM INDEBTEDNESS AND THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT WITH U.S. BANK NATIONAL ASSOCIATION TO PROVIDE FOR THE CUSTODY, INVESTMENT AND APPLICATION OF SUCH FUNDS TO EFFECT SUCH DEFEASANCE

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director Francis:

WHEREAS, the Connecticut Resources Recovery Authority (the "Authority") now has outstanding under its resolution adopted March 13, 1985 as supplemented and amended (the "Bond Resolution") approximately \$30 million in debt, consisting of \$15,290,000, Mid-Connecticut System Bonds, 1996 Series A (the "Bonds") and \$15,066,061 Subordinated Indebtedness owing to the State (the unpaid amount thereof, the "State Loan" and, collectively, with the outstanding Bonds, "Outstanding Indebtedness"); and

WHEREAS, the Authority anticipates that it will from time to time realize additional funds that, together with funds available for the purpose under the Bond Resolution (all such funds collectively, "Available Funds"), may be applied to the payment, redemption or defeasance of all or a portion of the Outstanding Indebtedness; and

WHEREAS, the Board of Directors of the Authority (the "Board") has determined to confer upon senior management of the Authority discretion as to when, which and in what amounts Available Funds are to be applied to the payment, redemption and defeasance of Outstanding Indebtedness, taking into account the best interests of the Authority and the holders of its Outstanding Indebtedness; and

WHEREAS, a legal defeasance of Outstanding Indebtedness will require the Authority to enter into an agreement with the Trustee under the Bond Resolution to provide irrevocably for the custody, investment and payment or redemption of the Outstanding

Indebtedness to be defeased, to the end that such Outstanding Indebtedness shall be deemed to have been paid in accordance with the provisions of Section 11.1(B) of the Bond Resolution; now, therefore, be it

RESOLVED: That the Board hereby authorizes the President and the Chief Financial Officer of the Authority (the "Officials"), in their discretion, to apply, at one time or from time to time, all or any of the Authority's Available Funds, not to exceed \$32 million in the aggregate, to payment, redemption or defeasance of so much of the Outstanding Indebtedness, as the Officials shall determine at the time to be in the best interests of the Authority and the holders of its Outstanding Indebtedness; and

FURTHER RESOLVED: That the Board hereby approves the execution and delivery by the Officials of an Escrow Deposit Agreement or Agreements, substantially the form of the escrow deposit agreement approved by resolution of the Board on May 26, 2006 in connection with a prior defeasance under the Bond Resolution, with such changes as the Officials shall approve as necessary to provide at one time or from time to time for the defeasance of all or any portion of the Outstanding Indebtedness and as in the best interests of the Authority, their execution and delivery thereof being conclusive evidence of their approval of any such changes; and

FURTHER RESOLVED: That the Officials be, and hereby are, authorized to take all such further actions, including, without limitation, the withdrawal and transfer of Available Funds, not in excess of \$32 million in the aggregate, to the Escrow Fund or Funds created under the Escrow Deposit Agreement and to execute such further documents on behalf of the Authority to accomplish the defeasance of Outstanding Indebtedness as contemplated hereby, and as otherwise may be necessary and appropriate or required by the terms and conditions of any and all the aforesaid documents.

Capitalized terms not defined herein shall have the meanings accorded to them by the Bond Resolution. This resolution shall take effect immediately.

Director O'Brien seconded the motion.

Mr. Bolduc explained that CRRA is anticipating getting to a point where settlement funds related to Enron may be paid to CRRA and the \$15 million in escrow for the state loan may be released to the State. Mr. Bolduc said that CRRA would like to be in a position to defease the remaining Mid-Connecticut bonds as those funds become available.

Mr. Bolduc noted that when the new Board first started in 2002, CRRA had over \$180 million in outstanding debt. During the last three years, CRRA has paid off the majority of the debt and when these proposed defeasances are completed, the debt will be paid off. Mr. Bolduc pointed out that this is about six years in advance of when the original debt was due.

Director O'Brien stated that it was pointed out at the Finance Committee meeting that this action was explicitly required by the agreement with the trustee two years ago. Mr. Bolduc added that the trustee's letter specifically referred to the \$111 million Enron bankruptcy claim when requiring that settlement funds be used for defeasance of debt. Mr. Bolduc said that it was

MID-CONNECTICUT PROJECT
Mid-Connecticut Project Town Municipal Solid Waste Tonnage
For the Period FY02 Through FY06
Distribution Table

Town	Distribution		
	Total	Percent	Amount
Avon	59,216	1.4%	\$203,585.62
Beacon Falls	16,444	0.4%	\$56,536.84
Bethlehem	10,418	0.2%	\$35,817.84
Bloomfield	64,537	1.5%	\$221,879.19
Bolton	11,669	0.3%	\$40,120.06
Canaan	4,342	0.1%	\$14,927.21
Canton	28,975	0.7%	\$99,617.22
Chester	9,541	0.2%	\$32,803.91
Clinton	54,822	1.3%	\$188,480.71
Colebrook	4,357	0.1%	\$14,978.44
Cornwall	3,727	0.1%	\$12,812.23
Coventry	19,757	0.5%	\$67,924.48
Cromwell	61,197	1.4%	\$210,397.69
Deep River	16,242	0.4%	\$55,840.46
Durham/Middlefield	34,353	0.8%	\$118,106.07
East Granby	16,834	0.4%	\$57,874.99
East Hampton	39,212	0.9%	\$134,811.85
East Hartford	200,019	4.6%	\$687,674.34
East Windsor	30,474	0.7%	\$104,772.29
Ellington	38,188	0.9%	\$131,291.77
Enfield	169,230	3.9%	\$581,817.90
Essex	25,009	0.6%	\$85,982.53
Farmington	90,004	2.1%	\$309,438.21
Glastonbury	102,818	2.4%	\$353,492.29
Goshen	8,366	0.2%	\$28,761.40
Granby	29,425	0.7%	\$101,164.55
Guilford	52,523	1.2%	\$180,574.84
Haddam	18,058	0.4%	\$62,083.99
Hartford	565,269	13.1%	\$1,943,417.08
Harwinton	12,959	0.3%	\$44,554.96
Hebron	19,872	0.5%	\$68,319.44
Killingworth	13,217	0.3%	\$45,441.91
Litchfield	29,007	0.7%	\$99,728.70
Lyme	4,742	0.1%	\$16,301.88

Town	Distribution		
	Total	Percent	Amount
Madison	43,818	1.0%	\$150,649.34
Manchester	201,825	4.7%	\$693,881.79
Marlborough	18,957	0.4%	\$65,175.39
Middlebury	18,825	0.4%	\$64,720.83
Naugatuck	124,083	2.9%	\$426,602.31
Newington	145,083	3.4%	\$498,802.12
Norfolk	4,975	0.1%	\$17,104.69
North Branford	41,160	1.0%	\$141,511.38
North Canaan	14,698	0.3%	\$50,533.16
Old Lyme	27,015	0.6%	\$92,879.27
Old Saybrook	91,945	2.1%	\$316,109.11
Oxford	24,610	0.6%	\$84,610.80
Portland	23,563	0.5%	\$81,011.89
Rocky Hill	71,168	1.7%	\$244,677.14
Roxbury	5,321	0.1%	\$18,294.87
RRDD#1	73,413	1.7%	\$252,396.36
Sharon/Salisbury	24,992	0.6%	\$85,924.10
Simsbury	80,483	1.9%	\$276,702.54
South Windsor	105,006	2.4%	\$361,015.30
Southbury	61,486	1.4%	\$211,389.73
Suffield	34,332	0.8%	\$118,034.97
Thomaston	30,075	0.7%	\$103,398.82
Tolland	34,810	0.8%	\$119,678.08
Torrington	161,847	3.8%	\$556,435.20
Vernon	99,679	2.3%	\$342,699.25
Waterbury	360,168	8.4%	\$1,238,271.33
Watertown	87,657	2.0%	\$301,368.98
West Hartford	237,562	5.5%	\$816,748.97
Westbrook	28,930	0.7%	\$99,462.64
Wethersfield	91,349	2.1%	\$314,060.90
Windsor Locks	40,170	0.9%	\$138,106.17
Woodbury	30,951	0.7%	\$106,409.64
TOTAL	4,304,779	100%	\$14,800,000

Tonnage data represents MSW delivered into the CRRA system.