

**CRRA
BOARD MEETING
FEBRUARY 27, 2003**



100 CONSTITUTION PLAZA - 17th FLOOR • HARTFORD • CONNECTICUT • 06103-1722 • TELEPHONE (860) 757-7700
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February 21, 2003

TO: CRRA Board of Directors
FROM: Angelica Mattschei, Corporate Secretary *AM*
RE: Notice of Meeting

There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, February 27, 2003 at 9:00 a.m. at the Regional Recycling Center, 211 Murphy Road, Hartford.

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



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Connecticut Resources Recovery Authority
Board of Directors' Meeting

Agenda

February 27, 2003

9:00 AM

I. Pledge of Allegiance

II. Public Portion

A public portion from 9:00 to 9:30 will be held and the Board will accept written testimony and allow individuals to speak for a limit of three minutes. The regular meeting will commence if there is no public input.

III. Minutes

1. Board Action will be sought for the approval of the January 16, 2003 Regular Board Meeting Minutes (Attachment 1).
2. Board Action will be sought for the approval of the February 10, 2003 Special Board Meeting Minutes (Attachment 2).

IV. Finance

1. Staff will present the Financial Mitigation Plan
Board Action will be sought regarding the resolution to proceed with the Master Loan Agreement (Attachment 3).
2. Staff will present the Revenue and Expenditure Report for the month of December 2002 (Attachment 4).
3. Board Action will be sought regarding the Mid-Connecticut Project Fiscal Year 2004 Operating Proposed Budget (Attachment 5).
4. Board Action will be sought regarding the Wallingford Project Fiscal Year 2004 Operating Budget (Attachment 6).

V. Executive Session

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

VI. Project Reports

A. Mid-Connecticut

1. Board Action will be sought regarding Bulldozer Compaction Services (Attachment 7).
2. Staff will update Board with status of Rail Haul Feasibility Study.

VII. Recycling

1. Board Action will be sought regarding Electronics Recycling Collection Services (Attachment 8).

VIII. Legal

1. Board Action will be sought regarding the Lease Between CRRA and Ultimate Family Golf Centers, LLC (Attachment 9).
2. Board Action will be sought regarding Municipal Share Resolution (Attachment 10).
3. Board Action will be sought regarding the Settlement Controversy with Allied Waste Industries, et als, and Proposed Agreement with the New Operators and Owners of the Recycling Facility at 123 Murphy Road in Hartford (Attachment 11).

IX. Insurance

1. Board Action will be sought regarding the Public Officials and Employees Liability Insurance Renewal (Attachment 12).
2. Staff will present the Terrorism Insurance Act (TRIA) of 2002 (Attachment 13).

X. Chairman's and Committee Reports

1. The Organizational Synergy & Human Resource Committee will report on its February 25, 2002 meeting.

2. The Policy & Procurement Committee will report on its February 11, 2003 meeting.
3. The Chairman will report on various items.

XI. Communication

1. Articles (Attachment 14).
2. Letters (Attachment 15).

XII. Summary of Project Activities

1. An update is provided on waste deliveries to all the projects for the period ending January 2003 (Attachment 16).
2. Information is on each project's monthly operations for the period ending January 2003 (Attachment 17).

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED FIFTY-THIRD MEETING

JANUARY 16, 2003

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, January 16, 2003 at the 211 Murphy Road, Hartford. Those present were:

Chairman Michael A. Pace

Directors: Benson Cohn
Theodore Martland
Howard Rifkin (delegate for Director Nappier)(left at 11:30 a.m.)
Stephen Cassano
James Francis
Mark Cooper
John Mengacci (delegate for Director Ryan)
Mark Lauretti
Ray O'Brien
Andrew Sullivan

Directors Knopp, Boone, Blake, Ryan and Nappier did not attend.

Present from the CRRA staff:

James Bolduc, Chief Financial Officer
Bettina Bronisz, Assistant Treasurer & Director of Finance
Cheryl Burke, Educational Programs Director
Michael Bzdyra, Senior Analyst
John Clark, Operations Division Head
Robert Constable, Senior Analyst
Peter Egan, Director of Environmental Services
Brian Flaherty, Communications Coordinator
Thomas Gaffey, Recycling & Environmental Education Division Head
Gary Gendron, Director of Administration
Thomas Kirk, President
Lynn Martin, Insurance and Claims Manager
Angelica Mattschei, Executive Assistant & Corporate Secretary
John Romano, Projects Manager
Diane Spence, Secretary
Ann Stravalle-Schmidt, Director of Legal Services

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 SCRRA; Peter Boucher of H&S; John Maulucci of BRRFOC; Steve Diaz of Covanta; Lori Wachtelhausun from the City of Hartford; Frank Robinson of SA&B; Maureen Regula of the AG's Office and James Burns of Marsh USA, Inc.

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.

Ms. Joyce Tentor of the Hartford Environmental Justice Network (HEJN) introduced herself and publicly thanked Chairman Pace as well as CRRA and Covanta personnel for the tour they provided the HEJN of CRRA facilities.

Ms. Tentor said that a resolution was introduced at the Hartford City Council that would create an entity that would operate as a liaison between CRRA and the public. She said that many of the CRRA Board members did not live in Hartford and were not at the forefront of issues essential to the city. The resolution was sent to the Health and Services Committee for further examination, she said.

Chairman Pace responded that a positive outcome could be achieved.

APPROVAL OF THE DECEMBER 19, 2002 REGULAR BOARD MINUTES

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

Director O'Brien asked what the status was of the research regarding the powers of a Vice Chairman. Ms. Schmidt replied that it would be provided to the Board as soon as it was available.

Director Sullivan said the first page of the minutes erroneously listed him as being present by phone. Director Mengacci cited typographical errors. Director Mengacci said that on page 11, the word "to" should be removed from the last sentence of the first paragraph. On page 12, Director Mengacci continued, the word "that" should be removed from the last sentence of

the fifth paragraph. Director Mengacci said that on page 17, the first "with" should be removed from the last sentence of the second paragraph.

The motion previously made and seconded was approved unanimously.

CHANGE IN MEETING DATES

Due to calendar and business needs, Chairman Pace suggested that the February 20, 2003 regular Board meeting date be changed to February 27, 2003. The motion to change the regular Board meeting date to February 27, 2003 made by Director O'Brien and seconded by Director Cassano was approved unanimously.

ADDITIONS TO THE AGENDA

Chairman Pace requested a motion to add items to the regular agenda. Director Rifkin made a motion to add an item regarding communication with the Attorney General's Office on legal fees of firms representing CRRA to the agenda. The motion made by Director Rifkin and seconded by Director Martland was approved unanimously.

FINANCE

REVENUE AND EXPENDITURE REPORT FOR THE MONTH OF NOVEMBER 2002

Ms. Bronisz presented the Revenue and Expenditure report for the month of November 2002 to the Board. She said that a new format created by Mr. Constable was added to the report which should make it easier for the Board to track the changes in the revenue and expenditures. Ms. Bronisz said that the data for the Mid-Connecticut and Non-Project Ventures would soon be combined. Mid-Connecticut continued to experience a downward trend due to nonpayments from Enron, she said.

Ms. Bronisz noted that the pages titled Revenue Review and Expenditure Review were new pages designed by Mr. Constable and contained 4 charts that illustrated the significant changes in each project for the month of November. Ms. Bronisz said that as a result of above budget member deliveries, the year-to-date revenues for Services Charges Solid Waste for Member & Contract were up approximately \$867,000 in the in the Mid-Connecticut project. Spot waste deliveries were up due to increased diversions from the Wallingford project, she said, and that November deliveries of bulky waste declined due to anticipated seasonal fluctuations. Mr. Kirk added that the spot waste diversions from the Wallingford project to the Mid-Connecticut project was excess waste over and above what could be processed at the Wallingford facility. Mr. Kirk said diverting waste from Wallingford to the Mid-Connecticut project would only be done if the Wallingford facility was not capable of processing the waste.

The Wallingford facility would be operated at full capacity to receive maximum benefit of the electric rate at 23 cents per kilowatt-hour.

Ms. Bronisz continued that, in the Mid-Connecticut project, the spike in the electricity graph in September 2002 was due to recording a three-month accrual of anticipated electricity revenue, which could not be back-dated. The chart showed actual invoiced amounts for the month of November, she said.

Ms. Bronisz explained the Expenditure Review for the Mid-Connecticut project and said that the Waste Processing & Power Block Facilities year-to-date was below budget due to decreased construction activities and improved ferrous metals sales. She said that increased deliveries and below budget processing has resulted in the need for additional exporting, as depicted in the Waste Transport graph. Ms. Bronisz said that the budget had assumed a resolution with the MDC contract, which had not yet occurred. Chairman Pace said that CRRA and MDC needed to resolve cost factor issues as soon as possible.

Ms. Bronisz noted that the Recycling Net Revenues & Expenses chart of the Mid-Connecticut project showed net revenues minus expenditures. CRRA did not charge for recycling, she explained, and it was budgeted as a net cost. The budget was set at \$2.30 per ton and anything below that line meant CRRA was doing better than expected. There was a net savings due to decreased paper processing costs of approximately \$15 per ton and improved recycling markets.

Ms. Bronisz said that there was nothing significant to report on the Hartford landfill.

Ms. Bronisz said that the Bridgeport project had consistently been in the black in FY03. Year-to-date, she said, the Bridgeport project was above budget and revenues were up by approximately \$917,000. Services Charges for Contract Waste were up due to diversions from the Mid-Connecticut project. The Interest Income was budgeted at \$21,000 per month, she noted, and was below budget to the decline in interest rates and a reduction in fund balances. Ms. Bronisz stated that there was a spike in the use of the Shelton landfill reserve due to the timing of expenditures. Overall it was budgeted at \$54,000 per month, she noted.

Ms. Bronisz said that there was a spike in the Resource Recovery facility expenditures for November as a result of the true-up to Wheelabrator as reported in the 2002 annual settlement. The Ash Disposal Net Revenues and Expenditures were slightly below budget resulting in reduced ash disposal Costs. Ms. Bronisz continued that the Bridgeport project experienced above-budget marketing sales that had contributed to over \$500,000 to the project year-to-date as shown in the recycling net revenues and expenses graph. The Shelton landfill had approximately \$630,000 of budgeted expenses that was not going to be incurred during FY03, she said.

Ms. Bronisz said that the Wallingford project consistently ran in the black due to a strongly electricity contract. The revenue review showed nothing out of the ordinary, she noted, and that the project was performing as projected. Ms. Bronisz said that on the expenditure

review side, a drop in the Resource Recovery Facility expenditures was to be expected in May. As a result, she said, the service fee was going to be paid over a ten-month period instead of twelve. Ms. Bronisz noted that the ash generation rates and ash disposal rates were below budget resulting in a slight reduction in ash expenses.

Ms. Bronisz said that revenue review of the Southeast project showed that the year-to-date Service Charges Solid Waste-Member was up as compared to budget resulting in additional revenues of \$459,000. Ms. Bronisz said that a resolution was not reached regarding the services charges for contract waste resulting in slightly below budget revenue for the component. The spot charges fluctuated in October and November based on waste received from Mid-Connecticut diversions.

Ms. Bronisz said that there were no significant issues to report in the expenditure review for the Southeast project.

MID-CONNECTICUT REVENUE FUND ANALYSIS

Ms. Bronisz presented the Mid-Connecticut Revenue Fund analysis to the Board. She explained that the lockbox payments or tip fee payments received in November were significantly lower than budgeted because the Thanksgiving holiday fell at the very end of November in 2002 and, because the Authority was closed, funds were not received by CRRA until the beginning of December. She noted that the number in the December column was significantly higher than budgeted for that reason.

Ms. Bronisz said that due to the late receipt of the lockbox payments and the continued nonreceipt of the Enron payments in November, CRRA had to transfer \$4.7 million from bucket #3 in order to meet the expenses for the month of November. Bucket #3 was the Excess Operations Funds, she noted. Ms. Bronisz said that there were no transfers made in December due to the receipt of the lockbox payments as well as the release of excess funds by the trustee in the Operations and Maintenance and Renewal and Replacement Accounts. An excess of \$3.5 million was released from the trustee and deposited into the Revenue Fund on December 2, 2002, she said. Ms. Bronisz stated that Mid-Connecticut finished the month of December with a surplus.

Ms. Bronisz said that the January estimate for lockbox payments was \$3.9 million. Ms. Bronisz said that she increased the estimates for requisitions in January from \$4.2 million to \$5.9 million due to the PILOT payment to the City of Hartford for \$1.7 million. Including the surplus at the beginning of January of \$2.7 million, Ms. Bronisz stated that the Mid-Connecticut project was estimated to finish the month with a \$2.5 million deficit. Transfers from bucket #3 would have to be made, she said, and would still leave a balance of \$191,000 at the end of January. Ms. Bronisz explained that the CL&P payments were absent from the projection and that if it were received in January, it would carry out the project through February. Otherwise the buckets were essentially depleted, she said.

AUTHORIZATION WITH RESPECT TO RETENTION OF AUDITING FIRM

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

RESOLVED: That the President of the Authority be, and hereby is, authorized to enter into a contract with the auditing firm of Carlin, Charron & Rosen, LLP as substantially presented at this meeting.

Director O'Brien seconded the motion.

Director Sullivan said that three firms responded to a request for proposal and the Finance Committee interviewed the three firms. He said that it was the Finance Committee's recommendation to the full Board to hire Carlin, Charron & Rosen, LLP.

Director Sullivan said that although Carlin, Charron & Rosen were the lowest cost provider, they were very professional in their presentation. The predecessor firm to Carlin Charron was DiSanto and Bertoline in Connecticut. Director Sullivan said that the merger of those two firms occurred sometime in the fall of 2002. Director Sullivan noted that DiSanto and Bertoline had some involvement with the Authority in the past and was familiar with its activities.

Director Sullivan said that the Finance Committee and CRRA Board of Directors appreciated the efforts of Scillia, Dowling and Natarelli, especially in the special one year extension that they were retained for in order to accomplish the June 30, 2002 audit.

Chairman Pace asked what the terms were for the contract. Director Sullivan responded that it was a three-year contract effective on January 1, 2003 and ending on December 31, 2005. The starting fee was \$18,000 for the first year and increased by \$1,000 for the two years thereafter. Director Sullivan said that the reason for extending the contract from June 30th to December 31st was to consider special inclusions of their report in CRRA's financing documents. Director Sullivan stated that Carlin Charron agreed to meet CRRA's protocol for the September 30th report filing as well as the CAFR report that was due in December.

Director Cohn said that Carlin Charron provided the best proposal and the lowest bid. Director Sullivan added that their billing rate per hour was also lower than the other two firms in case they were used for anything beyond the scope of the audit services.

The motion previously made and seconded was approved unanimously.

AUTHORIZATION REGARDING THE DISBURSEMENT OF AUTHORITY FUNDS

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

RESOLVED: That the funds of the Authority deposited in Fleet Bank or otherwise invested (except Trustee-held funds and funds in the CRRA/MDC Arbitration Escrow bank account) be subject to withdrawal or charge at any time and from time to time upon checks, notes, drafts, bills of exchange, acceptance, or other instruments for the payment of money or upon directions for the wire transfer of money, when made, signed, drawn, accepted, or endorsed on behalf of the Authority, by any two of the following: Tom Kirk, Jim Bolduc, Bettina Bronisz, John Clark, Nhan Vo-Le or Michael A. Pace provided, however, wire transfers between Authority bank accounts or otherwise invested Authority funds (including to and from Trustee-held funds and the CRRA/MDC Arbitration Escrow bank account) shall require instructions from one of the foregoing.

FURTHER RESOLVED: That Trustee-held funds and the CRRA/MDC Escrow Arbitration bank account be subject to withdrawal or charge at any time and from time to time upon requisitions/instructions, checks, notes, drafts, bills of exchange, acceptance or other instruments for payment of money or upon directions for the wire of transfer money, when made, signed, drawn, accepted, or endorsed on behalf of the Authority, by any one of the above individuals.

Director Sullivan seconded the motion.

Ms. Bronisz explained that the President and CFO were added to the list of people authorized as signatories and able to draw funds.

The motion previously made and seconded was approved unanimously.

AUTHORIZATION REGARDING THE GENERAL ADMINISTRATION BUDGET FOR FISCAL YEAR 2004

Director Sullivan said that the Administration Budget for FY04 indicated a general salary increase of 4%, recognizing that there was a budgeted increase in 2003 that was adopted but was never implemented. There was a lengthy discussion regarding the matter.

Director Lauretti said that he would like to have a better understanding and rationale for the 4% increase and how it would occur amongst various employees, as well the benefits allowed to the employees. Mr. Gendron responded that CRRA offered a "flexible benefits plan" that provided a basic level HMO coverage for every employee and their family. If an employee wished to enroll in a better plan, that employee would pay the difference between the base and the top plan, he said. Mr. Gendron continued that there were two dental plans that worked in the same manner. CRRA provided an automatic two times salary and life insurance plan with

enough credits provided for a three times salary plan for interested individuals. Mr. Gendron said that he would provide the Board with the actual rates for single employees and employees with families.

There was a lengthy discussion regarding the existing base salaries of the employees and how the increased would be distributed. Director Rifkin said that he did not want to vote against the budget because of the salary increases, but he would have to do so given the amount of lay-offs being experienced by state employees as well as CRRA's financial situation. He could not support the increase the way it was structured, he said, where one employee could get as much as a 10% increase while another employee could get nothing. Director Rifkin commented that he did not believe CRRA employees were being paid an excessive amount of money, but that there had to be an understanding that there was going to be an increase in tipping fees for municipalities over time and that the Authority was going to be borrowing \$115 million from the state while state employees were losing their jobs.

Director O'Brien said that there were two issues; one was the actual salary adjustment and the implementation of the adjustment, which should come from the Organizational Synergy & Human Resources Committee. The second issue was setting the budget for FY04, which was an urgent matter due to three other projects dependent on the general administration budget. Director O'Brien said that setting the budget did not mean that the salaries were being implemented because that process was not yet complete and agreeable to the CRRA Board. Director O'Brien suggested that the budget be voted on so that tip fees and other business could be attended to. Moving the resolution would approve the budget, he said, not the implementation of the salary increases. Director Cassano said that leaving money in the salary budget would provide the Board with the option to distribute a wage increase or do nothing.

Director Rifkin agreed with Director Lauretti that the Board needed to find out what the base salaries were and how the salary adjustments would be determined. Director Rifkin said that he would vote for the budget with an understanding that the salary adjustment account would be separated and that there would be no disbursement from that account until the Board took further action. It would have to be separated from the Personal Services line item, he reiterated. Director Lauretti added that the numbers would have to be broken down as well.

Chairman Pace requested a motion on the referenced matter. Director O'Brien made a motion to approve the General Administration Budget for Fiscal Year 2004 but not to expend the salary increase. The distribution of salary increases would be subject to review by the full Board. Director Sullivan seconded the motion.

The motion previously made and seconded was approved. Director Mengacci abstained from the vote.

AUTHORIZATION REGARDING LEGAL FEES

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

RESOLVED: That the Chairman and the President of the Authority be, and hereby is, directed to meet with the Attorney General for the purpose of restructuring the legal fee arrangement with those firms hired by the Attorney General to represent CRRA in the Enron matter. Specifically, it is the Board's intent to seek a contingency fee arrangement with those firms.

Director Martland seconded the motion.

Director Rifkin said that he believed that the Attorney General was going to be amenable to addressing the concerns of the Board regarding legal fees. Director Rifkin said that he wanted to reflect for the record the Authority's commitment to pursue the legal matters diligently and to try to recover as much of the lost revenues as possible.

The motion previously made and seconded was approved unanimously.

PROJECT REPORTS

BRIDGEPORT

ADOPTION OF THE FISCAL YEAR 2004 BUDGET

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

RESOLVED: That the fiscal year 2004 Bridgeport Project Budget be adopted substantially in the form as discussed at this meeting and that a fiscal year 2004 member tipping fee of \$63.00 per ton for the market component of the fee and \$8.00 per ton for the minimum commitment component of the tip fee for an all-inclusive fee of \$71.00 be adopted.

Director Sullivan seconded the motion.

Director O'Brien noted that the all-inclusive fee of \$71 applied only if the minimum commitment, actual deliveries and minimum commitment were identical. Otherwise, Director O'Brien said, the fee would vary slightly from the \$71.

The motion previously made and seconded was approved unanimously.

AUTHORIZATION REGARDING THE CREATION AND FUNDING OF A SHELTON LANDFILL FUTURE USE RESERVE ACCOUNT

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

Whereas: CRRA desires to create a divisible reserve account within the Bridgeport Project for the Shelton Landfill for future use expenditures of the Shelton Landfill ("Shelton Landfill Future Use Reserve");

Whereas: CRRA desires to fund the Shelton Landfill Future Use Reserve with \$630,000.00 from Fiscal Year 2003 Operating Budget of the Bridgeport Project;

RESOLVED: That the CRRA Finance Department is authorized to create a Shelton Landfill Future Use Reserve and fund it with \$630,000.00 from FY 03 Operating Budget of the Bridgeport Project.

Director Sullivan seconded the motion.

The motion previously made and seconded was approved unanimously.

MID-CONNECTICUT

AUTHORIZATION REGARDING THE PURCHASE OF COAL

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

RESOLVED: The Chairman, Vice Chairman, or President is authorized to enter into an agreement with Mountain Resources for the purchase of up to 5,000 tons of coal at a cost of \$61.90 per ton. Be it further resolved that the Chairman, Vice Chairman, or President is authorized to purchase 2,500 tons of coal under the executed agreement with Mountain Resources.

Director Martland seconded the motion.

Director O'Brien clarified that the motion recognized that the purchase of coal was going to be funded in FY03 by a transfer of \$154,750 from the WFB construction line. Director O'Brien asked what the WFB construction line was budgeted for. Mr. Clark replied that the budget for FY03 was \$1.6 million and that the majority of the cost was for RDF and MSW floor repairs. He added that some of the items on the WFB construction line would not be a burden until FY04. Mr. Constable added that the \$154,000 was not a surplus but a deferment of the expenditure.

Director O'Brien asked what the excess revenue payments were between CRRA and Covanta. Mr. Kirk responded that Covanta believed that they had a right to some of the savings posted by CRRA due to the burning of less coal as anticipated in the original contract.

The motion previously made and seconded was approved unanimously.

RECYCLING

RECOGNITION AND ACCEPTANCE OF BOETTNER AWARD FOR ENVIRONMENTAL EDUCATION EXCELLENCE FOR CRRA

Mr. Gaffey and Ms. Burke informed the Board that CRRA has received the Beth Brown Boettner Award for Outstanding Public Education given by the National Recycling Coalition ("NRC"). Mr. Gaffey congratulated the director of CRRA's museum, Ms. Burke, and said that she and her staff were the unsung heroes of CRRA because they were in the front line with visitors that came through the Hartford and Stratford facilities. Ms. Burke said that her staff worked very hard and that she was tremendously proud of what they had accomplished.

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss litigation, pending litigation, contractual negotiations and personnel matters with appropriate staff. Director Rifkin made the motion which was seconded by Director Cooper. Chairman Pace requested that Mr. Kirk, Ms. Schmidt, Mr. Clark, Mr. Boucher, Mr. Cohen and Ms. Regula remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 10:39 a.m.

The Executive Session concluded at 12:14 p.m.

Chairman Pace reconvened the Board meeting at 12:15 p.m.

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

APPROVAL OF SETTLEMENT AGREEMENT WITH FCR, INC. FOR EQUIPMENT REPAIRS AND NON-CONFORMING RECYCLABLE PROCESSING FEE

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

RESOLVED: The President is authorized to enter into a settlement agreement with FCR, Inc. for equipment repairs and non-conforming recyclable processing fees, substantially in the form as presented and discussed at this meeting.

Director O'Brien seconded the motion.

The motion previously made and seconded was approved unanimously.

PROJECT REPORTS (CON'T)

SOUTHEAST

Ms. Bronisz presented the Southeast Operating Budget for Fiscal Year 2004 to the Board. Ms. Bronisz said that the document was for informational purposes only and did not require Board action. The tip fee for Southeast for FY04 was \$60 per ton and was due to the restructuring and refinancing of an existing bond issue and the withdrawal of up to \$400,000 from the Montville post-closure reserve to further reduce the tip fee. Director Sullivan added that it was keeping with the budget that was adopted in November of 2002, which also had a consideration of the debt refinancing.

CHAIRMAN'S AND COMMITTEE REPORTS

FINANCE COMMITTEE

Director Sullivan gave the Board a report of its January 9, 2003 Finance Committee meeting. Director Sullivan discussed an analysis of Terrorism Insurance and the Financial Mitigation Plan. Director Sullivan said that the Steering Committee had authorized the approval of 45% coverage on property and casualty. He said that the property and casualty coverage would expire in April 2003 and renew May 1, 2003. Director Martland asked whether the Steering Committee agreed to pay the additional \$50,000. Director Sullivan replied that there was a \$30,000 incremental cost and that the Steering Committee agreed not to approve that payment.

Director Sullivan said that a working group subcommittee has been formed consisting of internal staff, the Office of Policy and Management through Director Mengacci and the Treasurer's Office. The term sheet was a draft of the loan with the State of Connecticut, he said, and having both parties involved with the working group subcommittee was important in

facilitating the necessary meeting with both Treasurer Denise Nappier and the Secretary of OPM, Marc Ryan.

POLICY & PROCUREMENT COMMITTEE

Director Cohn gave the Board a report on its January 2, 2003 Policy & Procurement Committee meeting. Director Cohn said that the Committee has started a review of all adopted policies of CRRA other than those that clearly belonged solely to another committee. Director Cohn noted that he was no longer recused from the CRRA relocation project.

CHAIRMAN'S REPORT

Chairman Pace gave a report on various items including proposed legislative impacts, business model, contract review and plan of operation. Chairman Pace noted that the Steering Committee Report to the General Assembly was filed on time and copies were sent to all necessary people.

Chairman Pace said that he had a representative putting together the draft of the escheats bill. Mr. Kirk distributed the proposed bill what was being developed for submission to the legislature, a fax sent from the Coca Cola Bottling Company of New England and the Connecticut Wholesale Beer Distributors Association, a spreadsheet of Connecticut's total population by town and their share of escheats, a graph titled Impact of Escheats and photographs of one of CRRA's furnaces. Mr. Kirk explained that the pictures illustrated the slag buildup as a result of aluminum as well as lead and soft metals. Mr. Kirk said that after a given amount of time, the furnace would have to be shut down and the giant clinkers removed and discarded at sufficient cost to CRRA. The plastic bottles that were not recycled also went through CRRA's system and increased Btu levels substantially. The increased levels, Mr. Kirk explained, depressed the amount of throughput that could be put through the units, thus reducing revenues. Mr. Kirk added that glass and other less valuable recyclables ended up in CRRA's ash stream and had to be disposed at a significant cost. Mr. Kirk said that CRRA had substantial reduced revenues and costs associated with handling non-returned bottles. He believed CRRA could make a very strong argument as to why CRRA and waste stream programs throughout Connecticut should benefit should the escheats bill be reexamined by the legislature. Mr. Gaffey added that CRRA was the only entity in the nation that did not charge for recycling.

Mr. Gaffey noted that he and Mr. Flaherty were recusing themselves from any action before the legislature regarding CRRA business.

Chairman Pace said that he had spoken to a state senator who was willing to bring forth the bill on the dioxin tax. The dioxin tax constituted a \$1.7 million savings to the municipalities, he said. Chairman Pace stated that he wanted to make it clear that CRRA was not looking to relax its testing in any way. CRRA was looking to pay out the monies for actual costs, he said.

Chairman Pace said that he would like to ask those associated with CRRA who may have secondary interests aside from CRRA's total interest to make that disclosure. Director O'Brien noted that he was a member of the HRRA.

Chairman Pace requested that Director Cohn join the Steering Committee meetings as a representative of the Policy & Procurement Committee. Chairman Pace also commented that he was going to be confirmed as Chairman for CRRA on January 23, 2003. It was an executive nomination, he said.

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss real estate and personnel issues with appropriate staff. Director Cohn made the motion which was seconded by Director Martland. 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 1:05 p.m.

The Executive Session concluded at 1:51 p.m.

Chairman Pace reconvened the Board meeting at 1:52 p.m.

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

CHAIRMAN'S AND COMMITTEE REPORTS (CON'T)

ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE

Director Cassano said that the Policy & Procurement Committee had referred six items regarding the review of policies to the OS&HR Committee. The OS&HR Committee accepted the referral, he said.

Director Cassano said that Ms. Bronisz had been acting as the CFO on a temporary basis. Chairman Cassano made a motion to make the appropriate adjustments to Ms. Bronisz's salary as a permanent CFO had been hired by the Authority. The motion made and seconded by Director Martland was passed unanimously.

Director Cassano requested a motion to authorize salary adjustments up to 4%, at the discretion of the President, be granted to CRRA employees except for the five that already received adjustments or had been reclassified since the appointment of the new Board. The adjustments would be effective January 6, 2003. The motion was made by Director Martland and seconded by Director O'Brien.

Director Lauretti noted he felt uncomfortable with the proposal because it should have been given to the Board at an earlier date. If the President was supporting the proposal, Director Lauretti said, it should have already been laid out. Director Cassano replied that an updated list of the newly adjusted salaries was going to be made available to the Board. Chairman Pace added that the issue has been in discussion for several months and there were documentations distributed to the Board that represented those discussions. Director Lauretti replied that it was all the more reason why the complete proposal should have been made available to the full Board at an earlier date.

The motion previously made and seconded was passed. Directors Mengacci and Lauretti abstained from the vote.

AJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 1:55 p.m.

Respectfully submitted,



Angelica Mattschei
Corporate Secretary to the Board

CONNECTICUT RESOURCES RECOVERY AUTHORITY

EXECUTIVE SESSIONS

JANUARY 16, 2003

Executive Sessions, called for the purposes of discussing legal, real estate and personnel matters, were convened at 10:39 a.m. and 1:05 p.m. consecutively.

DIRECTORS

Chairman Pace
Director Cohn
Director Martland
Director Rifkin (absent from 2nd session)
Director Cassano
Director Francis
Director Sullivan
Director Cooper
Director Mengacci
Director Lauretti
Director O'Brien

STAFF

Tom Kirk
John Clark (part)
Ann Stravalle-Schmidt (part)
Gary Gendron (part)

H&S

Peter Boucher (part)

A.G.

Maureen Regula (part)

No votes were taken in Executive Sessions.

The Executive Sessions adjourned at 12:15 p.m. and 1:51 p.m. consecutively.

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED FIFTY-FOURTH MEETING

FEBRUARY 10, 2003

A special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Monday, February 10, 2003 via telephone conference. Members of the public were invited to attend the meeting at 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael A. Pace

Directors: Benson Cohn
Stephen Cassano
Catherine Boone (delegate for Director Nappier)
James Francis
Mark Cooper
John Mengacci (delegate for Director Ryan)
R. Christopher Blake
Marc Ryan
Alex Knopp

Directors Martland, Rifkin, Lauretti, Sullivan, O'Brien and Nappier did not attend.

Present from the CRRA staff at 100 Constitution Plaza, Hartford:

James Bolduc, Chief Financial Officer
Bettina Bronisz, Assistant Treasurer & Director of Finance
John Clark, Operations Division Head (present by telephone)
Brian Flaherty, Communications Coordinator
Thomas Kirk, President
Angelica Mattschei, Executive Assistant & Corporate Secretary
Ann Stravalle-Schmidt, Director of Legal Services

Also in attendance at 100 Constitution Plaza, Hartford was: Peter Boucher of Halloran & Sage.

Chairman Pace called the meeting to order at 10:02 a.m. and noted that a quorum was present.

CL&P'S RELEASE OF \$1.6 MILLION TO CRRA

Chairman Pace requested a motion on the referenced topic. Director Knopp made a motion to approve the following motion:

RESOLVED: WHEREAS, CRRA delivered (on a net basis) 53,364,648 kWh of electricity (the "Power") to CL&P and CL&P accepted delivery of the Power from CRRA, during the period commencing on December 12, 2002 and ending on January 28, 2003 (the "Period"); and

WHEREAS, CRRA issued Mid-Connecticut Project Invoice to CL&P #15 Revision 1, dated January 31, 2003, and Invoice #16 dated January 29, 2003 to CL&P (collectively, the "Invoices"; attached hereto as **Exhibit A**), and CL&P is agreeable to paying for the Power at a rate of \$0.031 per kWh, for that portion of the Power delivered under Invoice #15 Revision 1, and a rate of \$0.032 per kWh for that portion of the Power delivered under Invoice #16, for a total of \$1,681,090.27 (the "Requested Payment"); and

WHEREAS, on October 21, 2002, CRRA and CL&P entered into a Standstill Agreement relating, among other things, to CL&P's obligations with respect to such Power; and

WHEREAS, CL&P and CRRA having agreed that CL&P shall make the Requested Payment to CRRA for the Power delivered during the Period; and

WHEREAS, as additional consideration for the Payment, CRRA has agreed to grant this Release to CL&P; and

WHEREAS, CRRA represents that it has full power and authority to accept the Requested Payment and deliver this Release; and

WHEREAS, CL&P represents that to its knowledge CL&P knows of no claim which has been asserted that carries the risk of CL&P being required to pay Enron Power Marketing, Inc. or any party claiming by, through or on account thereof (collectively, "EPMI") any portion of the Requested Payment.

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration (the amount and sufficiency of which is hereby acknowledged), CL&P and CRRA agree as follows.

Director Cassano seconded the motion.

Mr. Boucher said that the release was given to CL&P in consideration of CRRA being paid \$1.6 million, which was the payment for energy delivered to CL&P from and after December 12, 2002 to January 28, 2003. The issues which came up in terms with CL&P being comfortable paying the \$1.6 million to CRRA were primarily due to CL&P's concern that once it paid CRRA, either Enron or its creditors may demand that CL&P release payments to them as well. Mr. Boucher said that those concerns were asserted by CL&P even though Enron rejected its own contract on December 12, 2002 and that rejection has not been contested. CL&P and Enron had both signed off on a stipulation which may already have been filed in court to the effect that Enron agreed to cease delivering and performing under its contract with CL&P from the date that Enron filed its bankruptcy petition. Notwithstanding those events, Mr. Boucher said, CL&P was still demanding protection against Enron or its creditors from demanding payment or CRRA's receipt of the payment. Mr. Boucher said that the release stated that by CL&P tendering the payment and by CRRA accepting it, CL&P would not be required to pay Enron or any party for additional compensation for the energy that CRRA was getting paid for in the release. Instead of the indemnification, both parties agreed that CL&P would accept a simple promise that CRRA repay CL&P in case any portion of the money being paid to CRRA was subject to a claim against CL&P.

Director Boone asked why the language in the release stated, "from the beginning of time to the day of the date of this release" since CRRA was making a policy decision not to seek any past additional payments on the power delivered to CL&P in lieu of delivering it to Enron. Mr. Boucher responded that the key word in the paragraph was the term "Period," which was a defined term. It limited CRRA from claiming any more money from CL&P for the delivery of energy from that period. It did not limit CRRA from any other claims other than receiving more money for the same energy. Mr. Boucher continued that the language "from the beginning of time to the day of this release" referred to the contingency that a possible claim by CRRA could have originated prior in time to the date of the release. Mr. Clark added that not only was the "Period" defined but the "Power" was also defined.

Chairman Pace asked what other claims CL&P may have against CRRA in reference to page 2, second paragraph of the release. Mr. Boucher responded that potential claims could not be identified, but that CL&P would not allow itself to enter into an agreement without that reservation.

Chairman Pace asked what the language meant at the bottom of the invoices in Exhibit A. Mr. Boucher replied that the language made it abundantly clear that, in rendering the invoice, CRRA should not be deemed to have assumed Enron's contract with CL&P. Chairman Pace asked whether there was any language in that section that was contrary to the language within the release. Mr. Boucher replied that there was not. The two documents were consistent with each other in that CRRA did assume Enron's obligations.

Mr. Boucher commented that the release was provided because it was more conservative and safer for CRRA to issue a release than to purport to assume Enron's obligations but only for the limited purpose of billed energy from December 12, 2002 to January 28, 2003.

Chairman Pace asked whether CL&P was ready to sign the release. Mr. Boucher

responded that CL&P signed the release on February 7, 2003. Chairman Pace said it was important for the Board to hold the special meeting because of CRRA's cash flow situation. He wanted to make sure that the Board had the opportunity to review the language of the release.

Mr. Kirk said the release provided that CRRA be in the driver's seat as opposed to CL&P should there be any legal challenges. Mr. Kirk said that CRRA was uncomfortable with allowing CL&P to provide a defense of CRRA's money. The release allowed CRRA to defend itself against any creditor making a claim on the payment, instead of CL&P.

Chairman Pace asked whether any member of the Board had comments. Seeing none, Chairman Pace asked each member to the Board to vote on the motion. Chairman Pace voted "aye" and Directors Blake, Cohn, Ryan, Boone, Cassano, Francis, Knopp and Cooper voted "aye." Director Mengacci did not vote, as he was a delegate for Director Ryan who was present at the meeting.

The motion previously made and seconded was approved unanimously.

OTHER BUSINESS

Chairman Pace wanted to inform the Board that he received a phone call from General Cugno, the Adjutant General of the National Guard, concerning the state of alert that the United States was under and that he referred the call to Mr. Clark, specifically in reference to CRRA's power block and jets. Chairman Pace had asked Mr. Kirk to work with Mr. Clark in those types of alert.

AJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 10:29 a.m.

Respectfully submitted,



Angelica Mattschei
Corporate Secretary to the Board

Financial Mitigation Plan

February 21, 2003

Summary and Recommendation

Summary

Following the last Board of Directors meeting, a Working Group consisting of staff members, representatives of the Treasurer's Office and the Office of Policy & Management (OPM) in addition to Bond Counsel was formed. The group's purpose was to develop a Term Sheet relative to the \$115 million legislative loan program that would be generally acceptable to the Treasurer and the Secretary of OPM. This would then be presented to the Finance Committee for their discussion and acceptance and forwarded to the full CRRA Board for its approval, as required by the legislation. The Board, through a resolution would then authorize a task group to proceed with the detailed "Master Loan Agreement" and execute the agreement with the Treasurer's and OPM's approval as long as it reflected substantially the terms outlined in the Term Sheet.

Over the past month, the Working Group has met several times and substantial progress had been made. The group has gone through numerous sensitivity analysis options to balance the needs of: principal repayment – existing and new, life cycle of facilities, contract maturities, interest rate options, future business model design, competitive market impact and economic impact on subscribers. The final Term Sheet design will require acceptance of certain critical assumptions surrounding these areas.

On February 13, 2003 a term sheet, et. al. was presented to the Finance Committee and thoroughly discussed. The Term Sheet was acceptable subject to a few minor modifications that have been incorporated into the updated Term Sheet (Exhibit I). In addition, the Finance Committee agreed to the Resolution (Exhibit II) and submission to the full Board. In the interim it was agreed to close on any remaining concerns by the Treasurer and/or the Secretary of OPM and incorporate them into the Term Sheet. To date, none have been offered, albeit other State issues appear to be obfuscating our financing schedule.

Following this summary (Exhibit III) are several documents that highlight the key assumptions and results. While the ultimate timing of the initial draw down may shift, based upon other events, the \$115 million loan package needs to be in place in short order.

Recommendation

It is management's recommendation to adopt Option 3E for the Term Sheet and the Resolution as proposed and proceed with developing a Master Loan Agreement subject to the final approval of both the Treasurer and the Secretary of OPM.

CRRA FINANCIAL MITIGATION PLAN

SCHEDULE as of February 20, 2003

I. Master Loan Agreement				
Task Description	Due Date	Revised Due Date	Responsibility	Status
A. Termsheet				
1. Initial Draft Termsheet	1/9	--	PC	Completed
2. Internal Review	1/13	--	CRRA, PC	Completed
3. Revised Draft Termsheet	1/15	--	PC	Completed
4. Distribute Term Sheet to Working Group	1/16	--	CRRA	Completed
5. Meeting & Comments	1/22	--	WG	Completed
6. TR and OPM to review draft Termsheet and determine if formal meeting required	1/24	--	TR, OPM	Completed Required Meeting 1/30
7. Working Group Meeting – 2:30 at PC	--	1/30	WG	Completed
8. Working Group Meeting – 2:00 at PC	--	2/5	WG	Completed
9. Revised Draft Termsheet distributed	1/24	2/6	PC	Completed
10. Discussion with Treasurer and OPM, if necessary	1/27	2/7	WG	Pending
11. Working Group meeting to Finalize Termsheet	1/29	2/10	WG	Pending
12. Review Termsheet with Finance Committee	2/13	2/13	CRRA	Completed
13. Resolution of Loan Drawdown and Termsheet by the Board of Directors	2/27	2/27	CRRA	
B. Master Loan Agreement				
1. Initial Draft Master Loan Agreement distributed	3/3	3/3	PC	
2. Draft of Financial Mitigation Plan package distributed	3/4	3/4	CRRA	
3. Working Group Meeting	3/6	3/6	WG	
4. Second Draft Loan Agreement	3/10	3/10	PC	
5. Working Group Meeting	3/11	3/11	WG	
6. Third Draft Loan Agreement	3/13	3/13	PC	
7. Submission to Treasurer and OPM	3/14	3/14	CRRA	
8. Meeting & Comments	3/18	3/18	WG	
9. Submit Final Loan Package to Treasurer and OPM	3/20	3/20	CRRA	
10. Treasurer and OPM Approval	3/24	3/24	TR/OPM	
11. Closing	3/27	3/27	WG	
12. Requisition for March Debt Service Payment	3/28	3/28	TR/CRRA	
13. Fund Mid-Connecticut Debt Service Account	3/31	3/31	CRRA	

Key:

CRRA = Connecticut Resources Recovery Authority
 PC = Pullman & Comley
 OPM = Office of Policy & Management
 TR = Office of the State Treasurer
 WG = Working Group

II. Legislative Requirements

Task Description:	Due Date:	Responsibility:	Status:
A. Plan to minimize tipping fees	2/18	CRRA	In process <i>see Steering Committee Report</i>
B. Efforts to Reduce Borrowings			
1. Reduction of General Administration Expenses	2/18	CRRA	In process <i>see Steering Committee Report</i>
2. Renegotiation of Vendor Contracts	2/18	CRRA	In process <i>see Steering Committee Report</i>
3. Increase in Electricity Revenues	2/18	CRRA	In process <i>see Steering Committee Report</i>
4. Assessment of sale of hard assets		CRRA	In process <i>see Steering Committee Report</i>
C. Budget for Mid Conn FY 04	2/27	CRRA	In process
D. Three Year Financial Plan	2/28	CRRA	In process
E. Cash Flow Analysis (20 year) – Current & Projected Borrowings – Model and Assumptions	2/28	CRRA	On-going
F. Certified Audit FY02	9/30/02	CRRA	Completed
G. Draft of Section II Distributed	3/3	CRRA	In process
H. Final Document Available for Submission to Treasurer & OPM on 3/14	3/10	CRRA	

Key:

CRRA = Connecticut Resources Recovery Authority
 PC = Pullman & Comley
 OPM = Office of Policy & Management
 TR = Office of the State Treasurer
 WG = Working Group

EXHIBIT I

CONNECTICUT RESOURCE RECOVERY AUTHORITY
Mid- Connecticut Project
\$115,000,000 Master Loan Agreement and
Subordinate Loan

TERM SHEET

BORROWER: Connecticut Resource Recovery Authority (the "Authority")

LENDER: State of Connecticut (the "State")

FACILITY: Up to \$115,000,000 subordinate note (the "Loan")

INTEREST RATE: Variable rate of interest, as determined and tied to such index as the State Treasurer shall reasonably determine, but in no event shall such rate exceed 6% per annum*

PAYMENT SCHEDULE: Advances under the Loan to be made from fiscal year 2003 through fiscal year 2012. Payments of interest on the Loan from commencement of the initial advance. Payments of principal to be made in accordance with a repayment plan established by the State, with such principal payments amortized over a twenty (20) year period to fiscal year 2023.

TERM: Earlier of the date of final payment of principal and interest or December 31, 2023 (the "Maturity")

PURPOSE: To support repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project (the "Project")

ADVANCES: Monies will be advanced on a monthly basis, in advance, to fund or support debt service payments for the Project. Funds will be advanced upon the Authority's presentation of a detailed Requisition, in form and substance acceptable to the State, and satisfaction of all conditions set forth in Master Loan Agreement. No advances if there is an existing default under the Master Loan Agreement.

ADVANCE DENOMINATIONS: So much as needed to fund debt service shortfalls for the Project for the succeeding month

* Anticipated Rate. The State Treasurer is authorized to establish fixed or variable interest rates for the Loan based upon the interest rate of the Short Term Investment Fund or the interest rate of any borrowing by the State of Connecticut that may be required to fund the loan to the Authority.

SOURCE OF
REPAYMENT:

Payments of principal and interest under the Loan shall be made solely from the revenues of the Project

CONDITIONS FOR
APPROVAL OF LOAN:

Prior to final approval, the Authority shall submit the following Project-specific (unless otherwise indicated) materials to both the State Treasurer and the Secretary of the Office of Policy and Management, all in accordance with the provisions of Section 3 of Public Act No. 02-46 (the "Act"):

- (i) Financial Mitigation Plan, as more particularly described in the Act, to include, but not be limited to the following:
 - plan to minimize tipping fees for municipalities that have entered into solid waste disposal contracts with the Authority;
 - efforts Authority has made to reduce general administration and costs;
 - Authority's efforts to renegotiate vendor contracts;
 - Authority's efforts to increase the price paid for the sale of steam or electricity; and
 - efforts made by the Authority to assess the viability of the sale of hard assets of the Project;
- (ii) Proposed Budget for the Project for fiscal year 2004;
- (iii) Three-Year Financial Plan for fiscal years 2004, 2005, and 2006;
- (iv) Cash Flow Analysis showing need for current and future borrowing through fiscal year 2012; and
- (v) Certified Audit of the Authority for fiscal year ended June 30, 2002

SUBORDINATION:

The Loan shall be subject and subordinate to all bonded indebtedness of the Authority

CONDITIONS TO
ADVANCES:

1. No defaults or events of default under the Master Loan Agreement
2. Continued accuracy of all representations
3. Satisfactory completion of required Requisition

REPRESENTATIONS:

- 1. Due formation and existence of the Authority
- 2. Due authorization, execution and delivery of Master Loan Agreement and Promissory Note by the Authority
- 3. Accuracy and completeness of information concerning the Authority that is provided to the State
- 4. The execution and delivery of the Master Loan Agreement and the note will not conflict or constitute a breach of or default under any law, administrative regulation, judgment, decree, indenture, loan agreement, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject

COVENANTS:

- 1. The Authority will maintain its revenues and other sources of funding, including tip fees, sufficient to repay the debt service on the Loan when due.
- 2. Payment of principal and interest on the Promissory Note when due.
- 3. Authority to provide any financial information concerning the Authority or the Project as requested by the State
- 4. Authority will keep proper books, records and accounts with respect to all transactions relating to the Project and will permit the State to inspect the books and records

OPTIONAL PREPAYMENT:

Authority shall have the option, to prepay all or any portion of the outstanding balance of the Loan, and at any time, from its own accounts. The Authority shall consult with the State Treasurer and the Secretary of the State Office of Policy and Management regarding the utilization of the proceeds received in connection with claims made or recoveries by the Authority in connection with litigation of the Enron claims. Such proceeds and recoveries may be used to repay advances under the Loan, to mitigate the need for anticipated future advances under the Loan and/or to mitigate tip fees.

EVENTS OF DEFAULT:

- 1. Failure to pay principal or interest on the Loan when due

2. Material inaccuracy of any representation as set forth in the Master Loan Agreement
3. Failure to comply with any other covenant set forth in the Master Loan Agreement and failure to cure within 60 days after notice from the State
4. Failure to pay when due any other amount required under the Master Loan Agreement or the Promissory Note
5. An event of default called by the Trustee under the Authority's Resolution, dated as of March 13, 1985, as amended (the "Resolution") shall occur, or the Authority shall default in the payment of any other indebtedness.

REMEDIES:

1. Acceleration of the Promissory Note
2. Payment of all costs and expenses to enforce payment of the Promissory Note

CLOSING DOCUMENTS:

1. Executed copy of Master Loan Agreement
2. Executed Note
3. Certified copy of Resolution and supplements to date regarding bonds issued pursuant to the Resolution
4. Certified copy of resolution authorizing the Authority to enter into Loan
5. OPM and State Treasurer approval of Loan and required pre-conditions
6. Opinion of counsel to Authority, satisfactory to the State and its counsel, as to the validity and enforceability of Promissory Note and Master Loan Agreement
7. Confirmation that representations and warranties of the Authority are true, complete and correct in all material respects.
8. Signature and Litigation Certificate
9. Certificate of accuracy of information provided to State

10. Financial Mitigation Plan, as more particularly described in the Act, to include, but not be limited to the following:
 - plan to minimize tipping fees for municipalities that have entered into solid waste disposal contracts with the Authority;
 - efforts Authority has made to reduce general administration and costs;
 - Authority's efforts to renegotiate vendor contracts;
 - Authority's efforts to increase the price paid for the sale of steam or electricity; and
 - efforts made by the Authority to assess the viability of the sale of hard assets of the Project;
11. Proposed Budget for the Project for fiscal year 2004;
12. Three-Year Financial Plan for fiscal years 2004, 2005 and 2006;
13. Cash Flow Analysis showing need for current and future borrowing through fiscal year 2012; and
14. Certified Audit of the Authority for fiscal year ended June 30, 2002
15. Such other documents as may be reasonably deemed necessary by counsel to render its opinion or by the State or its counsel as are required in similar transactions or to otherwise conform to the provisions of this Term Sheet

EXHIBIT II

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CONNECTICUT RESOURCE RECOVERY AUTHORITY
TO AUTHORIZE A SUBORDINATE LOAN FROM THE
STATE OF CONNECTICUT FOR THE BENEFIT OF
THE MID-CONNECTICUT PROJECT**

WHEREAS, the Connecticut Resource 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 the same has been amended and modified by Public Act No. 02-46 (the "Act" and, collectively with Sections 22a-260 et. seq. of the Connecticut General Statutes, the "Statute"); and

WHEREAS, the Authority has, from time to time, issued bonds, pursuant to certain powers and duties expressly provided for in the Statute, to finance its Mid-Connecticut System, a Waste Processing Facility and Power Block Facility, and operated by the Authority, pursuant to the powers vested in the Authority under the Statute (the "Mid-Connecticut Project"); and

WHEREAS, Section 3 of the Act provides that the Authority may, upon the approval of two-thirds of the appointed directors of the Authority and subsequent approval of the State Treasurer and the Secretary of the Office of Policy and Management ("OPM"), borrow from the State of Connecticut, in an amount not to exceed one hundred fifteen million dollars (\$115,000,000.00), for the purposes of supporting the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project; and

WHEREAS, the Act requires that any loan from the State to the Authority for such purpose as stated above shall be subordinate to all bonded indebtedness of the Authority; and

WHEREAS, the Authority desires to finance certain debt service payments of the Mid-Connecticut Project through a loan in an amount not to exceed \$115,000,000.00, all in accordance with the terms and conditions of Section 3 of the Act; and

WHEREAS, the Board of Directors of the Authority (the "Board") wishes to authorize the application to the State Treasurer and the Secretary of OPM for such loan, and further wishes to authorize the negotiation and documentation of the financing to support the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project; and

WHEREAS, the Board wishes to give the members of the Steering Committee of the Board, the President and the Chief Financial Officer of the Authority (collectively, the "Officials") the authority to submit such application as well as to negotiate and document such financing;

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

Section 1. That the action of the Officials of the Authority, in submitting an application to the State Treasurer and the Secretary of OPM, in the name of and on behalf of the Authority, in connection with the extension by the State of Connecticut of a loan to the Authority in an aggregate amount not to exceed \$115,000,000.00 to support the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project (the "Financing"), be and the same is hereby authorized and approved.

Section 2. That the Authority, in connection with such application for the Financing, shall submit for approval, by the State Treasurer and the Secretary of OPM, those items required under the provisions of Section 3 of the Act including, but not limited to a Financial Mitigation Plan, the proposed budget for the Mid-Connecticut Project for fiscal year 2004, the Authority's three-year plan for fiscal years 2004, 2005 and 2006, a cash flow analysis showing the Authority's need for current and future borrowings through fiscal year 2012, a certified audit of the Authority for fiscal year ended June 30, 2002, all as previously reviewed and approved by the Board, as well as any other items reasonably requested by the State Treasurer and the Secretary of OPM in order to effectuate the Financing.

Section 3. That the Board of Directors of the Authority hereby authorizes the Officials to enter into negotiations with the State Treasurer and the Secretary of OPM, to establish the terms of such Financing, which terms shall include the maturity, interest rate, repayment terms and other terms of the Financing provided, however, that the repayment of such Financing shall be subordinate to the repayment of any bonds of the Authority, all in accordance with the terms and provisions of Section 3 of the Act and in substantially the form of the Term Sheet, attached hereto as Exhibit A (the "Term Sheet") and made a part hereof, all in such manner as the Officials shall determine to be in the best interests of the Authority.

Section 4. That the Board hereby authorizes the Officials, for and in the name of and on behalf of the Authority, to take such actions and to negotiate any and all such loan instruments, notes and documents including, but not limited to a Master Loan Agreement (the "Loan Documents"), substantially in accordance with the attached Term Sheet, and in such form as such Officials shall approve, subject to the advice of bond counsel to the Authority, as are deemed necessary, appropriate and advisable and in the Authority's best interests in order to effectuate such Financing.

Section 5. That the Board hereby authorizes the Chairman of the Board and the President, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Loan Documents, and the execution of such Loan Documents by the Chairman of the Board and the President shall be conclusive evidence of the approval of the Authority.

Section 6. That any two of the Chairman of the Board of Directors, the Chairman of the Finance Committee, the President and the Chief Financial Officer, acting together, are further hereby authorized, for and in the name of and on behalf of the Authority, to approve, execute or submit, as appropriate, any and all of the Authority's requisition forms for the disbursement of loan funds as submitted to the State Treasurer and Secretary of OPM during the term of the Financing, in such form and substance satisfactory to the Authority and the State Treasurer and Secretary of OPM.

Section 7. The Officials are authorized and directed to perform and take such other actions as may be desirable, necessary, proper or convenient to accomplish the intent and purposes expressed herein, and the performance thereof by such Officials shall be conclusive as to the approval by the Authority of the terms thereof.

Section 8. This resolution shall take effect immediately.

Date: _____

EXHIBIT III

CONFIDENTIAL

DRAFT - FOR DISCUSSION PURPOSES ONLY

**CONNECTICUT RESOURCES RECOVERY AUTHORITY
STATE OF CONNECTICUT \$115 MILLION LOAN ANALYSIS
SENSITIVITY ANALYSIS**

SUMMARY OF OPTIONS

	<u>Option 1</u>	<u>Option 3B</u>	<u>Option 3C</u>	<u>Option 3D</u>	<u>Option 3E</u>
Maximum Borrowing Level	\$115,000,000	\$115,000,000	\$115,000,000	\$115,000,000	\$115,000,000
Borrowing Level	\$115,000,000	\$115,000,000	\$115,000,000	\$115,000,000	\$115,000,000
Total Loan Repayment	\$160,505,732	\$139,298,539	\$140,475,082	\$145,047,970	\$152,076,686
Rate of Interest	3.5% Fixed	3.5% Fixed	3.5% Var. ⁽¹⁾	3.5% Var. ⁽¹⁾	3.5% Var. ⁽¹⁾
Interest Repayment Period	FY03 - FY23	FY03 - FY18	FY03 - FY18	FY03 - FY20	FY03 - FY23
Principal Repayment Period	FY13 - FY23	FY03 - FY18	FY03 - FY18	FY03 - FY20	FY03 - FY23
Principal Repayment Term	20 Years	12 Years	15 Years	17 Years	20 Years
Weighted Average Maturity	13.9 Years	9.7 Years	10.0 Years	11.0 Years	12.5 Years
Total Interest Paid FY03- FY12	\$19,974,395	\$16,074,662	\$16,430,670	\$17,022,405	\$17,648,726
Total Principal Paid FY03 - FY12	\$0	\$46,345,735	\$43,224,226	\$35,485,243	\$27,491,250
Total Interest Paid FY13 - FY23	\$25,531,337	\$8,223,876	\$9,044,412	\$13,025,565	\$19,427,960
Total Principal Paid FY13 - FY23	\$115,000,000	\$68,654,265	\$71,775,774	\$79,514,758	\$87,508,751

(1) The agreed upon interest rate is a variable rate not to exceed 6%. The 3.5% is an estimated average annual interest rate.

CONNECTICUT RESOURCES RECOVERY AUTHORITY
STATE OF CONNECTICUT \$115 MILLION LOAN ANALYSIS

SUMMARY OF KEY ASSUMPTIONS

February 20, 2003

Option 1 (Variation of A3 Model)

- 100% of payment of “T” from day one of borrowing
- Payment of “P” commences FY2014 through FY2023
- Assumes average annual tip fee increases of 7% through FY2012
- Interest rate reduced from 5% Fixed to 3.5% Fixed
- \$30M capital improvement reflected in A3 Model as \$10M expenses in FY13, FY14, and FY15. Model revised and capital costs less \$22M surplus amortized over 10 years to FY2023

Option 3B

- 100% of payment of “T” from day one of borrowing
- Borrowing from FY03 to FY05 payment of “P” amortized over twelve years from year of draw-down
- Borrowing from FY06 to FY12 payment of “P” amortized to FY18
- Interest rate 3.5% Fixed
- FY04 Tip Fee set at \$61 per ton
- \$30M capital improvement reflected in A3 Model as \$10M expenses in FY13, FY14, and FY15. Model revised and capital costs less \$22M surplus amortized over 10 years to FY2023

Option 3C

- 100% of payment of “T” from day one of borrowing
- Borrowing from FY03 to FY12 payment of “P” amortized to FY18
- Variable interest rate not to exceed 6.0%
- \$30M capital improvement reflected in A3 Model as \$10M expenses in FY13, FY14, and FY15. Model revised and capital costs less \$22M surplus amortized over 10 years to FY2023

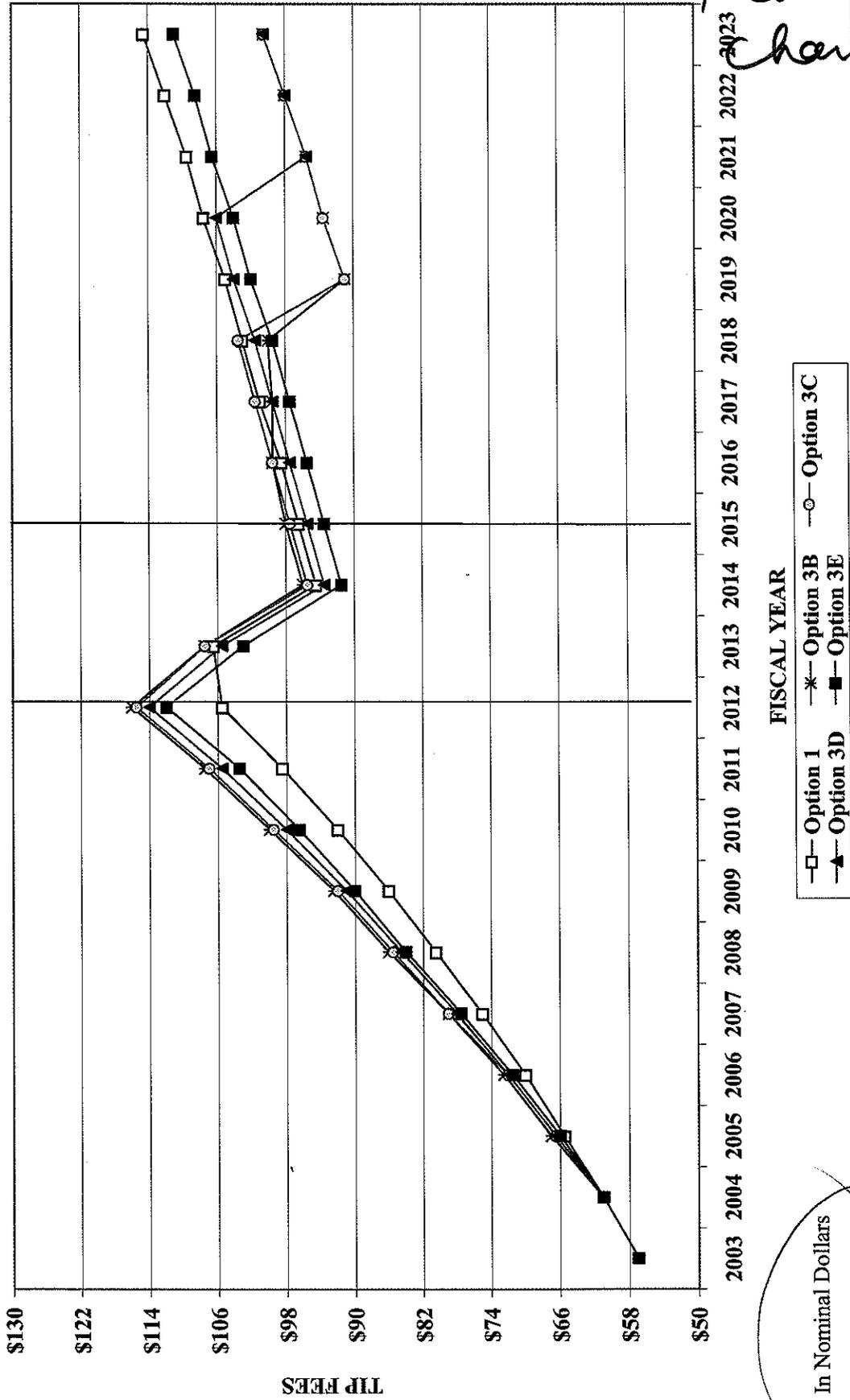
Option 3D

- 100% of payment of “T” from day one of borrowing
- Borrowing from FY03 to FY12 payment of “P” amortized to FY20
- Variable interest rate not to exceed 6.0%
- \$30M capital improvement reflected in A3 Model as \$10M expenses in FY13, FY14, and FY15. Model revised and capital costs less \$22M surplus amortized over 10 years to FY2023

Option 3E

- 100% of payment of “T” from day one of borrowing
- Borrowing from FY03 to FY12 payment of “P” amortized to FY23
- Variable interest rate not to exceed 6.0%
- \$30M capital improvement reflected in A3 Model as \$10M expenses in FY13, FY14, and FY15. Model revised and capital costs less \$22M surplus amortized over 10 years to FY2023

CONNECTICUT RESOURCES RECOVERY AUTHORITY
SENSITIVITY ANALYSIS
TIP FEE PROJECTIONS



In Nominal Dollars

Replace
w/ color
chart

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**CONNECTICUT RESOURCES RECOVERY AUTHORITY
MID-CONNECTICUT PROJECT - SENSITIVITY ANALYSIS
TIP FEE PROJECTIONS**

FY	Option 1	% Change	Option 3B	% Change	Option 3C	% Change	Option 3D	% Change	Option 3E	% Change
2003	\$57.00		\$57.00		\$57.00		\$57.00		\$57.00	
2004	\$61.00	7.0%	\$61.00	7.0%	\$61.00	7.0%	\$61.00	7.0%	\$61.00	7.0%
2005	\$65.50	7.4%	\$67.00	9.8%	\$66.50	9.0%	\$66.50	9.0%	\$66.00	8.2%
2006	\$70.00	6.9%	\$72.50	8.2%	\$72.00	8.3%	\$72.00	8.3%	\$71.50	8.3%
2007	\$75.00	7.1%	\$79.00	9.0%	\$79.00	9.7%	\$78.00	8.3%	\$77.50	8.4%
2008	\$80.50	7.3%	\$86.00	8.9%	\$85.50	8.2%	\$84.50	8.3%	\$84.00	8.4%
2009	\$86.00	6.8%	\$92.50	7.6%	\$92.00	7.6%	\$91.00	7.7%	\$90.00	7.1%
2010	\$92.00	7.0%	\$100.00	8.1%	\$99.50	8.2%	\$98.00	7.7%	\$96.50	7.2%
2011	\$98.50	7.1%	\$107.50	7.5%	\$107.00	7.5%	\$105.50	7.7%	\$103.50	7.3%
2012	\$105.50	7.1%	\$116.00	7.9%	\$115.50	7.9%	\$114.00	8.1%	\$112.00	8.2%
2013	\$106.50	0.9% (a)	\$107.50	-7.3% (a)	\$107.50	-6.9% (a)	\$105.50	-7.5% (a)	\$103.00	-8.0% (a)
2014	\$94.50	-11.3% (a)	\$96.00	-10.7% (a)	\$95.50	-11.2% (a)	\$93.50	-11.4% (a)	\$91.50	-11.2% (a)
2015	\$96.50	2.1%	\$98.00	2.1%	\$97.50	2.1%	\$95.50	2.1%	\$93.50	2.2%
2016	\$98.50	2.1%	\$99.50	1.5%	\$99.50	2.1%	\$97.50	2.1%	\$95.50	2.1%
2017	\$101.00	2.5%	\$99.50	0.0%	\$101.50	2.0%	\$99.50	2.1%	\$97.50	2.1%
2018	\$103.00	2.0%	\$100.00 (b)	0.5%	\$103.50 (b)	2.0%	\$101.50	2.0%	\$99.50	2.1%
2019	\$105.00	1.9%	\$91.00	-9.0%	\$91.00	-12.1%	\$104.00	2.5%	\$102.00	2.5%
2020	\$107.50	2.4%	\$93.50	2.7%	\$93.50	2.7%	\$106.00 (b)	1.9%	\$104.00	2.0%
2021	\$109.50	1.9%	\$95.50	2.1%	\$95.50	2.1%	\$95.50	-9.9%	\$106.50	2.4%
2022	\$112.00	2.3%	\$98.00	2.6%	\$98.00	2.6%	\$98.00	2.6%	\$108.50	1.9%
2023	\$114.50 (b)	2.2%	\$100.50	2.6%	\$100.50	2.6%	\$100.50	2.6%	\$111.00 (b)	2.3%

(a) Maturity of existing bonds. Reduction to meet needs of competitive market place.
(b) Final maturity on state loan.

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**CONNECTICUT RESOURCES RECOVERY AUTHORITY
MID-CONNECTICUT PROJECT - SENSITIVITY ANALYSIS
AMMORIZATION TABLES (000's)**

Fiscal Year	Option 1				Option 3B				Option 3C				Option 3D				Option 3E			
	Loan		Payments		Loan		Payments		Loan		Payments		Loan		Payments		Loan		Payments	
	Borrowing	Interest	Principle		Borrowing	Interest	Principle		Borrowing	Interest	Principle		Borrowing	Interest	Principle		Borrowing	Interest	Principle	
2003	\$2,094				\$2,094				\$2,094				\$2,094				\$2,094			
2004	\$18,656	\$73	\$0	\$143	\$18,414	\$73	\$143	\$109	\$18,414	\$73	\$109	\$92	\$18,414	\$73	\$92	\$74	\$18,414	\$73	\$74	\$74
2005	\$15,494	\$726	\$0	\$1,409	\$15,495	\$713	\$1,409	\$1,154	\$15,495	\$714	\$1,154	\$974	\$15,495	\$715	\$974	\$775	\$15,495	\$715	\$775	\$775
2006	\$18,737	\$1,269	\$0	\$2,520	\$18,737	\$1,206	\$2,520	\$2,156	\$18,737	\$1,216	\$2,156	\$1,811	\$18,737	\$1,223	\$1,811	\$1,435	\$18,737	\$1,230	\$1,435	\$1,435
2007	\$14,080	\$1,924	\$0	\$3,891	\$14,080	\$1,773	\$3,891	\$3,515	\$14,080	\$1,796	\$3,515	\$2,934	\$14,080	\$1,815	\$2,934	\$2,310	\$14,080	\$1,836	\$2,310	\$2,310
2008	\$12,242	\$2,417	\$0	\$5,099	\$12,242	\$2,130	\$5,099	\$4,709	\$12,242	\$2,166	\$4,709	\$3,910	\$12,242	\$2,205	\$3,910	\$3,063	\$12,242	\$2,248	\$3,063	\$3,063
2009	\$12,400	\$2,846	\$0	\$6,321	\$12,399	\$2,380	\$6,321	\$5,917	\$12,399	\$2,430	\$5,917	\$4,886	\$12,399	\$2,497	\$4,886	\$3,804	\$12,399	\$2,569	\$3,804	\$3,804
2010	\$9,534	\$3,280	\$0	\$7,738	\$9,534	\$2,593	\$7,738	\$7,320	\$9,534	\$2,657	\$7,320	\$6,000	\$9,534	\$2,760	\$6,000	\$4,639	\$9,534	\$2,870	\$4,639	\$4,639
2011	\$6,087	\$3,613	\$0	\$9,062	\$6,087	\$2,656	\$9,062	\$8,630	\$6,087	\$2,734	\$8,630	\$7,023	\$6,087	\$2,884	\$7,023	\$5,393	\$6,087	\$3,041	\$5,393	\$5,393
2012	\$5,676	\$3,826	\$0	\$10,162	\$5,918	\$2,551	\$10,162	\$9,714	\$5,918	\$2,645	\$9,714	\$7,856	\$5,918	\$2,851	\$7,856	\$5,998	\$5,918	\$3,066	\$5,998	\$5,998
2013	\$0	\$4,025	\$8,751	\$11,421	\$0	\$2,403	\$11,421	\$10,958	\$0	\$2,512	\$10,958	\$8,785	\$0	\$2,783	\$8,785	\$6,659	\$0	\$3,063	\$6,659	\$6,659
2014	\$0	\$3,719	\$9,057	\$11,821	\$0	\$2,003	\$11,821	\$11,341	\$0	\$2,129	\$11,341	\$9,092	\$0	\$2,476	\$9,092	\$6,892	\$0	\$2,830	\$6,892	\$6,892
2015	\$0	\$3,402	\$9,374	\$12,234	\$0	\$1,589	\$12,234	\$11,738	\$0	\$1,732	\$11,738	\$9,410	\$0	\$2,157	\$9,410	\$7,133	\$0	\$2,589	\$7,133	\$7,133
2016	\$0	\$3,074	\$9,702	\$12,446	\$0	\$1,161	\$12,446	\$12,149	\$0	\$1,321	\$12,149	\$9,740	\$0	\$1,828	\$9,740	\$7,383	\$0	\$2,339	\$7,383	\$7,383
2017	\$0	\$2,734	\$10,041	\$10,976	\$0	\$726	\$10,976	\$12,574	\$0	\$896	\$12,574	\$10,080	\$0	\$1,487	\$10,080	\$7,641	\$0	\$2,080	\$7,641	\$7,641
2018	\$0	\$2,383	\$10,393	\$9,757	\$0	\$341	\$9,757	\$13,015	\$0	\$456	\$13,015	\$10,433	\$0	\$1,134	\$10,433	\$7,908	\$0	\$1,813	\$7,908	\$7,908
2019	\$0	\$2,019	\$10,757	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,798	\$0	\$769	\$10,798	\$8,185	\$0	\$1,536	\$8,185	\$8,185
2020	\$0	\$1,642	\$11,133	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,176	\$0	\$391	\$11,176	\$8,472	\$0	\$1,250	\$8,472	\$8,472
2021	\$0	\$1,253	\$11,523	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,768	\$0	\$953	\$8,768	\$8,768
2022	\$0	\$849	\$11,926	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,075	\$0	\$646	\$9,075	\$9,075
2023	\$0	\$432	\$12,344	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,393	\$0	\$329	\$9,393	\$9,393
Totals	\$115,000	\$45,506	\$115,000	\$115,000	\$115,000	\$24,299	\$115,000	\$115,000	\$115,000	\$25,475	\$115,000	\$115,000	\$115,000	\$30,048	\$115,000	\$115,000	\$115,000	\$37,077	\$115,000	\$115,000
Total Loan Repayment			\$160,506	\$139,299			\$140,475					\$145,048				\$152,077				

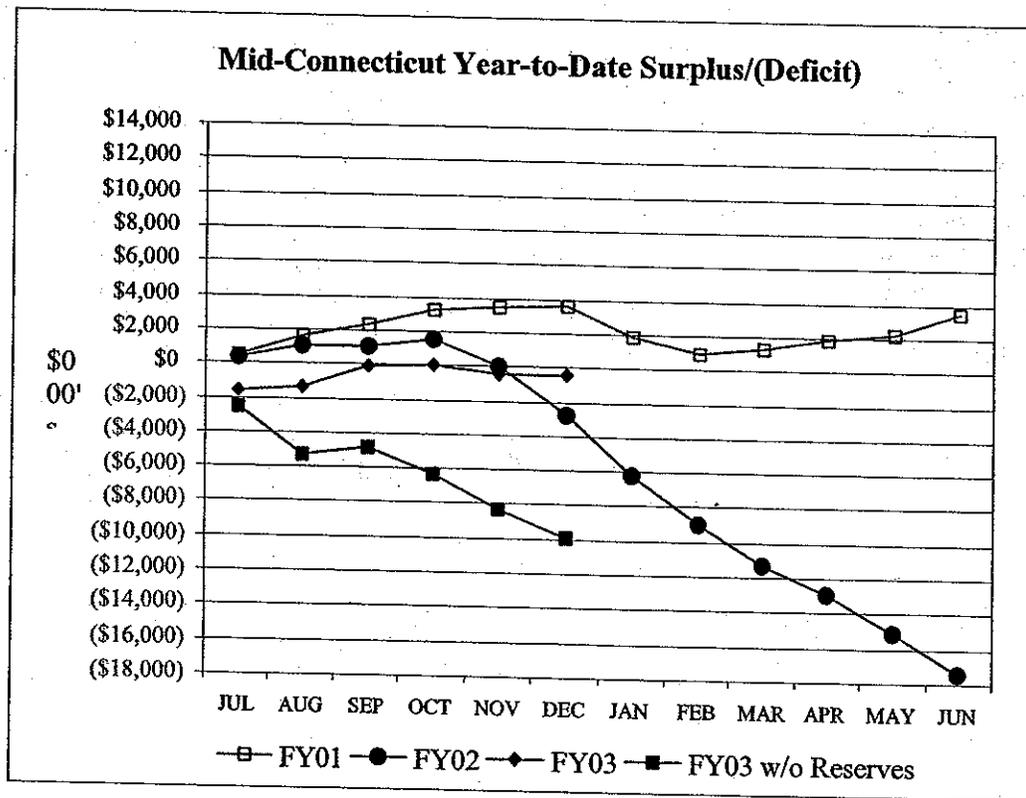
Revenue And Expenditure Reports
& Major Variance Analysis

December 2002

MID-CONNECTICUT PROJECT – VARIANCE ANALYSIS

December 2002

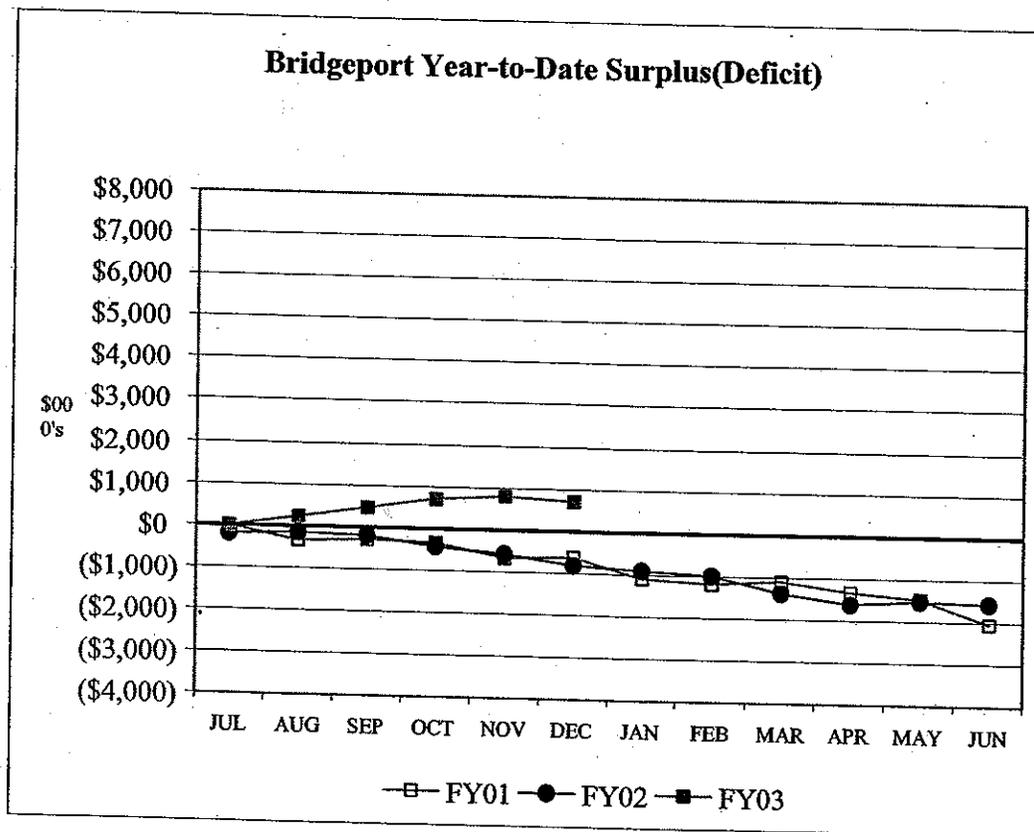
- Service Charges Solid Waste – Spot: increase reflects solid waste diversions from the Wallingford project.
- DEP Certified Materials: increase due to new contracts that pay the Authority to accept cover soil at the Hartford Landfill.
- Miscellaneous Income: under-budget due to timing factors.
- Waste Transport Expenses: over-budget due to above-budget exports. Also, the budget anticipated a private contractor to perform transportation services instead of MDC.
- Transfer Station – Essex: over-budget due to booking the entire administrative cost at the beginning of the fiscal year. Also, the budget assumed a private contractor would operate the facility instead of MDC.



BRIDGEPORT PROJECT – VARIANCE ANALYSIS

December 2002

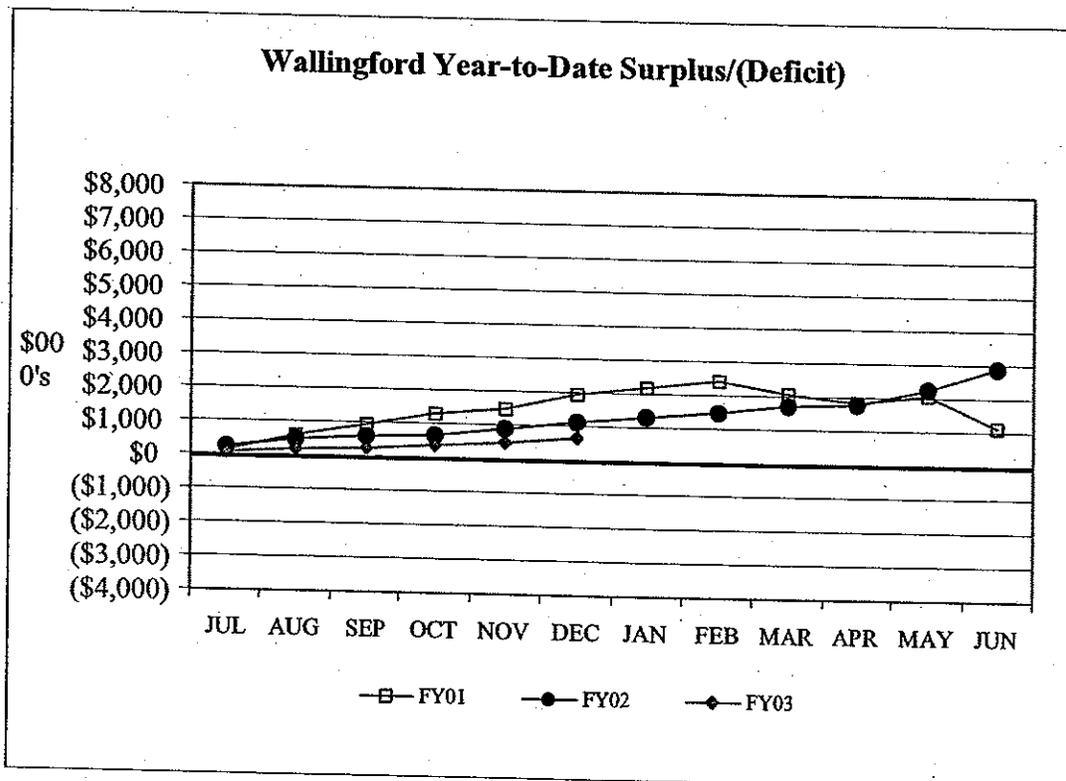
- Recycling Sales: reflects above-budget market sales.
- Miscellaneous Income: increase is due to a non-budgeted one-time sale of equipment (flare) at the Shelton Landfill.
- Interest Income: is below budget due to market factors.
- General Administration: decrease reflects cost reductions and lower direct time and overhead charged to the project.
- Transfer Station: variances due to various timing and capital expenditures.



WALLINGFORD PROJECT – VARIANCE ANALYSIS

December 2002

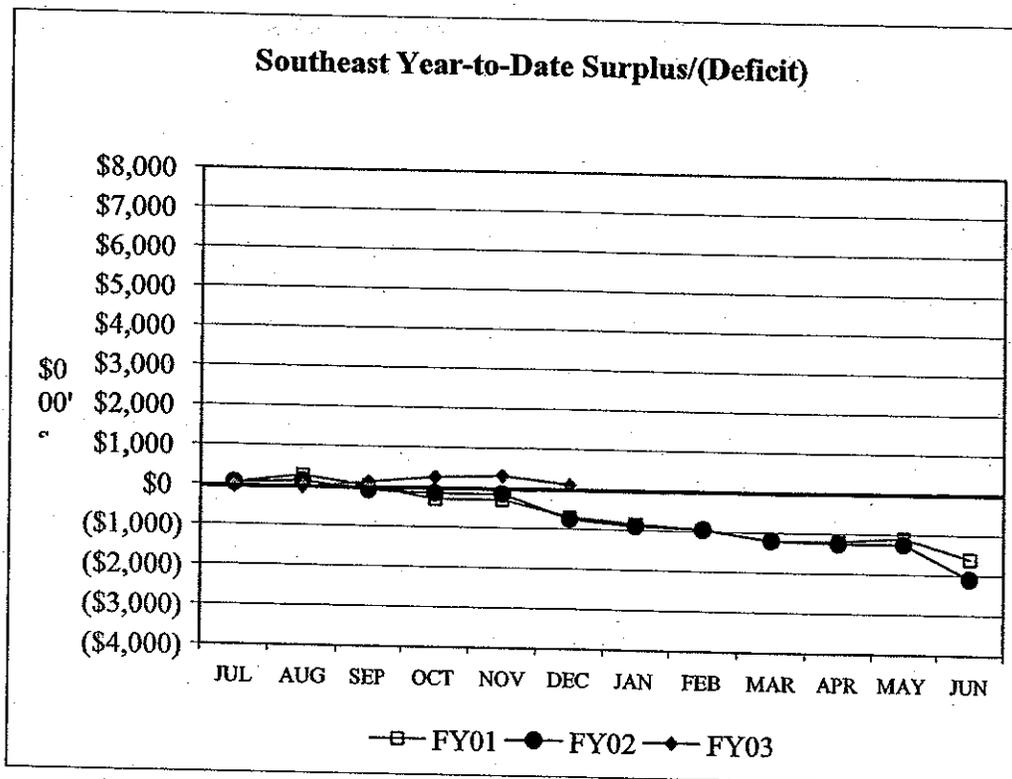
- Service Charges Solid Waste – Spot: revenues are down due to decreased need for spot waste from Yale University.
- Interest Income: is below budget due to market factors.
- Waste Transport: expenses are down due to direct diversions to the Mid-Connecticut project.
- General Administration: costs are down reflecting a reduction in the allocation of legal costs, salary and overhead to this project.
- Recycling: currently receiving bids and anticipate doing electronic recycling events during Spring 2003.



SOUTHEAST PROJECT – VARIANCE ANALYSIS

December 2002

- Service Charges Solid Waste – Member: deliveries are up due to increased casino activity. In general, all towns are above budget.
- Service Charges Solid Waste – Spot: above budget due to increased diversions from the Mid-Connecticut project.
- Interest Income: is below budget due to market factors.
- General Administration: costs are down reflecting a reduction in the allocation of legal costs, salary and overhead to this project.
- Resources Recovery Facility: Net resource recovery facility expenses are below budget due to above budget electricity revenues from increased sales and higher unit rates.



NON-PROJECT VENTURES - FINANCIAL RESULTS

For the Six Months Ending December 31, 2002

	FY 03 Budget	Fiscal YTD	Remaining Expenditure Balance	% Utilization of Budget
REVENUES				
Electricity	\$5,735,717	\$4,246,453	\$1,489,264	74.04%
Miscellaneous Income	23,805	10,000	13,805	42.01%
Interest Income	0	230,370	(230,370)	0.00%
TOTAL REVENUES	\$5,759,522	\$4,486,823	\$1,272,699	77.90%
EXPENDITURES				
General Administration	486,865	31,360	455,505	6.44%
JETS	1,253,854	759,292	494,562	60.56%
Energy Generating Facility	3,759,231	1,717,430	2,041,801	45.69%
TOTAL EXPENDITURES	\$5,499,950	\$2,508,082	\$2,991,868	45.60%
SURPLUS/(DEFICIT)	\$259,572	\$1,978,741		

Variance Analysis:

- Budget did not reflect recording interest income.
 - Electricity reflects use of the Jets during the summer months.
- Budget does not anticipate significant activity during the winter months.

Fiscal Year 2004 Mid-Connecticut Project Operating Budget

February 20, 2003

Attached is the proposed fiscal year 2004 operating budget and tip fee for the Mid-Connecticut Project and an assumption memo as revised by the Finance Committee.

The Finance Committee and Finance Sub-Committee discussed at length the proposed operating budget and tip fee. The projections published in the Steering Committee Report anticipated a tip fee of \$61 per ton for FY04. The budget submitted to the Finance Committee was also based upon a \$61 per ton tip fee. However, after reviewing the budget assumptions, the Finance Committee requested a revised budget be developed based upon the following recommended changes:

- Assume the MDC would continue to operate the Ellington and Essex transfer stations and perform the transportation services associated with these two stations and the waste processing facility.
- Include an estimated repayment (principal and interest) amount of borrowings from the State loan in FY03. Assumed interest rate of 2% for FY04. Maximum withdrawals under the State loan are assumed in certain months to meet the needs of subsequent months expenditures.
- Mitigate monthly cash flow shortfalls.

As a result of these changes, the proposed tip fee for FY04 is \$63.75 per ton. Also included in this fee is a legal contingency (estimated to be \$500,000 or more) that is subject to negotiation.

The Finance Committee recommended that this revised budget be presented to the Board of Directors.

Fiscal Year 2004 Mid-Connecticut Project Operating Budget

February 20, 2003

Attached is the proposed fiscal year 2004 operating budget and tip fee for the Mid-Connecticut Project. This budget is being presented to the Finance Committee for a recommendation to present the proposed budget and tip fee to the CRRA Board at the February meeting for adoption. The CRRA Finance Sub-Committee has reviewed this budget.

Budget Assumptions Include:

- Assumes a \$63.75 per ton Member & Contract MSW tip fee for FY04 (\$6.75 per ton increase from FY03).
- Includes State Loan borrowings of \$18,422,000.
- An average price per kWh estimated to be \$0.0325 based upon the electric sales agreement.
- Aggregate member and contract deliveries estimated to be 880,000 tons in FY04, up slightly as compared to FY02 actual.
- Waste Transport costs include the diversion or exportation of 102,000 tons of MSW (estimated net cost of \$630k), unless tip fees for deliveries in excess of plant capacity are set at a blended rate of \$67 per ton, equal to cost of exportation.
- Includes an estimated \$1.5 million in legal expenses.
- Reflects interest income for operating account only.

Budget Risks Include:

- Budget assumes continued high plant availability and capacity. (Tonnage and electric output). The current operator is performing preventive maintenance and continues to adhere to an appropriate scheduled outage plan mitigating this risk.

MID-CONNECTICUT PROJECT

Proposed FY04 Operating Budget

February 19, 2003

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

REVENUE AND EXPENDITURE SUMMARY

REVENUES

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
41-001-000-40101	Service Charges Solid Waste-Members	\$33,041,418	\$35,987,917	\$18,951,970	\$41,284,364
41-001-000-40102	Service Charges Solid Waste-Contracts	\$12,039,845	\$14,277,083	\$7,032,914	\$15,487,824
41-001-000-40103	Service Charges Solid Waste-Spot	\$872,985	\$434,000	\$469,500	\$272,500
41-001-000-41101	Bulky Waste - Municipal	\$1,594,872	\$1,258,000	\$648,569	\$1,813,000
41-001-000-41102	Bulky Waste - Commercial	\$61,019	\$102,000	\$37,641	\$85,000
41-001-000-41103	DEP Certified Materials	\$8,620	\$19,000	\$81,802	\$229,750
41-001-000-41104	Metal Sales	\$720	\$0	\$0	\$0
41-001-000-42101	Recycling Sales	\$1,135,305	\$1,362,825	\$738,860	\$1,467,600
	Recycling Tip Fee Revenue	\$0	\$0	\$0	\$0
41-001-000-42103	Metals Service Charge	\$8,305	\$5,000	\$5,689	\$5,230
41-001-000-43101	Electricity	\$10,669,715	\$14,332,500	\$6,919,424	\$14,462,500
41-001-000-43102	Steam	\$0	\$0	\$0	\$0
41-001-000-43103	Energy Capacity	\$11,000,000	\$0	\$0	\$0
41-001-000-45150	Miscellaneous Income	\$896,166	\$703,480	\$159,341	\$536,386
41-001-000-46101	Interest Income	\$1,606,031	\$1,373,500	\$478,956	\$354,600
	Use of Reserves	\$0	\$18,852,133	\$9,426,066	\$18,421,399
	Jets / EGF	\$9,394,754	\$5,759,522	\$4,486,823	\$6,067,737
41-001-000-48202	Use of Bond Proceeds	\$403,369	\$0	\$0	\$0
	Total Revenues	\$82,733,124	\$94,466,960	\$49,437,555	\$100,487,890

EXPENDITURES

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
41-001-501-xxxxx	General Administration	\$6,100,883	\$5,059,005	\$2,680,398	\$5,351,482
41-001-502-xxxxx	Debt Service/Administration	\$26,597,876	\$26,090,243	\$13,055,672	\$26,893,541
41-001-505-xxxxx	Waste Transport	\$13,182,337	\$8,610,401	\$6,489,402	\$13,901,762
41-001-506-xxxxx	Regional Recycling	\$2,370,433	\$3,359,688	\$1,322,098	\$2,798,781
41-001-601-xxxxx	Waste Processing Facility	\$18,128,758	\$21,935,289	\$10,092,212	\$20,316,311
41-001-602-xxxxx	Power Block Facility	\$15,886,607	\$15,872,887	\$8,048,990	\$16,775,052
41-001-603-xxxxx	Energy Generating Facility	\$1,701,008	\$2,123,579	\$712,909	\$1,461,706
41-001-604-xxxxx	Landfill - Hartford	\$3,969,572	\$3,809,319	\$1,823,147	\$4,241,332
41-001-605-xxxxx	Landfill - Ellington	\$273,351	\$279,250	\$86,075	\$397,281
41-001-61x-xxxxx	Transfer Stations	\$2,481,367	\$1,787,539	\$1,105,757	\$2,242,348
41-001-620-xxxxx	171 Murphy Road	\$36,815	\$39,811	\$18,011	\$40,556
	Jets / EGF	\$5,676,827	\$5,499,950	\$4,486,823	\$6,067,737
	Total Expenditures	\$96,405,834	\$94,466,960	\$49,921,494	\$100,487,899
	Balance	(\$13,672,710)	\$0	(\$483,939)	\$0

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPANDED ASSUMPTIONS		ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
Tip Fees	MSW Fees				
	Member	\$51.10	\$57.00	\$57.00	\$63.75
	Contract	\$51.05	\$57.00	\$57.00	\$63.75
	Spot	\$51.14	\$48.00	\$57.00	\$63.75
	Recycling Residue	\$55.84	\$62.00	\$62.00	\$68.75
	Landfill Fees				
	Metals	\$75.00	\$75.00	\$75.00	\$75.00
	Bulky Waste - Commercial	\$85.00	\$85.00	\$85.00	\$85.00
	Bulky Waste - Municipal	\$69.00	\$74.00	\$74.00	\$74.00
	White Goods	\$65.00	\$74.00	\$74.00	\$74.00
	Certified Soils	\$95.00	\$95.00	\$95.00	\$95.00
	Unprocessable Fee	\$61.00	\$74.00	\$74.00	\$74.00
	Cover Material - Charged	\$3.00	n/a	\$14.85	\$5 - \$25
	Other Fees				
	Ferrous Residue	\$12.00	\$0.00	\$12.00	\$12.00
	Woodchips	\$0.00	\$0.00	\$0.00	\$0.00
	RDF	\$15.00	\$0.00	\$15.00	\$15.00
	Power Production				
	kwh/ton of MSW Processed	538	542	543	562
	Total kwh Sold	426,136,014	455,000,000	223,215,394	445,000,000
Rate Per kwh	\$0.030	\$0.032	\$0.031	\$0.033	
Delivery / Processing					
Member MSW	641,858	623,000	330,539	640,000	
Contract MSW	229,667	247,000	120,379	240,000	
Spot MSW	16,231	0	7,243	0	
Recycling Residue	2,377	7,000	1,239	2,000	
Ferrous Residue	10,575	0	4,362	10,000	
Shredded Material	0	0	0	0	
Wood chips	773	0	1,692	1,000	
RDF (Imported)	582	0	2,688	1,000	
Deliveries to the System	<u>890,134</u>	<u>877,000</u>	<u>459,399</u>	<u>894,000</u>	
Hauled Tons (MSW & Recyclables)					
Ellington	73,065	78,500	36,976	70,000	
Essex	78,688	78,000	39,139	78,000	
Torrington	77,755	74,000	39,261	78,000	
Watertown	117,925	133,000	61,642	112,000	
Transfer to Southeast	15,894	2,000	2,428	12,000	
Transfer to Bridgeport	43,669	5,000	23,292	10,000	
Export	33,824	30,000	19,762	80,000	
Transfer/Export tons	<u>93,386</u>	<u>37,000</u>	<u>45,481</u>	<u>102,000</u>	
Total Tons Processed	791,760	840,000	411,201	792,000	
RDF Produced	696,667	714,000	370,168	693,416	
Residue					
Ash Rate (Per Ton of MSW)	20.3%	20.0%	21.6%	21.0%	
Process Residue Rate (Per Ton of MSW)	9.1%	10.0%	8.0%	9.0%	
Ferrous Metals Rate (Outbound) (Per Ton of MSW)	3.1%	3.5%	2.7%	3.0%	
Ferrous Residue Rate (Inbound) (Per Ton of MSW)	1.3%	0.0%	0.9%	1.3%	
Unprocessable Waste - From WPF (Per Ton of MSW)	1.3%	1.5%	1.3%	2.0%	

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPANDED ASSUMPTIONS, CONTINUED		ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
Hartford Landfill	Waste Deliveries tons				
	Ash	160,585	168,000	88,849	166,320
	Process Residue	71,900	84,000	32,983	71,280
	Ferrous Metals	24,590	29,400	11,102	23,760
	Unprocessable Waste - Direct	9,430	9,000	4,238	9,000
	Unprocessable Waste - from WPF	10,533	12,600	5,258	15,840
	Metals	86	0	47	50
	Bulky Waste - Commercial	1,279	1,200	466	1,000
	Bulky Waste - Municipal	23,082	17,000	8,758	24,500
	White Goods	29	0	30	20
	Certified Soils	51	200	4	50
	Cover Material - Charged	2,070	0	5,482	15,000
	Waste Diverted to Manchester LF	0	0	0	0
Recycling	Containers	20,573	21,000	10,570	22,000
	Paper (total)	58,308	54,000	30,097	60,000
	Recyclables Delivered to the System	78,881	75,000	40,667	82,000
	Revenues				
	Containers (CRRRA receives 50%)	\$37.39	\$45.00	\$42.62	\$40.00
	Paper Contract	\$12.45	\$18.00	\$18.00	\$18.00
	Residue Rate- Containers	8.03%	7.00%	7.98%	7.00%
	Residue Rate- Paper	0.36%	5.00%	0.08%	2.00%
	Expenditures				
	Container Processing Fee (FCR)	\$20.82	\$21.34	\$21.10	\$21.64
	Paper Processing Fee (CROC)	\$19.50	\$19.74	\$4.00	\$10.00
	Recycling Tip Fee (Member Towns)	\$0.00	\$0.00	\$0.00	\$0.00
Municipal Subsidies	Fees (per ton)				
	Canton	\$4.42	\$4.42	\$4.42	\$4.42
	East Granby	\$8.38	\$8.38	\$8.38	\$8.38
	Ellington	\$2.25	\$2.25	\$2.25	\$2.25
	Granby	\$7.90	\$7.90	\$7.90	\$7.90
	Simsbury	\$8.13	\$8.13	\$8.13	\$8.13
	Regional Refuse Disposal District #1 (RRDD#1)	\$60.00	\$60.00	\$60.00	\$60.00
	Tonnage				
	Canton	5,547	5,400	2,911	5,500
	East Granby	3,451	3,650	1,644	3,500
	Granby	5,702	5,540	3,071	5,700
	Simsbury	14,823	14,800	7,880	14,800
	RRDD#1 Recyclables	864	900	465	900
	Waterbury (Watertown TS)	44,355	45,000	24,043	45,000
	East Windsor MSW (Ellington TS)	2,290	4,000	1,453	2,750
Transportation Fees	Ellington	n/a	\$10.40	n/a	n/a
	Essex	n/a	\$10.40	n/a	n/a
	Torrington	\$12.18	\$10.40	\$12.18	\$12.55
	Watertown	\$11.60	\$10.40	\$11.60	\$11.95
	Southeast Project Diversion Fee (per ton)	\$55.00	\$59.00	\$59.00	\$60.00
	Bridgeport Project Diversion Fee (per ton)	\$52.00	\$58.00	\$58.00	\$61.00
	Exports Fee (average per ton)	\$68.51	\$69.00	\$69.00	\$69.00
	Process Residue Hauling (per ton)	n/a	\$4.91	n/a	n/a
	Non-Processible/Bulky (per load)	n/a	\$226.60	n/a	n/a
	Ash Hauling (per ton)	\$2.50	\$2.50	\$2.53	\$2.57

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPANDED ASSUMPTIONS, CONTINUED		ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
Miscellaneous Fees	Coal Price (per ton)	\$60.50	\$62.00	\$61.90	\$61.90
	PILOT - Bulky Waste (per ton)	\$6.85	\$7.02	\$6.88	\$7.06
	Ash Loading (per ton)	n/a	\$0.93	n/a	\$0.96
	Lime (per ton)	\$96.35	\$110.00	n/a	\$98.00
	Urea (per gallon)	\$1.02	n/a	n/a	\$0.80
	Ferrous Residue (wTe)	\$12.26	\$15.00	n/a	\$7.50
Miscellaneous Data	Lime (Lbs/Ton of RDF Burned)	17	16	n/a	22
	Bulky Waste Shredding Expense/Ton	n/a	n/a	n/a	n/a
	Coal Purchase (Tons)	0	0	2,500	2,500
	Coal Use (Tons)	2,423	n/a	n/a	2,500
	Urea (gallons per year)	236,105	n/a	n/a	260,000
	Inflation Estimate	0.54%	2.50%	n/a	2.50%
Operating Fees	MDC Contract	\$20,002,365	\$14,594,552	\$10,831,947	\$19,332,350
	CWPM Contract	\$2,501,149	\$6,118,035	\$446,059	\$3,228,960

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
GENERAL ADMINISTRATION					
41-001-501-52101	Postage & Delivery Fees	\$10,628	\$12,000	\$2,219	\$12,000
41-001-501-52104	Telephone & Pagers	\$19,999	\$19,000	\$10,251	\$14,000
41-001-501-52111	Outside Copying	\$44,761	\$10,000	\$3,860	\$10,000
41-001-501-52115	Advertising	\$13,290	\$25,000	\$6,651	\$20,000
41-001-501-52201	Office Equipment	\$0	\$500	\$277	\$500
41-001-501-52202	Office Supplies	\$7,715	\$9,000	\$1,510	\$10,000
41-001-501-52211	Protect Clothing/Safety Equip.	\$650	\$3,000	\$116	\$3,000
41-001-501-52302	Miscellaneous Services	\$4,648	\$18,000	\$11,456	\$5,000
41-001-501-52303	Subscriptions and Publications	\$28	\$0	\$0	\$0
41-001-501-52304	Dues - Professional Organizations	\$50	\$0	\$0	\$0
41-001-501-52305	Business Meetings and Travel	\$1,540	\$3,000	\$16	\$1,000
41-001-501-52306	Training	\$231	\$0	\$0	\$0
41-001-501-52355	Mileage Reimbursement	\$5,010	\$7,250	\$1,719	\$5,000
41-001-501-52401	Vehicle Repair / Maintenance	\$3,239	\$10,000	\$617	\$6,000
41-001-501-52403	Office Equipment Service	\$17,237	\$22,500	\$8,699	\$15,000
41-001-501-52404	Building Operations	\$38,835	\$71,885	\$20,749	\$71,960
41-001-501-52415	Grounds Maintenance	\$37,960	\$26,500	\$17,232	\$26,500
41-001-501-52502	Fees/Licenses/Permits	\$531	\$250	\$40	\$500
41-001-501-52505	Claims/Losses	\$6,692	\$8,500	\$197	\$8,500
41-001-501-52602	Bad Debt Expense	\$0	\$10,000	\$0	\$10,000
41-001-501-52612	Fuel	\$3,197	\$6,000	\$284	\$4,000
41-001-501-52615	Office Temporaries	\$0	\$0	\$0	\$0
41-001-501-52856	Legal	\$2,029,798	\$1,500,000	\$1,272,591	\$1,500,000
41-001-501-52859	Financial	\$0	\$0	\$0	\$65,000
41-001-501-52862	Arbitrator	\$0	\$0	\$0	\$0
41-001-501-52863	Auditor	\$0	\$0	\$0	\$30,000
41-001-501-52875	Insurance, Consulting, Brokerage Serv	\$25,200	\$54,983	\$40,554	\$86,500
41-001-501-52899	Other Consulting Services	\$336,076	\$150,000	\$23,854	\$150,000
41-001-501-53301	Gas	\$4,865	\$7,500	\$1,974	\$7,850
41-001-501-53304	Electricity	\$37,531	\$45,000	\$35,546	\$55,000
41-001-501-54481	Office Furniture	\$0	\$0	\$0	\$0
41-001-501-54482	Computer Hardware	\$15,844	\$16,000	\$4,389	\$10,000
41-001-501-54483	Computer Software	\$12,297	\$4,000	\$719	\$4,000
41-001-501-52853	Information Technology	\$0	\$36,000	\$0	\$80,000
41-001-501-57840	Allocation - Salaries	\$1,657,221	\$1,723,856	\$654,529	\$1,731,582
41-001-501-57850	Allocation - Overhead	\$1,765,810	\$1,684,557	\$560,349	\$1,408,590
	Further Reduction in Allocation of Salaries & Overhead	\$0	(\$425,276)		\$0
	Subtotal	\$6,100,883	\$5,059,005	\$2,680,398	\$5,351,482
		15.7%	-17.1%	-47.0%	5.8%

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
DEBT SERVICE/ADMINISTRATION					
41-001-502-55523	Interest - 91 Series	\$24,619	\$0	\$0	\$0
41-001-502-55525	Interest - 96 Series	\$11,188,584	\$10,464,441	\$5,370,356	\$9,704,513
41-001-502-55526	Interest - 97 Series	\$238,571	\$199,180	\$107,180	\$157,406
41-001-502-55536	Interest - 01 Series	\$686,623	\$686,623	\$343,311	\$686,623
41-001-502-55560	Principal Repayment	\$14,408,125	\$14,725,000	\$7,227,500	\$15,470,000
41-001-502-55585	Trustee Fees	\$16,315	\$15,000	\$7,325	\$15,000
	Loan Repayment	\$0	\$0	\$0	\$860,000
41-001-502-55589	Other Debt Expense	\$35,039	\$0	\$0	\$0
	Subtotal	\$26,597,876	\$26,090,243	\$13,055,672	\$26,893,541
		0.1%	-1.9%	-50.0%	3.1%
WASTE TRANSPORT					
41-001-505-52409	Other Repairs & Maintenance	\$0	\$2,000	\$0	\$2,000
41-001-505-52509	Transfer / Transport Subsidy	\$224,256	\$229,253	\$117,609	\$229,794
41-001-505-52658	Rolling Stock Reserve	\$750,000	\$750,000	\$375,000	\$750,000
41-001-505-52701	Contract Operating Charges (MDC)	\$4,145,886	\$0	\$2,902,967	\$3,083,800.00
41-001-505-52701	Contract Operating Charges (Other)	\$1,818,243	\$4,478,946	\$0	\$2,317,300.00
	Ash Loading	\$0	\$156,702	\$0	\$159,013
41-001-505-52706	Ash Hauling	\$402,192	\$430,500	\$223,890	\$426,855
41-001-505-52707	Contract Hauling - Other	\$81,935	\$25,000	\$43,769	\$23,000
41-001-505-52899	Other Consulting Services	\$110,091	\$60,000	\$163	\$60,000
	<i>Subtotal - Comparable charges</i>	<i>\$7,532,603</i>	<i>\$6,132,401</i>	<i>\$3,663,398</i>	<i>\$7,051,762</i>
41-001-505-52710	Disposal Fees - Solid Waste (Tipping Fees/Exports)	\$5,649,734	\$2,478,000	\$2,826,004	\$6,850,000
	Subtotal - Waste Transport	\$13,182,337	\$8,610,401	\$6,489,402	\$13,901,762
		50.8%	-34.7%	-24.6%	61.5%
REGIONAL RECYCLING					
41-001-506-52118	Marketing & Public Relations	\$9,931	\$40,000	(\$2)	\$40,000
41-001-506-52202	Office Supplies	\$11,388	\$10,000	\$176	\$10,000
41-001-506-52302	Miscellaneous Services	\$8,732	\$2,000	\$348	\$2,000
41-001-506-52303	Subscriptions/Publications/Ref. Material	\$112	\$200	\$160	\$200
41-001-506-52404	Building Operations	\$5,313	\$21,100	\$1,790	\$25,000
41-001-506-52407	Project Equipment Maintenance	\$22,165	\$14,700	\$19,242	\$38,000
41-001-506-52418	Education Exhibits Maintenance	\$7,163	\$35,000	\$0	\$35,000
41-001-506-52502	Fees/Licenses/Permits	\$14,923	\$9,000	\$5,250	\$13,000
41-001-506-52652	Equipment Replacement Reserve	\$125,000	\$125,000	\$62,500	\$125,000
41-001-506-52701	Contract Operating Charges	\$802,465	\$1,513,928	\$670,486	\$1,076,044
41-001-506-52709	Other Operating Charges (Electronics Recycling)	\$0	\$40,000	\$0	\$50,000
41-001-506-52810	Contract Services	\$9,161	\$45,000	\$2,726	\$50,000
41-001-506-52858	Engineering	\$41,063	\$45,000	\$29,024	\$100,000
41-001-506-52901	Environmental Testing	\$4,355	\$6,500	\$336	\$6,500
41-001-506-54482	Computer Hardware	\$0	\$1,000	\$0	\$1,000
41-001-506-56605	Construction	\$0	\$15,000	\$0	\$25,000
41-001-506-57840	Allocation - Salaries	\$640,962	\$720,560	\$259,450	\$669,722
41-001-506-57850	Allocation - Overhead	\$667,700	\$715,700	\$244,904	\$532,315
	Subtotal	\$2,370,433	\$3,359,688	\$1,322,098	\$2,798,781
		-29.5%	41.7%	-60.6%	-16.7%

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
WASTE PROCESSING FACILITY					
41-001-601-52404	Building Operations	\$62,839	\$10,000	\$3,020	\$10,000
41-001-601-52407	Project Equipment Maintenance	\$2,555	\$10,000	\$5,870	\$5,000
41-001-601-52415	Grounds Maintenance	\$0	\$5,000	\$2,514	\$0
41-001-601-52502	Fees/Licenses/Permits	\$4,028	\$10,382	\$2,700	\$0
41-001-601-52507	Payments in Lieu of Taxes	\$2,592,341	\$2,900,197	\$1,453,253	\$2,471,211
41-001-601-52604	Rental / Lease	\$57,453	\$15,000	\$0	\$15,000
41-001-601-52640	Insurance Premium	\$938,555	\$1,663,420	\$593,758	\$1,567,600
41-001-601-52701	Contract Operating Charges (MDC)	\$12,859,272	\$12,875,750	\$6,679,174	\$13,723,800
41-001-601-52709	Other Operating Charges	\$884,228	\$441,000	\$71,002	\$178,200
41-001-601-52710	Other Operating Charges	\$0	\$0	\$0	\$290,000
41-001-601-52858	Engineering	\$198,398	\$450,000	\$83,408	\$57,000
41-001-601-52899	Other Consulting Services	\$9,230	\$22,500	\$414	\$15,000
41-001-601-52901	Environmental Testing	\$17,730	\$20,000	\$3,498	\$25,000
41-001-601-53304	Electricity	\$0	\$300,000	\$87,099	\$300
41-001-601-54482	Computer Hardware	\$0	\$1,000	\$0	\$1,000
41-001-601-56605	Construction	\$65,760	\$1,600,000	\$492,222	\$750,000
	WPF Modification Reserve	\$0	\$500,000	\$250,000	\$500,000
Mid-Connecticut Air Processing System (MCAPS)					
41-001-601-52616	Fuel	\$0	\$635,040	\$248,518	\$509,400
41-001-601-53305	Electricity	\$166,192	\$0	\$0	\$0
41-001-601-52713	Operating & Maintenance Costs		\$476,000		
41-001-601-52713	Odor - Maintenance Costs	\$0	\$36,000	\$115,762	\$91,000
41-001-601-52713	Odor - Operations & Maintenance Fee (Covanta)	\$270,177	\$300,000	\$0	\$0
41-001-601-52713	RTO Cleaning	\$0	\$20,000	\$0	\$0
41-001-601-52713	Odor - Filter Maintenance	\$0	\$100,000	\$0	\$106,800
	<i>Subtotal (MCAPS)</i>	\$436,369	\$1,111,040	\$364,280	\$707,200
	Subtotal	\$18,128,758	\$21,935,289	\$10,092,212	\$20,316,311
		-8.0%	21.0%	-54.0%	-7.4%
POWER BLOCK FACILITY					
41-001-602-52502	Fees/Licenses/Permits	\$107,341	\$125,000	\$0	\$126,000
41-001-602-52506	Dioxin Tax	\$695,972	\$724,290	\$372,418	\$693,416
41-001-602-52604	Rental / Lease	\$0	\$0	\$0	\$0
41-001-602-52611	Revenue Sharing Expense (5.05)	\$3,410,021	\$3,406,649	\$1,907,516	\$3,724,713
41-001-602-52613	Coal	\$0	\$0	\$0	\$154,750
41-001-602-52614	Lime	\$638,700	\$739,200	\$334,980	\$747,502
41-001-602-52616	SNCR (Urea)	\$240,572	\$187,500	\$80,856	\$208,000
41-001-602-52702	Contract Ops Charge - Equipment (5.02)	\$3,612,466	\$3,725,345	\$1,759,610	\$3,753,030
41-001-602-52703	Contract Ops Charge - Management Fee (5.03)	\$1,449,082	\$1,504,670	\$695,965	\$1,505,439
41-001-602-52709	Contract Ops Charge - Personnel (5.01)	\$5,175,183	\$4,975,233	\$2,766,880	\$5,132,202
41-001-602-52858	Engineering	\$133,277	\$45,000	\$13,294	\$65,000
41-001-602-52899	Other Consulting Services	\$0	\$5,000	\$0	\$5,000
41-001-602-52901	Environmental Testing	\$207,397	\$200,000	\$42,590	\$170,000
41-001-602-52910	Continuous Emission Monitoring	\$221,830	\$200,000	\$61,331	\$175,000
41-001-602-53305	Electricity	\$0	\$0	\$0	\$250,000
41-001-602-56605	Construction	(\$5,234)	\$35,000	\$13,550	\$65,000
	Subtotal	\$15,886,607	\$15,872,887	\$8,048,990	\$16,775,052
ENERGY GENERATING FACILITY					
41-001-603-52504	Assessment / Taxes	\$1,701,008	\$2,123,579	\$712,909	\$1,455,206
41-001-603-52604	Rental / Lease	\$0	\$0	\$0	\$0
41-001-603-52709	Other Operating Charges	\$0	\$0	\$0	\$0
41-001-603-53304	Electricity	\$0	\$0	\$0	\$6,500
	Subtotal	\$1,701,008	\$2,123,579	\$712,909	\$1,461,706
		-17.9%	24.8%	-66.4%	-31.2%

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
LANDFILL - HARTFORD					
41-001-604-52104	Telephone & Pagers	\$3,099	\$3,500	\$1,592	\$3,750
41-001-604-52404	Building Operations	\$11,982	\$7,000	\$6,959	\$13,000
41-001-604-52407	Project Equipment Maintenance	\$76,425	\$49,000	\$31,377	\$67,200
41-001-604-52415	Grounds Maintenance	\$273,318	\$200,000	\$90,403	\$242,500
41-001-604-52502	Fees/Licenses/Permits	\$16,513	\$20,000	\$825	\$14,500
41-001-604-52507	Payments in Lieu of Taxes	\$167,050	\$127,719	\$63,493	\$179,914
41-001-604-52604	Rental / Lease	\$525,000	\$525,000	\$262,500	\$525,000
41-001-604-52650	Post Closure Reserve	\$475,000	\$475,000	\$237,500	\$475,000
41-001-604-52701	Contract Operating Charges (MDC)	\$1,490,159	\$1,562,100	\$731,224	\$1,482,250
41-001-604-52709	Other Operating Charges	\$470,248	\$325,000	\$285,515	\$408,290
41-001-604-52858	Engineering	\$313,523	\$158,000	\$45,352	\$207,000
41-001-604-52901	Environmental Testing	\$147,023	\$122,000	\$57,972	\$106,528
41-001-604-53304	Electricity	\$232	\$5,000	\$116	\$13,900
41-001-604-54482	Computer Hardware	\$0	\$0	\$0	\$1,000
41-001-604-56605	Construction	\$0	\$230,000	\$8,319	\$500,000
41-001-604-58001	Contingency	\$0	\$0	\$0	\$1,500
	Subtotal	\$3,969,572	\$3,809,319	\$1,823,147	\$4,241,332
		-26.1%	-4.0%	-52.1%	11.3%
LANDFILL - ELLINGTON					
41-001-605-52407	Project Equipment Maintenance	\$4,760	\$4,000	\$959	\$4,000
41-001-605-52415	Grounds Maintenance	\$78,218	\$61,000	\$17,165	\$37,500
41-001-605-52502	Fees/Licenses/Permits	\$144	\$250	\$0	\$250
41-001-605-52645	Landfill Closure/Postclosure Expense	\$1,519	\$0	\$25,000	\$0
41-001-605-52650	Post Closure Reserve	\$55,014	\$50,000	\$22,668	\$175,000
41-001-605-52709	Other Operating Charges	\$88,671	\$91,000	\$0	\$117,281
41-001-605-52856	Legal	\$6,075	\$5,000	\$0	\$0
41-001-605-52858	Engineering	\$1,493	\$10,000	\$1,843	\$12,000
41-001-605-52901	Environmental Testing	\$27,434	\$38,000	\$8,733	\$33,250
41-001-605-53304	Electricity	\$10,023	\$20,000	\$9,707	\$18,000
	Subtotal	\$273,351	\$279,250	\$86,075	\$397,281
		-17.2%	2.2%	-69.2%	42.3%

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
TRANSFER STATION - ELLINGTON					
41-001-610-52104	Telephone & Pagers	\$1,208	\$1,000	\$594	\$1,000
41-001-610-52302	Miscellaneous Services	\$400	\$500	\$0	\$500
41-001-610-52404	Building Operations	\$14,015	\$5,000	\$3,222	\$12,000
41-001-610-52502	Fees/Licenses/Permits	\$4,750	\$2,000	\$0	\$1,500
41-001-610-52508	Municipal Subsidy	\$5,152	\$9,000	\$3,270	\$6,188
41-001-610-52701	Contract Operating Charges (MDC)	\$410,770	\$0	\$225,802	\$434,600
41-001-610-52701	Contract Operating Charges (Other)	\$0	\$344,210	\$0	\$0
41-001-610-52858	Engineering	\$716	\$2,000	\$263	\$0
41-001-610-52901	Environmental Testing	\$0	\$1,500	\$0	\$1,200
41-001-610-53304	Electricity	\$0	\$0	\$0	\$1,800
41-001-610-54482	Computer Hardware	\$0	\$700	\$0	\$1,000
41-001-610-56605	Construction	\$21,902	\$6,000	\$25,595	\$16,000
	Subtotal	\$458,913	\$371,910	\$258,746	\$475,788
		7.8%	-19.0%	-30.4%	27.9%
TRANSFER STATION - ESSEX					
41-001-611-52404	Building Operations	\$25,698	\$10,000	\$12,886	\$30,000
41-001-611-52502	Fees/Licenses/Permits	\$5,000	\$2,350	\$0	\$1,500
41-001-611-52701	Contract Operating Charges (MDC)	\$630,191	\$0	\$292,780	\$607,900
41-001-611-52701	Contract Operating Charges (Other)	\$0	\$409,772	\$0	\$0
41-001-611-52858	Engineering	\$5,585	\$1,000	\$263	\$0
41-001-611-52901	Environmental Testing	\$782	\$2,800	\$1,472	\$3,500
41-001-611-54482	Computer Hardware	\$0	\$700	\$0	\$1,000
41-001-611-56605	Construction	\$38,600	\$4,000	\$10,950	\$16,000
41-001-611-57820	Local Administration	\$58,000	\$58,000	\$44,000	\$58,000
	Subtotal	\$763,856	\$488,622	\$362,351	\$717,900
		19.9%	-36.0%	-25.8%	46.9%
TRANSFER STATION - TORRINGTON					
41-001-612-52404	Building Operations	\$52,426	\$2,000	\$9,555	\$35,000
41-001-612-52502	Fees/Licenses/Permits	\$1,500	\$1,500	\$0	\$1,500
41-001-612-52604	Rental / Lease	\$100	\$0	\$100	\$0
41-001-612-52701	Contract Operating Charges (MDC)	\$169,378	\$0	\$0	\$0
41-001-612-52701	Contract Operating Charges (Other)	\$430,769	\$442,553	\$223,282	\$455,829
41-001-612-52707	Contract Hauling - Other	\$0	\$0	\$0	\$0
41-001-612-52858	Engineering	\$716	\$0	\$263	\$0
41-001-612-52901	Environmental Testing	\$905	\$2,000	\$502	\$2,000
41-001-612-54482	Computer Hardware	\$0	\$700	\$0	\$1,000
41-001-612-56605	Construction	\$3,615	\$2,000	\$0	\$3,000
	Subtotal	\$659,409	\$450,753	\$233,702	\$498,329
		2.3%	-31.6%	-48.2%	10.6%

MID-CONNECTICUT PROJECT PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
TRANSFER STATION - WATERTOWN					
41-001-613-52404	Building Operations	\$13,582	\$2,000	\$1,900	\$14,000
41-001-613-52415	Grounds Maintenance	\$0	\$1,000	\$0	\$0
41-001-613-52502	Fees/Licenses/Permits	\$35,164	\$2,000	\$0	\$1,500
	Municipal Subsidy (Waterbury)	\$0	\$22,500	\$21,788	\$22,500
41-001-613-52701	Contract Operating Charges (MDC)	\$296,709	\$0	\$0	\$0
41-001-613-52701	Contract Operating Charges (Other)	\$252,137	\$442,554	\$222,777	\$455,831
41-001-613-52709	Other Operating	\$0	\$0	\$3,728	\$0
41-001-613-52858	Engineering	\$716	\$2,000	\$263	\$0
41-001-613-52901	Environmental Testing	\$881	\$1,500	\$502	\$1,500
41-001-613-54482	Computer Hardware	\$0	\$700	\$0	\$1,000
41-001-613-56605	Construction	\$0	\$2,000	\$0	\$54,000
	Subtotal	\$599,189	\$476,254	\$250,958	\$550,331
		-20.2%	-20.5%	-47.3%	15.6%
171 MURPHY ROAD					
41-001-620-52404	Building Operations	\$7,731	\$10,000	\$3,469	\$10,000
41-001-620-52507	Payments in Lieu of Taxes	\$29,084	\$29,811	\$14,542	\$30,556
	Subtotal	\$36,815	\$39,811	\$18,011	\$40,556
		9.7%	8.1%	-54.8%	1.9%
Jets / EGF					
02-001-501-xxxxx	General Administration	\$567,274	\$486,865	\$31,360	\$281,691
02-001-951-xxxxx	Jets	\$1,355,247	\$1,253,854	\$2,738,033	\$1,687,961
02-001-952-xxxxx	Energy Generating Facility	\$3,754,306	\$3,759,231	\$1,717,430	\$4,098,085
		\$5,676,827	\$5,499,950	\$4,486,823	\$6,067,737
			-3.1%	-18.4%	10.3%

JETS / EGF



Proposed FY04 Operating Budget

February 19, 2003

JETS / EGF - FY04 PROPOSED FY04 BUDGET

REVENUE AND EXPENDITURE SUMMARY

REVENUES

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
	ENERGY				
	Jets				
xx-001-000-43101	Capacity	\$7,635,477	\$5,251,000	\$4,246,453	\$5,351,310
xx-001-000-43101	Variable	(a)	\$268,800	(a)	\$156,000
xx-001-000-43101	Backstop	(a)	\$65,917	(a)	\$16,000
xx-001-000-xxxx	Black Start Credit	\$0	\$150,000	\$0	\$249,597
xx-001-000-43103	O&M Compensation	\$878,740	\$0	\$0	\$0
	Total Energy	\$8,514,217	\$5,735,717	\$4,246,453	\$5,772,907
	OTHER				
xx-001-000-46101	Interest Income	\$880,537	\$0	\$230,370	\$42,000
xx-001-000-45101	Billboard Lease	(b)	\$21,600	(b)	\$21,600
xx-001-000-45101	Office Space Rental	(b)	\$0	(b)	\$10,000
xx-001-000-45101	TCI Cable Maintenance Fees	(b)	\$2,205	(b)	\$2,205
xx-001-000-45150	Miscellaneous Income	\$245,663	\$0	\$10,000	\$0
xx-001-000-xxxx	Use of EGF Reserve	\$0	\$0	\$0	\$219,025
	Total Other	\$880,537	\$23,805	\$240,370	\$294,830
	Total Revenues	\$9,394,754	\$5,759,522	\$4,486,823	\$6,067,737

EXPENDITURES

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
xx-001-501-xxxx	General Administration	\$567,274	\$486,865	\$31,360	\$281,691
xx-001-951-xxxx	Jets	\$1,355,247	\$1,253,854	\$759,292	\$1,687,961
xx-001-952-xxxx	Energy Generating Facility	\$3,754,306	\$3,759,231	\$1,717,430	\$4,098,085
	Total Expenditures	\$5,676,827	\$5,499,950	\$2,508,082	\$6,067,737
	Balance	\$3,717,927	\$259,573	\$1,978,741	\$0

(a) Included in Jets Capacity revenue.

(b) Any revenues are included in Miscellaneous Income

JETS / EGF - FY04 PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
GENERAL ADMINISTRATION					
xx-001-501-52404	Building Operations	\$4,117	\$5,000		\$5,000
xx-001-501-52856	Legal	\$323,829	\$50,000	(\$7,146)	\$50,000
xx-001-501-52875	Insurance, Consulting, Brokerage Service	\$38,270	\$10,086		\$39,000
xx-001-501-52899	Other Consulting Services	\$37,143	\$35,000	\$88	\$35,000
xx-001-501-53304	Electricity	\$2,153	\$3,500	\$794	\$3,500
xx-001-501-57840	Allocation - Salaries	\$80,946	\$192,899	\$20,081	\$84,578
xx-001-501-57850	Allocation - Overhead	\$80,816	\$190,380	\$17,543	\$64,613
	Subtotal	\$567,274 -25.4%	\$486,865 -14.2%	\$31,360 -93.6%	\$281,691 -42.1%
JETS					
xx-001-951-52502	Fees/Licenses/Permits	\$1,703	\$12,400	\$0	\$12,400
xx-001-951-52504	Assessment / Taxes	\$257,338	\$0	\$58,674	\$270,366
xx-001-951-52640	Insurance Premiums	\$154,718	\$126,882	\$137,388	\$355,000
xx-001-951-52701	Contract Operating Charges	\$854,197	\$0	\$528,098	\$0
xx-001-951-52701	Fixed Fee	(a)	\$695,772	(a)	\$695,772
xx-001-951-52701	Variable Fee	(a)	\$268,800	(a)	\$132,423
xx-001-951-52701	Backstop offset	(a)	\$0	(a)	\$0
xx-001-951-52701	Pass-through expenses	(a)	\$75,000	(a)	\$75,000
xx-001-951-52701	Capital Upgrades	\$0	\$50,000	\$0	\$50,000
xx-001-951-52701	NOx Reduction Capital Upgrades	\$0	\$0	\$0	\$0
xx-001-951-52858	Engineering	\$0	\$25,000	\$0	\$25,000
xx-001-951-52899	Other Consulting	\$0	\$0	\$0	\$0
xx-001-951-xxxxx	Contribution to Operating Account	\$0	\$0	\$0	\$0
xx-001-951-53304	Electricity	\$87,291	\$0	\$35,132	\$72,000
	Subtotal	\$1,355,247 -35.3%	\$1,253,854 -7.5%	\$759,292 -39.4%	\$1,687,961 34.6%
ENERGY GENERATING FACILITY					
xx-001-952-52404	Building Operations	\$2,781	\$0	\$0	\$5,000
xx-001-952-52502	Fees/Licenses/Permits	\$0	\$0	\$0	\$0
xx-001-952-52640	Insurance Premiums	\$215,131	\$199,807	\$136,002	\$351,100
xx-001-952-52701	Contract Operating Charges (C-1 Budget)	\$3,182,535	\$2,934,424	\$1,558,406	\$2,924,025
xx-001-952-52701	Contract Capital Expenditures (C-2 Budget)	\$0	\$400,000	(a)	\$592,960
xx-001-952-52709	Other Operating Charges	\$10,054	\$0	\$0	\$0
xx-001-952-52858	Engineering	\$12,881	\$25,000	\$0	\$25,000
xx-001-952-52899	Other Consulting	\$0	\$0	\$0	\$0
xx-001-952-53309	Other Utilities	\$330,924	\$200,000	\$23,022	\$200,000
xx-001-952-54491	Other Equipment	\$0	\$0		\$0
	Subtotal	\$3,754,306 6.6%	\$3,759,231 0.1%	\$1,717,430 -54.3%	\$4,098,085 9.0%

(a) Detail expenses are aggregated into Contract Operating Charges.

**RESOLUTION REGARDING THE ADOPTION OF THE FISCAL
YEAR 2004 MID-CONNECTICUT PROJECT OPERATING
BUDGET AND TIP FEE**

RESOLVED: That the fiscal year 2004 Mid-Connecticut Project Budget be adopted substantially in the form as discussed at this meeting and that a fiscal year 2004 member tipping fee of \$63.00 per ton be adopted.

Fiscal Year 2004 Wallingford Project Operating Budget

February 20, 2003

Attached is the proposed fiscal year 2004 operating budget and tip fee for the Wallingford Project and an assumption memo as revised by the Finance Committee.

The Finance Committee and Finance Sub-Committee have reviewed this budget. In addition, the budget was discussed with the Wallingford Project Finance Committee and the Wallingford Policy Board (Policy Board). On February 10, 2002, the Policy Board approved the following motion:

That the Policy Board approve the fiscal year 2003-2004 Wallingford Project budget substantially as presented with a \$56.00 per ton contract tip fee and authorize CRRA to charge a non-contract tip fee of \$67.00 per ton during fiscal year 2003-2004, provided that CRRA agrees (i) that certain solid waste disposal and recycling costs incurred during fiscal year 2002-2003 by project municipalities be deemed by CRRA to be System Costs pursuant to the Amended and Restated Municipal Solid Waste Delivery and Disposal Contracts, (ii) that such costs be reimbursed to project municipalities from the fiscal year 2002-2003 surplus in a manner consistent with reimbursement made pursuant to the Policy Board motion of April 12, 2002, and (iii) that the total amount of such reimbursement be equal to the revenue derived from the tip fee increase; otherwise, if the above conditions are not met, that the Policy Board approve a fiscal year 2003-2004 Wallingford Project budget substantially as presented with a \$55.00 per ton contract tip fee and \$67.00 per ton non-contract tip fee.

In FY01 and FY02 the project municipalities received rebates from surpluses generated in FY00 and FY01 respectively. The ability to provide such a rebate going forward is under a review and will not be completed prior to the timing for setting a tip fee.

Therefore, the recommendation submitted by management and approved by the CRRA Finance Committee was to seek approval from the CRRA Board of Directors to adopt the proposed budget with a tip fee of \$55.00 per ton.

Fiscal Year 2004 Wallingford Project Operating Budget

February 20, 2003

Attached is the proposed fiscal year 2004 operating budget and tip fee for the Wallingford Project. This budget is being presented to the Finance Committee for a recommendation to seek approval from the CRRA Board at the February meeting.

On January 7, 2003, the Wallingford Policy Board (Policy Board) met to discuss the proposed FY04 operating budget and tip fee of \$56 per ton. At that time, the Policy Board discussed, at length, the proposed \$1 per ton increase as recommended by the Wallingford Project Finance Committee. The vote taken by the Policy Board at this meeting ended in a two-two tie. The Policy Board reconvened on February 10, 2003. At this meeting, the following motion (draft language) was passed four to one:

To accept the FY04 operating budget and tip fee of \$56 per ton with the understanding the member towns would receive a rebate, amount to be determined, from any surplus generated in FY03 or to accept FY04 operating budget and tip fee of \$55 per ton with no stipulations.

At this time, CRRA staff recommends that the attached fiscal year 2004 operating budget, with a \$55 per ton tip fee, be approved by the CRRA Finance Committee. Although staff will investigate the town rebate option, it is not being recommended since it appears that it will require legal interpretations and potentially some contract amendments.

The following are budget assumptions:

- A \$837,000 contribution to the Municipal Disposal Fee Stabilization Fund (original assumption showed a \$1M contribution based upon a \$56 per ton tip fee)
- An estimated average price per kWh of \$0.2413, per the Electric Sales Agreement
- Estimated aggregate member deliveries of 165,000 tons, up 4.5% as compared to FY02 actual

Budget Risks Include:

- The plant operator does not come out of bankruptcy as anticipated.
- Budget assumes continued high plant availability and capacity. (Tonnage and electric output). The current operator is performing preventive maintenance and continues to adhere to an appropriate scheduled outage plan mitigating this risk.

WALLINGFORD PROJECT

Proposed FY04 Operating Budget

February 20, 2003

WALLINGFORD PROJECT - PROPOSED FY04 BUDGET

REVENUE AND EXPENDITURE SUMMARY

REVENUES

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
71-001-000-40101	Service Charge Solid Waste - Members	\$8,317,640	\$8,360,000	\$4,167,569	\$9,075,000
71-001-000-40103	Service Charge Solid Waste - Spot	\$210,183	\$330,000	\$36,993	\$120,000
71-001-000-43101	Electricity	\$13,061,696	\$12,030,850	\$6,576,500	\$11,806,636
71-001-000-45150	Miscellaneous Income	\$12,675	\$17,500	\$1,525	\$15,000
71-001-000-46101	Interest Income	\$526,498	\$680,000	\$200,804	\$340,000
	Total Revenues	\$22,128,692	\$21,418,350	\$10,983,391	\$21,356,636

EXPENDITURES

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
71-001-501-xxxxx	General Administration	\$580,605	\$773,584	\$301,294	\$641,597
71-001-502-xxxxx	Debt Service/Administration	\$7,569,447	\$6,290,753	\$3,379,882	\$5,740,490
71-001-503-xxxxx	Resources Recovery Facility	\$7,129,488	\$8,070,637	\$4,247,843	\$8,592,715
71-001-504-xxxxx	Ash Disposal	\$2,603,885	\$2,833,365	\$1,441,720	\$2,931,006
71-001-505-xxxxx	Waste Transport	\$854,136	\$1,824,612	\$223,786	\$2,192,979
71-001-506-xxxxx	Recycling	\$32,738	\$40,000	\$0	\$55,000
71-001-801-xxxxx	Landfill - Wallingford	\$459,430	\$1,585,400	\$751,847	\$1,202,850
	Total Expenditures	\$19,229,729	\$21,418,350	\$10,346,372	\$21,356,637
	Balance	\$2,898,963	\$0	\$637,019	(\$0)

WALLINGFORD PROJECT - PROPOSED FY04 BUDGET

ASSUMPTIONS	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
Tip Fees				
Municipal Tip Fee	\$55.00	\$55.00	\$55.00	\$55.00
Spot Tip Fee	\$60.05	\$55.00	\$60.00	\$60.00
Power Proc				
KWH/ton of MSW Processed	458	417	451	420
Total KWH Produced	66,325,798	57,539,100	33,220,603	58,800,000
Contract Rate KWH	58,433,125	51,900,268	n/a	51,802,800
Avoided Cost Rate KWH	7,892,673	5,638,832	n/a	6,997,200
Vendor Guarantee	48,000,000	48,000,000	48,000,000	48,000,000
Additional KWH Produced	18,325,798	9,539,100	n/a	10,800,000
Contract Rate	\$0.2214	\$0.2439	\$0.2439	\$0.2413
Avoided Cost Rate	\$0.0260	\$0.0400	\$0.0434	\$0.0350
Average Rate	\$0.1982	\$0.2239	\$0.2227	\$0.2167
Delivery/Pr				
Member MSW Tons	151,225	152,000	75,774	165,000
Non-Member MSW Tons	3,491	6,000	961	2,000
Total MSW Tons	154,717	158,000	76,735	167,000
MSW Processed	144,747	138,000	73,667	140,000
MSW Exported	10,166	20,000	2,575	27,000
MSW Diverted	6,682	0	3,490	0
Ash Residu				
Ash Residue Rate	33.86%	36.00%	33.92%	35.00%
Ash Tons	49,008	49,680	24,990	49,000
Ash Disposal Fee Putnam	\$36.16	\$37.03	\$36.16	\$37.56
Ash Hauling Fee	\$17.62	\$20.00	\$21.62	\$22.26
Operating				
Annual Operating Fee (Covanta)	\$40.96	\$45.78	\$46.13	\$47.19
AOF-Additional Service Fee	\$9.52	\$9.76	\$9.77	\$10.00
AOF-Transfer Fee	\$9.31	\$9.54	\$9.55	\$9.77
Landfilling O&M Fee				
Waste Dive				
Excess Hauling Charge (Metals)		\$18.15		
Excess MSW Disposal (Export)	\$70.00	\$80.00	\$70.00	\$70.00
Bulky Tons	170	350	75	350
Bulky \$Cost/Ton	\$75.00	\$75.00	\$75.00	\$75.00
Metal Tons	85	75	23	75
Bulky/Metals Total Loads	56	61		106
Bulky/Metals \$Cost/Load	\$125.00	\$125.00	\$125.00	\$125.00
Misc.				
Inflation Estimate	2.79%	2.50%	n/a	2.50%

n/a = Not available before the issuance of the budget.

WALLINGFORD PROJECT - PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
GENERAL ADMINISTRATION					
71-001-501-52101	Postage and Delivery Fees	\$161	\$2,000	\$0	\$500
71-001-501-52104	Telephone & Pagers	\$1,139	\$3,000	\$278	\$3,000
71-001-501-52302	Miscellaneous Services	\$7,226	\$7,500	\$1,599	\$10,000
71-001-501-52305	Business Meetings & Travel	\$226	\$200	\$7	\$500
71-001-501-52355	Mileage Reimbursement	\$495	\$1,300	\$322	\$1,000
71-001-501-52401	Vehicle Repair/Maintenance	\$0	\$0	\$0	\$0
71-001-501-52403	Office Equipment Service	\$0	\$0	\$0	\$0
71-001-501-52404	Building Operations	\$1,062	\$2,500	\$403	\$2,500
	Claims/Losses	\$0	\$0	\$0	\$0
71-001-501-52602	Bad Debt Expense	\$0	\$5,000	\$0	\$5,000
71-001-501-52612	Fuel	\$0	\$0	\$0	\$0
71-001-501-52856	Legal	\$22,182	\$125,000	\$42,089	\$125,000
71-001-501-52875	Insurance Broker	\$10,267	\$10,000	\$5,724	\$21,000
71-001-501-52899	Other Consulting Services	\$42,123	\$5,000	\$18,334	\$10,000
71-001-501-53304	Electricity	\$1,298	\$2,500	\$371	\$2,500
71-001-501-53309	Other Utilities	\$0	\$400	\$0	\$250
71-001-501-54482	Computer Hardware	\$0	\$0	\$0	\$0
71-001-501-57820	Local Administration	\$35,758	\$39,000	\$17,841	\$40,365
71-001-501-57840	Allocation-Salaries	\$221,067	\$275,373	\$115,856	\$230,986
71-001-501-57850	Allocation-Overhead	\$237,601	\$294,810	\$98,470	\$188,995
	Subtotal	\$580,605	\$773,584	\$301,294	\$641,597
DEBT SERVICE/ADMINISTRATION					
71-001-502-52856	Legal	\$0	\$10,000	\$0	\$10,000
71-001-502-55523	Interest - 91 Series	\$344,406	\$186,125	\$118,188	\$104,234
71-001-502-55527	Interest - 98 Series A	\$1,166,666	\$1,039,628	\$544,194	\$903,756
71-001-502-55533	Interest - 98 Series B	\$0	\$0	\$0	\$0
71-001-502-55534	Interest - 98 Series C	\$0	\$0	\$0	\$0
71-001-502-55559	Note Repayment	\$0	\$0	\$0	\$0
71-001-502-55560	Principal - 91 Series	\$0	\$0	\$0	\$750,000
71-001-502-55560	Principal - 98 Series A	\$0	\$0	\$0	\$3,932,500
71-001-502-55560	Principal Repayment	\$6,043,125	\$5,015,000	\$2,717,500	\$0
71-001-502-55582	Letter of Credit Fees	\$0	\$0	\$0	\$0
71-001-502-55585	Trustee Fees	\$15,250	\$40,000	\$0	\$40,000
71-001-502-55587	Remarketing Agent Fees	\$0	\$0	\$0	\$0
	Subtotal	\$7,569,447	\$6,290,753	\$3,379,882	\$5,740,490

WALLINGFORD PROJECT - PROPOSED FY04 BUDGET

EXPENDITURE DETAIL

Account	Description	ACTUAL FY02	ADOPTED FY03	Dec YTD FY03	PROPOSED FY04
RESOURCES RECOVERY FACILITY					
71-001-503-52415	Grounds Maintenance	\$0	\$4,000	\$0	\$2,500
71-001-503-52502	Fees/Licenses	\$2,750	\$2,750	\$0	\$2,750
71-001-503-52506	Dioxin Tax	\$144,272	\$138,000	\$74,061	\$140,000
71-001-503-52507	Payments in Lieu of Taxes	\$1,047,336	\$1,099,703	\$529,794	\$1,112,567
71-001-503-52640	Insurance Premiums	\$172,134	\$357,377	\$131,567	\$300,000
71-001-503-52654	Clean Air Act Reserve	\$0	\$0	\$0	\$0
71-001-503-52701	Contract Operating Charges	\$5,741,732	\$5,849,541	\$3,500,252	\$6,048,913
71-001-503-52649	Tip Fee Stabilization Contribution	\$0	\$0	\$0	\$837,985
71-001-503-52712	Steam Buy-Out	\$0	\$0	\$0	\$0
71-001-503-52858	Engineering	\$14,264	\$40,000	\$12,169	\$25,000
71-001-503-52901	Environmental Testing	\$0	\$175,000	\$0	\$0
71-001-503-56605	Construction	\$7,000	\$400,000	\$0	\$123,000
71-001-503-58001	Contingency	\$0	\$4,265	\$0	\$0
	Subtotal	\$7,129,488	\$8,070,637	\$4,247,843	\$8,592,715
ASH DISPOSAL					
71-001-504-52706	Contract Hauling - Ash	\$844,319	\$993,600	\$539,187	\$1,090,740
71-001-504-52711	Disposal Fees - Ash	\$1,759,566	\$1,839,765	\$902,533	\$1,840,266
	Subtotal	\$2,603,885	\$2,833,365	\$1,441,720	\$2,931,006
WASTE TRANSPORT					
71-001-505-52704	Transfer Fees	\$94,467	\$190,773	\$24,584	\$263,708
71-001-505-52705	Metals/Non-Processibles Hauling	\$31,195	\$33,839	\$9,320	\$39,271
71-001-505-52710	Disposal Fees - Exporting	\$728,474	\$1,600,000	\$189,882	\$1,890,000
	Subtotal	\$854,136	\$1,824,612	\$223,786	\$2,192,979
RECYCLING					
71-001-506-52302	Miscellaneous Services - Electronics	\$32,738	\$40,000	\$0	\$45,000
	Miscellaneous Services - Fluorescent Bulb	\$0	\$0	\$0	\$10,000
	Subtotal	\$32,738	\$40,000	\$0	\$55,000
LANDFILL - WALLINGFORD					
71-001-801-52302	Miscellaneous Services	\$1,424	\$7,500	\$1,172	\$7,500
71-001-801-52415	Grounds Maintenance	\$73,216	\$43,250	\$20,620	\$55,000
71-001-801-52502	Fees/Licenses/Permits	\$10,150	\$12,650	\$0	\$12,750
71-001-801-52645	Landfill Closure/Postclosure Expense	\$88,984	\$35,000	\$0	\$0
71-001-801-52647	Future Use Reserve	\$0	\$0	\$0	\$0
71-001-801-52650	Postclosure Reserve	\$0	\$1,075,000	\$537,500	\$750,000
71-001-801-52701	Contract Operating Charges	\$48,738	\$45,000	\$31,912	\$60,000
71-001-801-52858	Engineering	\$111,876	\$50,000	\$28,552	\$30,000
71-001-801-52901	Environmental Testing	\$125,042	\$167,000	\$69,774	\$125,600
71-001-801-56605	Construction	\$0	\$150,000	\$62,317	\$162,000
	Subtotal	3 \$459,430	\$1,585,400	\$751,847	\$1,202,850

**RESOLUTION REGARDING THE ADOPTION OF THE FISCAL
YEAR 2004 WALLINGFORD PROJECT OPERATING BUDGET
AND TIP FEE**

RESOLVED: That the fiscal year 2004 Wallingford Project Budget be adopted substantially in the form as discussed at this meeting and that a fiscal year 2004 member tipping fee of \$55.00 per ton be adopted.

Memorandum

To: Thomas D. Kirk, President
From: John D. Clark, Operations Division Head
Date: February 11, 2002
Re: Bulldozer Compaction Services

During periods of high inventories in either the Refuse Derived Fuel (RDF) or Municipal Solid Waste (MSW) buildings, a bulldozer is used to compact and stack the RDF or MSW to better manage the inventories. High inventories typically occur as a result of Waste Processing Facility (WPF) or Power Block Facility (PBF) outages or processing problems, combined with high deliveries.

The MDC has been contracting and scheduling the use of the bulldozer. MDC has been requesting that CRRA purchase a bulldozer and have MDC employees operate and maintain the bulldozer. CRRA staff felt costs could be better controlled by tighter control of waste flows, better scheduling of the plant operations, improved WPF operations, and by rebidding the bulldozing contract. CRRA assumed the responsibility of scheduling the bulldozer activities in October 2003 and CRRA staff has been very proactive in managing the waste flows through diversions to other in-State facilities and by exporting waste out of State. Since that time, the bulldozing hours and costs have been cut nearly in half, representing annual savings of over \$150,000.

CRRA staff rebid the Contract and was successful in significantly reducing the hourly bulldozing rate. The Bid for bulldozing services requested two optional prices, one for "on-call as needed services", and one for a guaranteed 40-hour work week". As discussed in the following Memo from Virginia Raymond, there are a number of considerations that need to be taken into account when determining the cost benefit of full time or as-needed bulldozing service. CRRA staff recommends entering into an Agreement with Boticello, Inc. to perform bulldozing services, and further recommends that a two-month trial period of "guaranteed 40-hour work week" be initiated to determine if further savings can be realized. Additional savings may be realized through a reduction in payloader hours (if the bulldozer can effectively stack and push waste), and improved WPF processing (if the bulldozer can effectively assist in feeding the processing lines and "pre-process" some of the waste).

Memorandum

To: John Clark, Operations Division Head

From: Virginia Raymond

Date: January 31, 2003

Re: Waste Compaction Dozer Services, Mid Connecticut Project

EXECUTIVE SUMMARY

On January 6, 2003 the Authority issued a request for bids for waste compaction dozer services. During periods of high MSW and RDF inventories an outside contractor is brought in to compact the stored MSW and RDF with a track dozer to make room for additional material. The bid package requested hourly rates based upon "on-call, as needed service" and a "guaranteed 40-hour work week".

Eleven firms requested bid packages: Herb Holden Trucking, Inc., Waste Management of Connecticut, Stoneyridge Construction Corporation, USA Hauling and Recycling, Inc., Covanta Energy, Inc., JDC Enterprises, Inc. Botticello, Inc., Earth Technology, D.W. Transport, American Materials Corporation, and CWPM, Inc.

On January 31, 2003 five firms submitted bids. The bid results are presented on the attached chart.

Based on the bids received, I am recommending that the Board of Directors provide authorization to enter into an agreement with the low bidder Botticello, Inc. The base agreement stipulates services based on one or the other type of service (on-call service or 40-hour work week guarantee). I am recommending that the agreement be modified to allow for a two-month "guaranteed 40-hour work week service" test program. At the end of the two-month test program, operations staff will evaluate the results and make a determination on whether to continue with the guaranteed 40-hour per week program at an hourly rate of \$129.00 (\$269,820 for the year) or complete the term of the agreement with the "on-call, as needed service" at an hourly rate of \$150.00 per hour (approximately \$185,700 for the year).

At the Authority's sole option, the contract allows for a one-year contract extension (March 1, 2004 through February 28, 2005). Should the Authority

extend the term of the contract, the service price will increase to \$134.16 per hour for guaranteed 40-hour work week service or \$156.00 per hour for on-call service.

Depending upon the type of service provided, this new contract represents an annual savings to the Authority of \$130,530 (for a 40-hour guarantee work week service) or \$214,650 (for on-call, as-needed service) over the previously contracted service performed by Stoneyridge Construction under a contract with the MDC.

DISCUSSION

Historically the outside dozer contractor was hired and worked under the direction of the plant operator. The total cost of compaction services for FY02 was \$400,350 (2355 hours of use at an hourly rate at \$170.00 per hour).

The Authority staff believed that the cost of compaction services could be reduced through more effective waste flow management and stricter supervisor control over dozer use. In late October, 2002 the Authority's Mid-Connecticut Project Manager, John Romano, took over the responsibility for managing compaction dozer use. The following tables provide a year-over-year summary of the use/cost of waste compaction services under the Authority's supervision compared to dozer use/cost under the operator's supervision.

Operator Costs Incurred

Month/Year	Tons MSW Received	Tons RDF Produced	Dozer Hours	Cost
Nov-01	62,666	56,378	211	\$35,828
Dec-01	67,055	59,385	215	\$36,550
Jan-02	59,415	51,208	286	\$48,662
Total	189,136	166,971	712	\$121,040

Authority Costs Incurred

Month/Year	Tons MSW Received	Tons RDF Produced	Dozer Hours	Cost
Nov-02	63,747	59,314	159	\$26,945
Dec-02	72,035	63,447	67	\$11,432
Jan-03	59,206	52,558	118	\$20,060
Total	194,988	175,319	334	\$58,060

Under the Authority's management, **the cost of dozer use was reduced by 52%** even with a 3% increase in the amount of waste received and 5% increase in the amount of RDF produced year over year.

Operations Division staff recognizes that this test period was only three-months long and took place during winter months – the season of the year when waste deliveries are historically at their lowest. Therefore, I am concerned that the 52% reduction in dozer use may not be sustainable or advisable over the course of an entire year. It is for this reason I am recommending that the base agreement be

modified to allow for a two-month 40-hour work week guarantee test period. In taking this approach the authority realizes saving immediately while at the same time gaining some data and experience with the 40-hour work week program.

Financial Summary

Funding needed to cover the costs of compaction dozer services for the remainder of FY03 (through June 30, 2003) is contained in the MDC's budget for the Waste Processing Facility (equipment rental). Funds needed to pay for the service during FY04 (July 1, 2003-June 30, 2004) have been included in the proposed Mid-Connecticut Project FY04 budget (\$290,000 in the budget line item entitled "Other Operating Charges").

**RESOLUTION REGARDING WASTE COMPACTION DOZER
SERVICES FOR THE MID-CONNECTICUT PROJECT**

RESOLVED: The President is authorized to enter into agreement with Botticello, Inc. for MSW and RDF compaction dozer services for the Mid-Connecticut Project, substantially in the form as discussed at this meeting.

WASTE COMPACTION SERVICES - BID PRICING RESULTS

Compaction Dozer Bids Received

Company Name	On-Call Service			40-Hour Weekly Guarantee		
	Hourly Rate Year One	Hourly Rate Year Two	Annual Trailer Fee Year One	Hourly Rate Year One	Hourly Rate Year Two	Annual Trailer Fee Year One
Boffcell, Inc.	\$150.00	\$156.00	\$1,500.00	\$129.00	\$134.16	\$1,500.00
JDC Enterprises	\$156.00	\$158.00	\$8,000.00	\$145.00	\$149.00	\$8,000.00
Stoneyridge Construction	\$160.00	\$160.00	\$12,000.00	\$145.00	\$145.00	\$12,000.00
CWPM, Inc.	No Bid	No Bid	No Bid	\$150.00	\$160.00	\$5,000.00
Herb Holden	\$183.60	\$192.78	\$10,000.00	\$153.48	\$159.99	\$7,500.00
Waste Management	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid

Projected Annual Cost of On-call Service Assuming 1218 Hrs/Year

1,218

Company Name	Hourly Rate		Trailer Fee		Year One Total		Year Two Total		Year One Total With Trailer Fee		Year Two Total With Trailer Fee	
	Year One	Year Two	Year One	Year Two	Year One	Year Two	Year One	Year Two	Year One	Year Two	Year One	Year Two
Boffcell, Inc.	\$182,700.00	\$190,008.00	\$1,500.00	\$1,600.00	\$184,200.00	\$191,608.00	\$185,700.00	\$193,208.00	\$186,200.00	\$193,808.00	\$187,200.00	\$194,808.00
JDC Enterprises	\$190,008.00	\$192,444.00	\$8,000.00	\$8,000.00	\$198,008.00	\$200,444.00	\$206,008.00	\$208,444.00	\$207,008.00	\$209,444.00	\$213,008.00	\$215,444.00
Stoneyridge Construction	\$194,880.00	\$194,880.00	\$12,000.00	\$12,000.00	\$206,880.00	\$206,880.00	\$218,880.00	\$218,880.00	\$218,880.00	\$218,880.00	\$218,880.00	\$218,880.00
CWPM, Inc.	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
Herb Holden	\$223,624.80	\$234,806.04	\$10,000.00	\$10,000.00	\$233,624.80	\$244,806.04	\$243,624.80	\$254,806.04	\$243,624.80	\$254,806.04	\$243,624.80	\$254,806.04
Waste Management	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid

Projected Annual Cost of Guarantee Service Assuming Guaranteed 40 Hrs/Week, 2080 Hrs/Year

2,080

Company Name	Hourly Rate		Trailer Fee		Year One Total		Year Two Total		Year One Total With Trailer Fee		Year Two Total With Trailer Fee	
	Year One	Year Two	Year One	Year Two	Year One	Year Two	Year One	Year Two	Year One	Year Two	Year One	Year Two
Boffcell, Inc.	\$129.00	\$134.16	\$1,500.00	\$1,600.00	\$268,320.00	\$279,052.80	\$269,820.00	\$280,652.80	\$270,320.00	\$281,652.80	\$271,320.00	\$282,652.80
JDC Enterprises	\$145.00	\$149.00	\$8,000.00	\$8,000.00	\$301,600.00	\$309,920.00	\$309,600.00	\$317,920.00	\$300,600.00	\$309,600.00	\$317,920.00	\$326,920.00
Stoneyridge Construction	\$145.00	\$145.00	\$12,000.00	\$12,000.00	\$301,600.00	\$301,600.00	\$313,600.00	\$313,600.00	\$313,600.00	\$313,600.00	\$313,600.00	\$313,600.00
CWPM, Inc.	\$150.00	\$160.00	\$5,000.00	\$5,000.00	\$312,000.00	\$332,800.00	\$317,000.00	\$337,800.00	\$317,000.00	\$337,800.00	\$317,000.00	\$337,800.00
Herb Holden	\$153.48	\$159.99	\$7,500.00	\$7,500.00	\$319,238.40	\$332,779.20	\$326,738.40	\$340,279.20	\$319,238.40	\$332,779.20	\$319,238.40	\$340,279.20
Waste Management	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid

\$84,120.00
560.8

WASTE COMPACTION DOZER SERVICES AGREEMENT

This WASTE COMPACTION DOZER SERVICES AGREEMENT (the "Agreement") is made and entered into as of the 1ST day of March, 2003 (the "Effective Date"), by and among the **CONNECTICUT RESOURCES RECOVERY AUTHORITY**, a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut, and having a principal place of business at 100 Constitution Plaza, 17th Floor, Hartford, Connecticut 06103 ("CRRA"), and _____, a _____ corporation, having a principal place of business at _____, _____, _____ ("Contractor").

PRELIMINARY RECITAL

CRRA is the owner of a certain Waste Processing Facility (the "Facility") located at 300 Maxim Road, Gate 70, Hartford, Connecticut that is operated for CRRA by the Metropolitan District Commission (the "Operator"), under a contract with CRRA. CRRA and Contractor now desire to enter into this Agreement in order to have Contractor render certain independent waste compaction dozer services for CRRA in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CRRA and Contractor hereby mutually agree and undertake as follows.

TERMS AND CONDITIONS

1. GENERAL

1.1 DEFINITIONS

"**Act of Bankruptcy**" means that (a) Contractor shall have commenced a voluntary case under any bankruptcy law, applied for or consented to the appointment of, or the taking of possession by, a receiver, trustee, assignee, custodian or liquidator of all or a substantial part of its assets, (b) Contractor shall have failed, or admitted in writing its inability generally, to pay its debts as such debts become due, (c) Contractor shall have made a general assignment for the benefit of creditors, (d) Contractor shall have been adjudicated a bankrupt, or shall have filed a petition or an

answer seeking an arrangement with creditors, (e) Contractor shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in a bankruptcy or insolvency proceeding, (f) an order, judgment or decree for relief in respect of Contractor shall have been entered in an involuntary case, without the application, approval or consent of Contractor by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator, for Contractor or for a substantial part of any of its assets and such order, judgment or decree shall continue unstayed and in effect for any period of one hundred eighty (180) consecutive days, (g) Contractor shall have filed a voluntary petition in bankruptcy, (h) Contractor shall have failed to remove an involuntary petition in bankruptcy filed against it within one hundred eighty (180) days of the filing thereof, or (i) an order for relief shall have been entered against Contractor under the provisions of the United States Bankruptcy Act, 11 U.S.C.A. §301. For purposes of this definition, the term Contractor shall mean Contractor or Guarantor.

"Affiliate" means a Person that, directly or indirectly, controls or is controlled by, or is under common control with, Contractor.

"Applicable Laws" means any applicable statute, law, constitution, charter, ordinance, resolution, judgment, order, permits (including but not limited to the Permits), decree, rule, regulation, directive, interpretation, standard or similar binding authority, which has been or shall be enacted, promulgated, issued or enforced by any judicial or governmental authority having jurisdiction.

"Authorized Representative" shall mean staff of CRRA or Operator or anyone authorized in writing by CRRA.

"Commencement Date" means the date designated in CRRA's notice to proceed which it issues to Contractor to initiate the performance of the waste compaction dozer services hereunder (the "Notice to Proceed").

"Governmental Authority" means any international, foreign, federal, state, regional, county, or local Person or body having governmental, or quasi-governmental authority, or any instrumentality or subdivision thereof.

"Guarantor" means _____.

"Hazardous Waste" means waste which is defined or listed as a hazardous waste in the Solid Waste Disposal Act, 42 U.S.C.,

\$6901, et. seq., as amended, Connecticut General Statutes §22a-115, as amended, and/or any regulations, rules or policies promulgated thereunder.

"Notice To Proceed" means the written notice from CRRA to Contractor to begin the Services under this Agreement.

"Operating Year" means each successive, twelve month period during the term of this Agreement, with the first Operating Year commencing on March 1, 2003, and ending on February 28, 2004, with a subsequent Operating Year commencing on March 1 and ending on the following February 28. Where this Agreement specifies amounts or quantities with respect to an Operating Year, the amounts or quantities shall be prorated for any Operating Year which is less than a twelve Schedule month period.

"Permits" means all permits, consents, licenses, approvals or authorizations issued by any governmental body having jurisdiction over the transportation of Process Residue hereunder.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Property" means the real property owned by CRRA and upon which the Facility is situated.

"Service Fees" means the per Hour costs as set forth in Exhibit B.

"Solid Waste" means all materials or substances that are generally discarded or rejected as being spent, useless, worthless or in excess to the owners at the time of such discard or rejection, including but not limited to trash, garbage, refuse, rubbish, discarded materials from residential, commercial, municipal and industrial activities, yard waste and vegetative waste but not including Hazardous Waste.

"Uncontrollable Circumstance" means any of the following acts, events or conditions that have had, or may reasonably be expected to have, a material adverse effect on the rights or the obligations of either party under this Agreement, or a material adverse effect on the operation or use of the Facility, if such act, event or condition is beyond the reasonable control of CRRA or Contractor, respectively, and not the result of willful or

negligent action or a lack of reasonable diligence, of the party relying thereon as justification for not performing an obligation or complying with any condition required of such party under this Agreement and is the proximate cause of such failure to perform or comply: an act of God, epidemic, landslide, lightning, earthquake, hurricane, fire, explosion, storm, flood or similar occurrence, an act of war, blockade, insurrection, riot, civil disturbance or similar occurrence.

1.2 **CONSTRUCTION**. For purposes of this Agreement:

- (a) Capitalized terms used herein shall have the meanings set forth herein;
- (b) Whenever nouns or pronouns are used in this Agreement, the singular shall mean the plural, the plural shall mean the singular, and any gender shall mean all genders or any other gender, as the context may require;
- (c) Words which have well-known technical or trade meanings are used herein in accordance with such recognized meanings unless otherwise specifically provided;
- (d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with "generally accepted accounting principles", and the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles which are generally accepted at the date or time of such computation;
- (e) The words "herein", "hereof" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or Subsection;
- (f) Reference to any particular party shall include that party's employees and the authorized agents of that party;
- (g) All references to agreements are references to the agreements as the provisions thereof may be amended, modified or waived from time to time; and
- (h) The captions contained in this Agreement have been inserted for convenience only and shall not affect or be effective to interpret, change or restrict the terms or provisions of this Agreement.

1.3 COVENANTS AND REPRESENTATIONS

1.3.1 Covenants and Representations of Contractor

Contractor represents, warrants and covenants to CRRA that:

(a) Contractor is a corporation duly organized and validly existing in good standing in the jurisdiction of its incorporation and is duly qualified to transact business in each and every jurisdiction where such qualification is required to enable Contractor to perform its obligations under the terms of this Agreement. No Act of Bankruptcy has been commenced by or against Contractor or, if applicable, Guarantor. Contractor has full power, authority and legal right to enter into and perform its obligations hereunder, and the execution and delivery of this Agreement by Contractor, and the performance of all its obligations under this Agreement have been authorized by all required actions of Contractor, all as required by the charter, by-laws and applicable laws that regulate the conduct of Contractor's affairs. The execution and delivery of this Agreement by Contractor and the performance of all its obligations set forth herein do not conflict with and will not, nor with the passage of time or the giving of notice, constitute a breach of or an event of default under any charter, by-laws or resolutions of Contractor or any agreement, indenture, mortgage, trust, contract, permit or instrument to which Contractor is a party or by which Contractor is bound. This Agreement has been duly executed and delivered by Contractor and, as of the date hereof, constitutes a legal, valid and binding obligation of Contractor, enforceable against Contractor in accordance with its terms, except as enforcement thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally or by the application of general principles of equity concerning remedies.

(b) Contractor is not currently in breach of or in default under the Permits or any Applicable Laws that would materially adversely affect Contractor's ability to perform hereunder, and Contractor has obtained all required Permits, approvals, and registrations necessary to transport Process Residue.

(c) There is no action, suit or proceeding, at law or in equity, before or by any court or similar governmental authority pending or, to the knowledge of Contractor,

threatened against Contractor or, if applicable, Guarantor from which an unfavorable decision, ruling or finding would materially adversely affect or enjoin the performance by Contractor of its obligations hereunder or the other transactions contemplated hereby, or that in any way would materially adversely affect the validity or enforceability of this Agreement, Contractor's or, if applicable, Guarantor's financial condition, or any other agreement or instrument entered into by Contractor in connection with the transaction contemplated hereby.

(d) Contractor shall diligently (1) defend itself against any and all actions and causes of action pending (or threatened) against it that would, irrespective of the merits thereof, materially adversely affect the ability of Contractor to perform its obligations and observe its covenants and representations hereunder, and (2) prosecute any and all claims, which if waived or permitted to lapse, would materially adversely affect the ability of Contractor to perform its obligations and observe its covenants and representations hereunder; provided, however, that Contractor shall provide to CRRA notice of all such actions, causes of action and claims within seven (7) days of Contractor's receipt or filing thereof, as the case may be.

1.3.2 Covenants and Representations of CRRA

CRRA represents, warrants and covenants to Contractor that:

(a) CRRA is duly organized and validly existing in good standing under the laws of the State of Connecticut and is duly qualified and has the power, authority and legal right, to enter into and perform its obligations set forth in this Agreement.

(b) The execution, delivery and performance of this Agreement by CRRA (1) has been duly authorized by the governing body of CRRA, (2) does not require any consent, approval or referendum of voters, and (3) will not violate any judgment, order, law or regulation applicable to CRRA or any provisions of CRRA's charter, by-laws or resolutions.

(c) The execution and delivery of this Agreement by CRRA, and the performance of all its obligations set forth herein do not conflict with, and will not, nor with the passage of time or the giving of notice, constitute a breach of or an event of default under any charter, by-laws or resolutions of CRRA or any agreement, indenture, mortgage, trust,

contract, permit or instrument to which CRRA is a party or by which CRRA is bound. This Agreement has been duly executed and delivered and, as of the date hereof, constitutes a legal, valid and binding obligation of CRRA, enforceable against CRRA in accordance with its terms, except as enforcement thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally or by the application of general principles of equity concerning remedies.

(d) There is no action, suit or proceeding, at law or in equity, before or by any court or similar governmental authority, pending or, to the knowledge of CRRA, threatened against CRRA that in any way would materially adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by CRRA in connection with the transaction contemplated hereby.

2. SERVICES

2.1 SCOPE

2.1.1 General

Contractor shall provide CRRA certain independent waste compaction dozer services, including but not limited to the waste compaction dozer services described in Exhibit A attached hereto and made a part hereof, in accordance with the terms and conditions of this Agreement, and Contractor shall, at its sole cost and expense, furnish all labor, material and equipment necessary to perform these services (the "Services"). Contractor shall perform such Services only when they are requested by an Authorized Representative on the terms specified in this Agreement.

2.1.2 Commencement of Services

On or before March 1, 2003, CRRA shall issue to Contractor the Notice to Proceed, and Contractor shall commence performing the Services in accordance with the terms of this Agreement on the Commencement Date.

2.1.3 Access to Facility

CRRA hereby grants to Contractor, during the Facility's normal hours of operation or any other hours as may be approved by the Facility Operator and/or CRRA, access to

only those areas of the Facility necessary for Contractor to perform its obligations under this Agreement, provided that: (a) Contractor shall not interfere with any other operations being conducted at the Facility by either CRRA, Operator or any other person or entity; and (b) Contractor is in compliance with all of the terms and conditions of this Agreement. If Contractor fails to comply with any of the foregoing conditions of access, CRRA shall provide Contractor with written notice of such failure and Contractor shall have thirty (30) days from the date of such notice to cure such failure. Notwithstanding the foregoing, in the event that any failure by Contractor to comply with any of the foregoing conditions of access causes an emergency situation that either interferes with any of the operations being conducted at the Facility by either CRRA, Operator or any other person or entity or presents a safety or security hazard to the Facility or to any personnel of CRRA or Operator working at the Facility, then CRRA shall immediately notify Contractor of such failure and emergency situation, and upon Contractor's receipt of such notice Contractor shall take immediate action to cure such failure. If Contractor does not immediately cure such failure, then CRRA shall have the right, without any obligation to do so, to immediately cure such failure causing such emergency situation, and Contractor shall reimburse CRRA for any and all reasonable costs and expenses incurred by CRRA in taking such curative action. If, within the foregoing thirty (30) day cure period: (i) Contractor does not cure such failure, (ii) Contractor does not reimburse CRRA in full for any and all reasonable costs and expenses incurred by CRRA in taking any curative action, or (iii) CRRA, by taking any curative action, is unable to cure such failure, then such failure shall constitute a Contractor default hereunder and CRRA shall have the right to revoke the access granted to Contractor herein and to terminate this Agreement in accordance with Section 7.2 herein. Any payment obligations of Contractor under this Section 2.1.4 shall survive the termination of this Agreement.

3. SERVICE FEES AND PAYMENTS

3.1 SERVICE FEES

CRRA shall pay Contractor pursuant to the prices set forth in Exhibit B for the Services performed by Contractor in accordance with the terms and conditions of this Agreement.

3.2. BILLING AND PAYMENT

On or before the tenth (10th) day of each month, Contractor shall issue to CRRA an itemized invoice for the charges due Contractor pursuant to Subsection 3.1 for all Services performed by Contractor hereunder in the immediately preceding month, which invoice shall include, at a minimum, the following information: (i) billing period; (ii) employee who performed the Services; and (iii) hours of services performed times the applicable hourly rate. Except as otherwise set forth herein, all of Contractor's invoices submitted under this Agreement shall be paid by CRRA not later than forty-five (45) days from the date of CRRA's receipt thereof. In the event CRRA disputes all or any portion of any invoice, CRRA may withhold payment of the disputed amount. Invoices shall be payable at the address specified for Contractor herein or at such other address as Contractor may specify pursuant to Section 10.

4. INDEMNIFICATION

4.1 GENERAL INDEMNITY

Contractor shall at all times protect, defend, indemnify and hold harmless CRRA and its board of directors, officers, agents and employees from and against any and all liabilities, actions, claims, damages, losses, judgments, workers' compensation payments, costs and expenses (including but not limited to attorneys' fees) arising out of injuries to the person (including death), damage to property or other damages alleged to have been sustained by: (a) CRRA or any of its directors, officers, agents or employees, or (b) Contractor or any of its directors, officers, employees, agents or subcontractors, or (c) any other person, to the extent any such injuries, damage or damages are caused or alleged to have been caused in whole or in part by the acts, omissions or negligence of Contractor or any of its directors, officers, employees, agents or subcontractors. Contractor further undertakes to reimburse CRRA for damage to property of CRRA caused by Contractor or any of its directors, officers, employees, agents or subcontractors. The existence of insurance shall in no way limit the scope of this indemnification. Contractor's obligations under this Section 4 shall survive the termination or expiration of this Agreement.

4.2 SCOPE

For purposes of Subsections 4.1 above, (i) the term Contractor shall mean and include Contractor, and/or any of its directors, officers, employees, agents, subcontractors, representatives or partners, and (ii) the term CRRA shall mean and include Operator, and/or any of its directors, officers, employees, agents, subcontractors, representatives or partners.

4.3 SURVIVAL

The indemnities contained in this Section 4 of this Agreement shall survive the cancellation, expiration or termination of this Agreement.

5. INSURANCE AND PERFORMANCE SECURITY

5.1 INSURANCE

(a) Maintenance. At all times during the term of this Agreement, Contractor shall, at its sole cost and expense, procure and maintain the insurance as set forth in Subsection 5.2 with insurance companies authorized to do business in the State of Connecticut. Each such company shall have a Best financial rating of at least A- VII or, if this rating criterion cannot be satisfied, shall be acceptable to CRRA in its sole discretion. Contractor shall name CRRA and Operator as additional insureds (this requirement shall not apply to workers' compensation insurance, employers' liability insurance or Inland Marine property and equipment insurance). All policies shall include a standard severability of interest clause and shall hold all insureds free of and harmless from all subrogation rights of the insurers, regardless of any breach by CRRA, Operator or Contractor of any warranties, declarations or conditions contained in such policies. All policies shall provide that the required insurance hereunder is the primary insurance and that any other similar insurance that CRRA or Operator may have shall be deemed in excess of such primary insurance.

(b) Certificates. Upon execution of this Agreement, Contractor shall submit to CRRA a certificate or certificates for each required insurance referenced in Section 5.2 below certifying that such insurance is in full force and effect and setting forth the information required in this Section 5. Additionally, Contractor shall furnish

to CRRA within thirty (30) days before the expiration date of the coverage of each required insurance set forth in Section 5.2 below, a certificate or certificates containing the information required by this Section 5 and certifying that such insurance has been renewed and remains in full force and effect.

(c) Notice of Cancellation or Change. Such policies shall contain an endorsement to the effect that the insurer will notify CRRA by registered or certified mail not less than thirty (30) days prior to the effective date of any cancellation, restrictive amendment, non-renewal, or change in any provision of such policy or policies or suspension of any coverage thereunder.

(d) Deductibles. No policy required to be purchased by Contractor pursuant to this Section 5 shall be subject to a deductible or similar provision limiting or reducing coverage. If any person is owed, pursuant to any policy required hereunder, any sum which is subject to a deductible, Contractor shall pay such deductible.

(e) Payment by CRRA. Should Contractor fail to obtain, maintain or renew any of the insurance required by this Section 5, or to pay the premium therefor, then and in any of said events CRRA may, at its option, but without obligation to do so, upon ten (10) business days prior notice to Contractor of CRRA's intention to do so, procure such insurance, and the amounts paid shall be deducted from any Service Fees due to Contractor hereunder.

5.2 REQUIRED COVERAGE

Contractor shall obtain and maintain, at its own cost and expense, the following insurance, including any required endorsements thereto and amendments thereof:

(a) Commercial General Liability insurance alone or in combination with Commercial Umbrella insurance with a limit of not less than five million (\$5,000,000.00) dollars each occurrence covering liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insurance contract (including the tort liability of another assumed in a business contract).

- (b) Business Automobile Liability insurance alone or in combination with Commercial Umbrella insurance covering any auto or vehicle (including owned, hired, and non-owned autos or vehicles), with a limit of not less than one million (\$1,000,000.00) dollars each accident.
- (c) Workers' Compensation with statutory limits and Employers' Liability limits of not less than one million (\$1,000,000.00) dollars each accident for bodily injury by accident or one million (\$1,000,000.00) dollars for each employee for bodily injury by disease.
- (d) Inland Marine insurance covering all mobile equipment.

5.3 PERFORMANCE SECURITY

Upon Contractor's execution of this Agreement, Contractor shall furnish CRRA with a performance bond or a letter of credit in the amount of TWENTY-FIVE THOUSAND AND NO/100 (\$25,000.00) DOLLARS (the "Bond"). The Bond shall be in one of the forms set forth in Exhibit C and shall be issued and executed by a surety acceptable to CRRA. Contractor shall maintain the Bond in full force and effect during the term of this Agreement. The Bond shall be automatically renewed by Contractor on an annual basis, unless not later than ninety(90) days prior to the then current expiration date of the Bond, Contractor notifies CRRA by registered mail that the surety of the Bond elects not to renew such Bond. Failure to maintain or renew the Bond under the aforesaid terms shall constitute a default by Contractor under Section 7.2 of this Agreement. If the surety on the Bond furnished by Contractor is declared a bankrupt or becomes insolvent or its right to do business is terminated in the State of Connecticut or it ceases to meet the above requirements or the surety elects not to renew the Bond due to no fault of Contractor, Contractor shall immediately substitute another bond (or letter of credit) and surety, subject to the requirements set forth in this Section 5.3. In the event Contractor fails to perform any of its obligations under this Agreement, CRRA shall have the right, in addition to all other rights and remedies available to CRRA hereunder or otherwise, to exercise any or all of CRRA's rights and remedies under the Bond.

[If CRRA, in its sole discretion, determines that a Proposer is not sufficiently capitalized to discharge its obligations hereunder, CRRA will require the following]:

5.4 CORPORATE GUARANTY

Contractor shall furnish CRRA with and maintain in full force and effect during the term of this Agreement a corporate guaranty [**from an entity CRRA, in its sole discretion, deems to be adequately capitalized**], which guaranty shall be in the form set forth in Exhibit D (the "Guaranty"). In the event Contractor fails to perform any of its obligations under this Agreement, CRRA shall have the right, in addition to all other rights and remedies available to CRRA hereunder or otherwise, to exercise any or all of CRRA's rights and remedies under the Guaranty.

6. UNCONTROLLABLE CIRCUMSTANCES

6.1 GENERAL

In the event either party is rendered unable, wholly or in part, by an Uncontrollable Circumstance, to carry out any of its obligations under this Agreement, then the obligations of such party, to the extent affected by such an Uncontrollable Circumstance and to the extent that such party is using its best efforts to mitigate damages caused by such Uncontrollable Circumstance and to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused by the Uncontrollable Circumstance but for no longer period. In the event that either party is unable to perform due to an Uncontrollable Circumstance for a period of ninety (90) days or more, the other party may terminate this Agreement in accordance with Section 7.2 hereof.

6.2 NOTICE

Either party shall notify the other by telephone on or as soon as possible after the date of experiencing an Uncontrollable Circumstance, followed as soon as practicable by a written notice of:

- (a) the Uncontrollable Circumstance and cause(s) thereof (if known);
- (b) its estimated duration and impact, if any, on the performance of any obligations under this Agreement;
- (c) the measures being taken to remove or mitigate the effect of such Uncontrollable Circumstance.

Additionally, such party shall provide prompt written notice to the other of the cessation or avoidance of such Uncontrollable Circumstance.

7. **DEFAULT AND TERMINATION; DAMAGES**

7.1 **CONTRACTOR DEFAULT**

In the event Contractor fails to perform any of its obligations hereunder, CRRA shall provide Contractor with written notice of such failure and Contractor shall have thirty (30) days from the date of Contractor's receipt of such notice to cure such failure; provided, however, that in the event such failure disrupts the performance of Services hereunder, then CRRA shall have the right to immediately cure such failure causing such disruption, and Contractor shall reimburse CRRA for any and all reasonable costs and expenses incurred by CRRA in taking such curative action within thirty (30) days after the receipt by Contractor of an invoice from CRRA for such costs and expenses. If: (i) Contractor does not cure such failure within the foregoing thirty (30) day period, (ii) Contractor breaches or defaults under any material representation, warranty, agreement or covenant contained herein or (iii) Contractor commits an Act of Bankruptcy, CRRA may terminate this Agreement by written notice to Contractor of such intention and/or pursue any and all other rights and/or remedies that CRRA may have against Contractor at law or in equity or hereunder. Any payment obligations of Contractor under this Section 7.2 shall survive the cancellation, expiration or termination of this Agreement.

8. **COMPLIANCE WITH LAWS**

Each party agrees that in the performance of its respective obligations hereunder, it will, and in the case of Contractor, Contractor will require its subcontractors to, qualify under, and comply with any and all Applicable Laws now in force and which may hereafter, during the term of this Agreement, be passed and become effective, applicable to it and its employees performing said obligations.

9. **TERM**

(a) The term of this Agreement shall begin on the Effective Date hereof and shall terminate, unless otherwise terminated or extended in accordance with the terms and provisions hereof, on February 28, 2004.

(b) At CRRA's sole and absolute discretion, CRRA shall have one (1) one year (1) renewal option to extend the term of this Agreement from March 1, 2004, through February 28, 2005.

10. **NOTICES**

10.1 **GENERAL**

All notices, demands, requests, proposals, consents or other communications whatsoever which this Agreement contemplates, authorizes, requires or permits any party to give to the other party, except as provided in Subsection 10.2, shall be in writing and shall be personally delivered or sent by overnight express mail service or registered or certified mail, return receipt requested, addressed to the respective party as specified in this Subsection 10.1. Any notice shall be deemed delivered on the date of personal delivery, the day after such notice is sent via overnight express mail service or, if by registered or certified mail, on the fifth (5th) business day after deposit in the mail.

Notices to Contractor shall be addressed and sent to:

Attention: _____

Notices to CRRA shall be addressed and sent to:

Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, Connecticut 06103
Attention: President

With a copy to:

Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, Connecticut 06103
Attention: Mr. John Clark

Any party may from time to time designate an alternative address by notice to the other party given in accordance with this subsection.

10.2 ROUTINE NOTICES

Except when expressly required by this Agreement to be in writing, routine communications and advises relating to day to day operations of the parties at the Facility may be given orally or in writing, but need not be in the form of a formal written notice to be operative.

11. SUBCONTRACTORS

Contractor shall consult with CRRA before hiring any subcontractors to perform any services hereunder. Contractor shall require all of its subcontractors to abide by the terms and conditions of this Agreement. Moreover, the subcontracts between Contractor and such subcontractors shall specifically provide that, in the event of a default by Contractor under this Agreement, CRRA may directly enforce such subcontracts and make payments thereunder. Contractor shall provide CRRA with copies of all such subcontracts and all other contracts, amendments, books, records, accounts, correspondence and other materials necessary to enforce such subcontracts. Also the subcontracts between Contractor and its subcontractors shall specifically include CRRA as a third party beneficiary and shall provide that such subcontractors shall not be excused from any of their obligations under such subcontracts by reason of any claims, setoffs, or other rights whatsoever that they may have with or against Contractor other than through such subcontracts.

12. WAIVER

The waiver by any party of any breach or violation of any term or condition of this Agreement shall only be valid if in writing and signed by the waiving party and shall not be deemed to be or construed as a waiver by such party of any other term or condition or of any subsequent breach or violation of the same or any other term or condition.

13. ASSIGNMENT

This Agreement shall not be assigned, transferred, pledged or hypothecated by any party without the prior written consent of the other party. Any transfer (including a series of transfers over any period of time) of ten percent (10%) or more of the shares, assets or other interests of Contractor by sale, assignment, bequest, inheritance, operation of law or other disposition, including but not

limited to such a transfer to or by a receiver or trustee in federal or state bankruptcy, insolvency, or other proceedings, shall be deemed an assignment of this Agreement. Contractor shall provide CRRA with written notice of any such proposed event which would constitute an assignment hereunder at least thirty (30) days prior to the date of such proposed event.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns, and the assignor under any assignment of this Agreement shall remain responsible for the performance of its obligations hereunder as though no assignment shall have occurred.

14. **RELATIONSHIP OF THE PARTIES**

Nothing in this Agreement shall be deemed to constitute any party a partner, agent or legal representative of the other party or to create any employment, agency or fiduciary relationship between the parties.

15. **GOVERNING LAW**

This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Connecticut as such laws are applied to contracts between Connecticut residents entered into and to be performed entirely in Connecticut.

16. **AGENT FOR SERVICE**

Contractor irrevocably: (a) agrees that any suit, action or other legal proceeding arising out of this Agreement must be brought in the courts of record of the State of Connecticut or the courts of the United States located within the State of Connecticut; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (c) waives any objection which it may have to the laying of the venue of any such suit, action or proceeding in any of such courts. During the term of this Agreement Contractor designates The Secretary of State for the State of Connecticut, whose business address is 30 Trinity Street, Hartford, Connecticut 06106, as its agent (the "Agent") to accept and acknowledge on Contractor's behalf service of any and all process in any such suit, action or proceeding brought in any such court, and Contractor agrees and consents that any such service of process upon Agent shall

be taken and held to be valid personal service upon Contractor whether or not Contractor shall then be doing, or at any time shall have done, business within the State of Connecticut and that any such service of process shall be of the same force and validity as if service were made upon Contractor according to the laws governing the validity and requirements of such service in the State of Connecticut, and Contractor waives all claims of error by reason of service on the Agent instead of Contractor. Agent shall not have any power or authority to enter any appearance or to file any pleadings in connection with any suit, action or other legal proceeding.

17. **SEVERABILITY**

In the event that any provision of this Agreement shall for any reason be determined to be invalid, illegal, or unenforceable in any respect, the parties hereto shall attempt to agree to such amendments, modifications or supplements of or to this Agreement or such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the parties as reflected herein, and the other provisions of this Agreement shall, as so amended, modified or supplemented, or otherwise affected by such action, remain in full force and effect.

18. **MODIFICATION**

This Agreement may not be amended, modified, or supplemented except by a writing signed by the parties hereto that specifically refers to this Agreement. Any oral representations or letters by the parties or accommodations shall not create a pattern or practice or course of dealing contrary to the written terms of this agreement unless this Agreement is formally amended, modified, or supplemented.

19. **ENTIRETY**

This Agreement supersedes all prior representations, negotiations and verbal or written communications by and between the parties hereto relating to the subject matter hereof and constitutes the entire agreement among the parties hereto in respect thereof.

20. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts by the parties hereto. Each such counterpart so executed

shall be deemed to be an original and all such executed counterparts shall constitute but one and the same instrument.

21. **CONTRACTS WITH THIRD PARTIES**

Contractor shall provide CRRA with copies of any agreements, and any modifications or revisions to any agreement, promptly upon the execution thereof (or upon the execution of this Agreement, if applicable) which Contractor has with a third party for its performance of Services pursuant to this Agreement.

22. **NON-DISCRIMINATION**

Contractor agrees to the following: (1) Contractor agrees and warrants that in the performance of any services for CRRA hereunder Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, sexual orientation, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by Contractor that such disability prevents performance of the services involved, in any manner prohibited by the laws of the United States or of the State of Connecticut. Contractor further agrees to take affirmative action to insure that applicants with job related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, sexual orientation, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by Contractor that such disability prevents performance of the services involved; (2) Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Connecticut Commission on Human Rights and Opportunities (the "Commission"); (3) Contractor agrees to provide each labor union or representative of workers with which Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union, workers' representative and vendor of Contractor's commitments under Sections 4a-60 and 4a-60a of the Connecticut General Statutes and to post copies of the

notice in conspicuous places available to employees and applicants for employment; (4) Contractor agrees to comply with each applicable provision of Sections 4a-60, 4a-60a, 46a-68e, and 46a-68f, inclusive, of the Connecticut General Statutes and with each regulation or relevant order issued by the Commission pursuant to Sections 46a-56, 46a-68e, and 46a-68f of the Connecticut General Statutes; and (5) Contractor agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts concerning the employment practices and procedures of Contractor as related to the applicable provisions of Sections 4a-60, 4a-60a and 46a-56 of the Connecticut General Statutes. If this Agreement is a public works contract, Contractor agrees and warrants that it will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials in such public works project.

23. **CONTRACTOR'S EMPLOYEES**

All persons employed by Contractor shall be solely subject to the direction of and responsible to Contractor and shall not be deemed to be employees of CRRA or Operator.

24. **MECHANIC'S LIENS**

Contractor shall claim no interest in the Facility, the Property or any equipment, fixtures, materials or improvements of CRRA located or to be located thereon, and Contractor shall not file any mechanic's liens or other liens or security interests against CRRA or any of its properties, including but not limited to the Property. Contractor shall defend, indemnify and hold harmless CRRA against all costs associated with the filing of such liens or security interests by Contractor or its subcontractors or materialmen. Before any subcontractor or materialman of Contractor commences any services hereunder, Contractor shall deliver to CRRA an original waiver of mechanic's liens properly executed by such subcontractor or materialman. If any mechanic's lien is filed against CRRA or any of its properties in connection with the services hereunder, Contractor shall cause the same to be canceled and discharged of record within fifteen (15) days after the filing of such lien and, if Contractor fails to do so, CRRA may, at its option and without any obligation to do so, make any payment necessary to obtain such cancellation or discharge and the cost thereof, at CRRA's election, shall be either deducted from any payment due to Contractor hereunder

or reimbursed to CRRA promptly upon demand by CRRA to Contractor.

25. **ADVERSE PARTIES**

CRRA and Contractor desire that no person or entity with which CRRA has had an adverse business relationship and no corporation or other business entity directly or indirectly controlling or controlled by or under direct or indirect common control with such persons or entity (any of the foregoing persons, corporations or entities is hereinafter referred to as an "Adverse Party"), have any direct or indirect financial or ownership interest in or managerial influence over Contractor or any of its affiliates or on Contractor's performance under this Agreement. If any individual or entity seeks to participate as an owner or in the performance of Contractor's obligations under this Agreement or to participate in any way in any future project or venture with Contractor or any of its affiliates, Contractor shall notify CRRA of Contractor's intent to enter into such relationship. Contractor shall not enter into such relationship if CRRA disapproves of such relationship because the proposed individual or entity is an Adverse Party. CRRA shall notify Contractor of its disapproval, if at all, no later than fifteen (15) days after CRRA's receipt of notice from Contractor of its intent to enter into such relationship. Any failure by Contractor to comply with the terms of this Section 25 shall constitute a default by Contractor under this Agreement.

26. **WITHHOLDING TAXES AND OTHER PAYMENTS**

No FICA (social security) payroll tax, state or federal income tax, federal unemployment tax or insurance payments, state disability tax or insurance payments or state unemployment tax or insurance payments shall be paid or deposited by CRRA with respect to Contractor, nor be withheld from payment to Contractor by CRRA. No workers' compensation insurance has been or will be obtained by CRRA on account of the services to be performed hereunder by Contractor, or its employees, agents, subcontractors or materialmen. Contractor shall be responsible for paying or providing for all of the taxes, insurance and other payments described in this Section 26, and Contractor hereby agrees to indemnify and hold CRRA harmless against any and all such taxes, insurance and payments or other payments which CRRA may be required to pay in the event that Contractor's status

hereunder is determined to be other than that of an independent contractor.

IN WITNESS WHEREOF, this Agreement is executed as of the date hereinabove set forth.

CONNECTICUT RESOURCES
RECOVERY AUTHORITY

By: _____

Its
Duly Authorized

CONTRACTOR:

By: _____

Its
Duly Authorized

EXHIBIT A

SCOPE OF SERVICES

Section 1 Mid-Connecticut Project Waste Processing Facility Overview

The Mid-Connecticut Project's Waste Processing Facility (the "WPF") is located in the South Meadows section of Hartford, Connecticut and is operated by the Metropolitan District Commission (the "Operator"), under contract to CRRA. The WPF receives and processes Municipal Solid Waste ("MSW") for 70 Connecticut municipalities and various commercial haulers. The MSW is received at the WPF where it is processed, turning it into a fuel product called Refuse Derived Fuel ("RDF") that is stored on site. At times of peak waste deliveries or machinery shutdowns, MSW and RDF storage areas become full and waste stacking and compaction are required to make room for more MSW and RDF. This stacking and compaction is achieved through the use of a track bulldozer which is rotated between the MSW and RDF storage halls.

Section 2 Service Overview

The Contractor shall be solely responsible for the cost and expense of providing all vehicles, personnel, labor, equipment, tools, materials, fuel and any other items necessary to perform the stacking and compaction services consistent with the physical layout of the WPF.

The Contractor shall provide the stacking and compaction services on an on-call, as needed basis. CRRA makes no guarantee or representation regarding the minimum or maximum number of hours stacking and compaction services will be needed on a daily, weekly, monthly or annual basis.

When on the premises of the WPF the Contractor's personnel shall work under the direction of CRRA and its Operator. The Contractor's personnel shall cooperate fully with all CRRA and Operator rules, regulations, policies and procedures with respect to on-site activities including but not limited to traffic flow, loading and unloading activities, work inspections, and health and safety requirements.

The Contractor shall operate vehicles on the property entirely at the Contractor's risk and neither CRRA nor the Operator shall be responsible or liable for damage to any of Contractor's vehicles or equipment on or off of CRRA property. The Contractor shall name CRRA and the Operator as additional insured on the applicable insurance coverage required under **Section 5.2 of this Agreement**.

The Contractor shall be responsible for securing and maintaining all local, state and federal permits, licenses, certificates, insurance, etc. necessary to provide the described services during the term of the Agreement

The Contractor agrees to cooperate fully in establishing and maintaining a schedule for services during the entire term of the Agreement.

2.1 Vehicle Requirements

The track bulldozer to be supplied shall be a D8 (Caterpillar) dozer or equivalent. The blade must be able to fit easily through 16-foot wide doors (opening size of roll-up doors on the MSW and RDF halls). The dozer must also be able to maneuver in between the columns in the RDF storage hall. The dozer must be equipped with guards for protection when driving in the RDF storage hall.

Contractor's vehicles shall be maintained in good working condition and comply with all applicable CRRA and Operator rules and regulations as well as all applicable State of Connecticut laws and regulations.

2.2 Experience Requirement

The Contractor is required to have extensive track bulldozer experience working with and on MSW and RDF in similar operations (i.e. landfill or waste-to-energy operations).

2.3 Equipment Wear and Tear

The track bulldozer is to be operated by an employee of the Contractor. The Contractor shall be responsible for all damages and wear and tear sustained by Contractor's equipment while operating the equipment on CRRA property. In the event the dozer cannot perform when needed or breaks down during operations, CRRA and its Operator reserves the right to contact another qualified vendor if repairs cannot be made or replacement equipment cannot be provided by the Contractor within a reasonable amount of time to allow plant operations to continue. Neither CRRA nor its Operator shall be responsible for payment of equipment or operator while equipment is down or any extra employees needed to repair, run or move the dozer as a result of mechanical problems. CRRA nor its Operator shall be responsible for the payment of any employees needed for routine maintenance/lubrication of the Contractor's equipment. The Contractor is also solely responsible for any damage sustained through vandalism to Contractor's equipment during the hours Contractor's equipment is on site.

2.4 Fuel

Fuel used by the Contractor shall be supplied by the Contractor and included in the per hour rental charge. Fueling time shall not be included in hours of operation.

2.5 Working at the Mid-Connecticut Waste Processing Facility

When working on site at the WPF, there are limitations specific to each area of the site as described here.

In the MSW hall waste is unloaded from tractor-trailers, roll-offs and other self-unloading vehicles (approximately 350 vehicles per day), between the hours of 6:00 AM and 11:00 PM.

Pay-loaders operate in this area during all processing hours, pushing the waste and stacking it, or pushing it onto the processing line feed conveyors. Stacking, due to overhead obstructions, is limited to 22 feet above the floor slab elevation. The inside perimeter of the MSW hall contains a concrete push-wall that extends 18 feet up the wall. When a dozer operates in the MSW hall, a minimum of one foot of waste shall be maintained between the floor slab and the machine at all times to prevent contact of the dozer's cleats with the floor. The dozer will not be allowed on any paved areas. When loading or unloading a bulldozer on site, the trailer is to either be driven or backed in through the entrance area. The bulldozer can then be unloaded inside the building onto a minimum of one foot of waste.

In the RDF hall, loads of processed fuel may be unloaded from time-to-time from trailers and roll-offs and other self-unloading vehicles that enter through the side doors. RDF processed on site enters the room through an entrance in the concrete push-wall (south wall) in the center of the room. Pay-loaders push the RDF and stack it or push it onto feed conveyors located at the north wall of the hall. The perimeter of the hall has concrete push-walls that extend approximately 18 feet up the wall along with large vertical support columns that are encased by concrete and steel. RDF is stored against these walls.

Stacking in the areas along the walls in the RDF hall is limited to 22 feet above the floor slab elevation. The size of the RDF hall is much smaller than the MSW hall and therefore can become a concern when moving the material with a dozer. RDF may get wedged into the dozer track chains, into the belly pan, and may become a fire hazard. Therefore dozers working in the RDF hall must be properly protected.

A minimum one-foot layer of RDF must be maintained between the floor slab and the dozer to prevent contact of the dozer's cleats with the floor. The dozer is not allowed on any paved areas. When loading or unloading the dozer, the trailer is to be either driven or backed in through the entrance door of the RDF hall. The dozer can then be unloaded inside the hall onto a minimum of one foot of RDF.

The Contractor must provide the means for transporting the dozer between the MSW and RDF halls without driving the dozer on any paved surfaces. As part of this RFP the cost of a trailer to perform this task shall be bid as a separate cost item and shall not be included in the hourly rate charged by the Contractor. The cost of a trailer to transfer the dozer from hall to hall shall be paid by CRRA on a flat fee per annual basis, not by the hours.

2.6 Safety

The dozer operator shall wear a hard hat, safety glasses, shirt, long pants, and steel toed work boots when working at the Mid-Connecticut plant. The dozer in use shall be equipped with either a fire suppression unit mounted on the vehicle or a fire extinguisher mounted in a way that would make it readily available to the dozer operator. The extinguisher/suppression unit shall be fully operational at all times. In any case, the dozer operator is responsible for the dozer at all times. When working in the MSW and RDF halls the dozer operator must stay on the machine at all times and shall not walk around freely in either hall (emergency situations excepted). Absolutely no waste picking is

allowed at any time. Picking is the removal of any materials or items from the waste stream for your own or others' personal use. The Contractor and its employees shall abide by all applicable OSHA Standards when working at the plant. When safety concerns arise, the Contractor or its employees shall contact the Operator's plant shift supervisor on duty at the time.

2.7 Coordination With Other Vehicles

When working on CRRA property, the dozer operator shall be required to coordinate the stacking and compacting activities with those of the loader operators as follows:

As trucks unload waste in the MSW hall, the loader operator will push the MSW over to the bulldozer and place it in front of the blade. The dozer operator shall then form a ramp out of the MSW and push the MSW up to form a storage pile in the areas specified by the shift supervisor. The dozer operator shall then cycle back in a position that allows the loader to push more MSW in front of the dozer blade. The dozer operator must coordinate a plan of action with the shift supervisor and the loader operator prior to commencing work. This shall be done to familiarize the dozer operator with the scope of work to be performed that day and to coordinate work efforts with the loader operators.

As processed waste enters the hall through the push-wall in the RDF hall, the loader operator will push the material over to the dozer and place it in front of the blade. The dozer operator will then push the RDF up to form a ramp out of the RDF. The dozer operator will then push the RDF up to form a storage pile in the area specified by the shift supervisor. The dozer operator shall then cycle back in a position that allows the loader operator to push more RDF in front of the dozer blade. The operator must always coordinate a plan of action with the shift supervisor and loader operator prior to commencing work. This shall be done to familiarize the dozer operator with the scope of work to be performed that day and to coordinate work efforts with the loader operator.

2.8 Communications/Time Sheets

The Contractor's dozer operator shall be required to complete time sheets in form hereafter. Time sheets shall be signed by the dozer operator and submitted with the Contractor's invoices for payment of services. CRRA shall not pay for hours billed that are not supported by a signed time sheet.

Whenever the Contractor's dozer operator arrives on site the operator is required to check in with the Operator's shift supervisor. At this time the shift supervisor will login the dozer operator's start time. During work hours when problems occur or breaks are taken (such as work stoppages, equipment breakdown, emergencies, lunch breaks, etc.) the dozer operator is required to contact the shift supervisor immediately and log work stoppages on the daily time sheet.

At the end of the workday the dozer operator shall notify the Operator's shift supervisor

and sign-out for the day before leaving the property.

Equipment downtime shall be logged by the dozer operator on the time sheet and reported to the shift supervisor immediately. CRRRA will not make payment for any equipment or dozer operator downtime including time spent repairing, refueling and transporting equipment and operator breaks.

The dozer operator shall report to the shift supervisor equipment failures immediately. Should the equipment fail in either the MSW or RDF halls thus interfering with the operations of the facility, the Contractor shall make every attempt to move the equipment to an area acceptable to the shift supervisor.

In the event the Contractor fails to move failed equipment in an expeditious manner, the Operator shall have the right to take whatever action is necessary to remove the equipment and the costs of such action shall be charged to the Contractor.

On occasion highly flammable materials, such as propane tanks, are commingled with the MSW delivered by haulers to the WPF. These materials are considered to be unacceptable waste and are not supposed to be delivered to the WPF, however, these wastes will routinely be discovered in the waste stream and is considered to be part of normal operating conditions. When highly dangerous or flammable materials are seen in the waste by the Contractor's dozer operator, the dozer operator shall immediately make an Operator employee aware of the location of the material so that it can be safely removed from the waste stream.

2.9 Storage of Dozer on Site

If required, the Contractor's dozer can be stored on site on the concrete pads located near the west door of the RDF hall or next to bay door #1 of the MSW Hall. The dozer may also be stored on the Contractor's trailer and then parked in an area designated by the Operator's shift supervisor.

Prior to removing the dozer from the MSW or RDF halls it must be cleaned (including the deck of the trailer) of waste material. The dozer will not be allowed to be stored inside any storage building. The Contractor accepts full responsibility for any damage or theft of any Contractor-owned equipment stored on site.

EXHIBIT B

SERVICE FEES

EXHIBIT C

PERFORMANCE BOND

CONTRACTOR (Name and Address):
Principal

SURETY (Name and
Place of Business):

OWNER (Name and Address):

Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, Connecticut 06103

WASTE COMPANCTION DOZER SERVICES AGREEMENT

Date: March 1, 2003

Amount:

Description (Name and Location):

Hartford Waste Processing Facility
300 Maxim Road, Gate 70
Hartford, CT 06114

BOND

Date:

Amount: TWENTY-FIVE THOUSAND NO/100 (\$25,000.00) DOLLARS

TERMS AND CONDITIONS

1. The Contractor and the Surety jointly and severally bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Waste Compaction Dozer Services Agreement (the "Agreement"), the terms of which are incorporated herein by reference. Any singular reference to the Contractor, the Surety, the Owner or any other party herein shall be considered plural where applicable.
2. If the Contractor performs the Agreement, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.

3. If there is no Owner Default (as hereinafter defined), the Surety's obligation under this Bond shall arise after:
 - 3.1. The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below, that the Owner is considering declaring a Contractor Default (as hereinafter defined) and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen (15) days after the receipt of such notice to discuss methods of performing the Agreement. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Agreement, but such an agreement shall not waive the Owner's right, if any, to subsequently declare a Contractor Default; and
 - 3.2. The Owner has declared a Contractor Default (as hereinafter defined) and formally terminated the Contractor's right to complete the Agreement. Such Contractor Default shall not be declared earlier than twenty (20) days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1.
4. When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:
 - 4.1. Arrange for the Contractor, with the consent of the Owner, to perform and complete the Agreement; or
 - 4.2. Undertake to perform and complete the Agreement itself, through its agents or through independent contractors; or
 - 4.3. Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Agreement, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with a performance bond executed by a qualified surety equivalent to the bond issued on the Agreement, and pay to the Owner the amount of damages described in Paragraph 6; or

- 4.4. Waive its right to perform and complete, arrange for completion or obtain a new contractor and with reasonable promptness under the circumstances:
 - 4.4.1. After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or
 - 4.4.2. Deny liability in whole or in part and notify the Owner citing reasons therefor.
5. If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen (15) days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4 and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.
6. After the Owner has terminated the Contractor's right to complete the Agreement, and if the Surety elects to act under Subparagraph 4.1, 4.2 or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Agreement, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Agreement. To the limit of the amount of this Bond, the Surety is obligated without duplication for:
 - 6.1. The responsibilities of the Contractor for correction of defective work and completion of the Agreement;
 - 6.2. Additional legal and delay costs resulting from the Contractor's Default and resulting from the actions or failure to act of the Surety under Paragraph 4; and
 - 6.3. Liquidated damages, or if no liquidated damages are specified in the Agreement, actual damages

caused by delayed performance or non-performance of the Contractor.

7. The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Agreement. No right of action shall accrue on this Bond to any person or entity other than the Owner or its successors and assigns.
8. The Surety hereby waives notice of any change, including changes of time, to the Agreement or to related subcontracts, purchase orders and other obligations.
9. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two (2) years after Contractor Default or within two (2) years after the Contractor ceased working or within two (2) years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.
10. Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page of this Bond.
11. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the Agreement was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted here from and provisions confirming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.
12. Definitions.
 - 12.1. Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with any of the terms of the Agreement.
 - 12.2. Owner Default: Failure of the Owner, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the

Agreement or to perform and complete or comply
with the other terms hereof.

CONTRACTOR AS PRINCIPAL

SURETY

Company:

By: _____

By: _____

Its
Duly Authorized

Its
Duly Authorized

EXHIBIT C

LETTER OF CREDIT

To Be Issued By A Connecticut Bank
Or By A National Banking Association

Irrevocable Standby Letter Issuance Date: _____, 2003
of Credit No.

Beneficiary: Expiration Date: _____, 200__

Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103

Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit No. _____ in favor of the "Beneficiary", Connecticut Resources Recovery Authority, at the request and for the account of [Contractor's name and address], for the sum or sums up to the aggregate amount of TWENTY-FIVE THOUSAND AND NO/100 (\$25,000.00) DOLLARS available for payment against your draft(s) at sight on us.

Drafts must be drawn and presented to us at this office not later than our close of business on _____, 200__ or any duly extended expiration date, and each draft must bear the following clause: "Drawn Under Letter of Credit No. _____."

Drafts must be accompanied by a certified statement from the Beneficiary that [Contractor's name] has failed to satisfy or perform one or more of its obligations or breached one or more of its covenants or representations under a certain Waste Compaction Dozer Services Agreement between [Contractor's name] and Beneficiary, dated as of March 1, 2003, as amended.

Partial drawings hereunder are permitted.

We hereby agree with you that drafts drawn under and in compliance with the above terms of this Letter of Credit shall be duly and promptly honored on due presentation and delivery to us on or before the above-referenced expiration date or any duly extended expiration date.

The term "Beneficiary" includes any successor by operation of law of the named Beneficiary including, without limitation, any liquidator, rehabilitator, receiver or conservator.

Except as expressly stated herein, this undertaking is not subject to any agreement, condition or qualification. The obligation of [name of the issuing Connecticut Bank or National Banking Association] under this Letter of Credit is the individual obligation of [name of the issuing Connecticut Bank or National Banking Association] and is in no way contingent upon reimbursement with respect thereto.

It is a condition of this Letter of Credit that it is deemed to be automatically extended without amendment for one (1) year from the expiration date stated above, or any future expiration date, unless not later than ninety (90) days prior to the expiration date stated above or the then current expiration date we notify you by registered mail that we elect not to renew this Letter of Credit for any such additional period.

We hereby agree that all drafts drawn under and in compliance with the terms of this Letter of Credit shall be duly honored by us at your first demand, notwithstanding any contestation or dispute between you and [Contractor's name], if presented to us in accordance with the provisions hereof.

This Letter of Credit is subject to and governed by the laws of the State of Connecticut, the decisions of the courts of that state, and the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500 and in the event of any conflict, the laws of the State of Connecticut and the decisions of the courts of that state will control. If this Letter of Credit expires during an interruption of business of this bank as described in Article 17 of said Publication 500, [name of issuing Connecticut Bank or National Banking Association] hereby specifically agrees to effect payment if this Letter of Credit is drawn against within thirty (30) days after the resumption of business from such interruption.

Very truly yours,

Authorized Signature for
[name of issuing Connecticut Bank
or National Banking Association]

EXHIBIT D

GUARANTY

This Guaranty made and dated as of _____, 2003 (the Guaranty") from a corporation duly organized and existing under the laws of the State of _____ (the Guarantor") to the Connecticut Resources Recovery Authority (the "Authority"), a public instrumentality and political subdivision of the State of Connecticut (the "State"),

WITNESSETH:

WHEREAS, the Authority intends to enter into an agreement with the ("Company") for Company to provide the Authority independent waste compaction dozer services in accordance with the Waste Compaction Dozer Services Agreement between the Authority and the Company dated as of March 1, 2003 (the "Agreement");

WHEREAS, the Guarantor will receive a material and direct benefit from the execution of said Agreement;

NOW THEREFORE, in consideration of the execution and delivery of the Agreement, and intending to be legally bound hereby, the Guarantor does hereby agree as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Section 1.1. Guarantor Representations and Warranties. _____, as Guarantor, hereby represents and warrants that:

(1) The Guarantor has been duly incorporated and validly exists as a corporation in good standing under the laws of the State of _____ and is not in violation of any provision of its certificate of incorporation or its by-laws, has power to enter into this Guaranty and, by proper corporate action, has duly authorized the execution and delivery of this Guaranty.

(2) Neither the execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the terms and conditions of this Guaranty is prevented or limited by or conflicts with or results in a breach of or violates the terms, conditions or provisions of any contractual or other restriction on the Guarantor, or constitutes a breach under any of the terms of its Certificate of Incorporation or by-laws, or violates any agreement or instrument of whatever nature to which the Guarantor is now a party or by which the Guarantor or its property is bound, or constitutes a default under any of the

foregoing or violates any federal, state or local law, rule or regulation applicable to the Guarantor.

(3) The assumption by the Guarantor of its obligations hereunder will result in a material financial benefit to the Guarantor.

(4) This Guaranty constitutes a valid and legally binding obligation of the Guarantor, enforceable in accordance with its terms.

(5) There is no action or proceeding pending or to the best of its knowledge threatened against the Guarantor before any court or administrative agency that would adversely affect the ability of the Guarantor to perform its obligations under this Guaranty and all authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of this Guaranty or in connection with the performance of the Guarantor's obligations hereunder have been obtained as required hereunder or by law.

(6) Neither the nature of the Guarantor or any subsidiary of the Guarantor or of any of their respective businesses or property, nor any relationship between the Guarantor or any subsidiary and any other person, nor any circumstance in connection with the execution or delivery of the Agreement, is such as to require the consent, approval, or authorization of or filing, registration, or qualification with any governmental authority on the part of the Guarantor or any subsidiary, as a condition of the execution and delivery of the Agreement or any agreement or document contemplated thereby or the performance thereof.

(7) The Guarantor is familiar with the terms of the Agreement and consents to the terms thereof.

ARTICLE II GUARANTY

Section 2.1 Agreement to Perform and Observe Obligations of Company under the Agreement. The Guarantor hereby unconditionally and irrevocably guarantees to the Authority the full and prompt performance and observance of each and all of the covenants and agreements required to be performed and observed by the Company, including any obligation to pay damages, under the Agreement, including all amendments and supplements thereto.

Section 2.2 Guaranty Absolute and Unconditional. The obligations of the Guarantor hereunder are absolute and unconditional and shall remain in full force and effect until the Company shall have fully and satisfactorily discharged all of its obligations under the Agreement, and irrespective of any assignment of the Agreement or of any termination of the Agreement except in accordance with the express provisions thereof (and payment of all amounts due thereunder), and shall not be affected by (a) any set-off, counterclaim, recoupment, defense (other than payment itself) or other right that the Guarantor may have against the Authority, (b)

the failure of the Authority to retain or preserve any rights against any person (including the Company) or in any property, (c) the invalidity of any such rights which the Authority may attempt to obtain, (d) the lack of prior enforcement by the Authority of any rights against any person (including the Company) or in any property, (e) the dissolution of the Company, (f) any claim by the Company or the Guarantor of impossibility of performance of the Agreement, (g) any claim by the Company or the Guarantor of commercial frustration of purpose with respect to the Agreement, or (h) any other circumstance which might otherwise constitute a legal or equitable discharge of a guarantor or limit the recourse of the Authority to the Guarantor; nor shall the obligations of the Guarantor hereunder be affected in any way by any modification, limitation or discharge arising out of or by virtue of any bankruptcy, arrangement, reorganization or similar proceedings for relief of debtors under federal or state law hereinafter initiated by or against the Company or the Guarantor. The Guarantor hereby waives any right to require, and the benefit of all laws now or hereafter in effect giving the Guarantor the right to require, any such prior enforcement as referred to in (d) above, and the Guarantor agrees that any delay in enforcing or failure to enforce any such rights shall not in any way affect the liability of the Guarantor hereunder, even if any such rights are lost; and the Guarantor hereby waives all rights and benefits which might accrue to it by reason of any of the aforesaid bankruptcy, arrangement, reorganization, or similar proceedings and agree that its liability hereunder for the obligations of the Company under the Agreement shall not be affected by any modification, limitation or discharge of the obligations of the Company or the Guarantor that may result from any such proceeding. This Section 2.2 shall not constitute a waiver of any rights of the Company under the Agreement.

Section 2.3 Waivers by the Guarantor. The Guarantor hereby waives all notices whatsoever with respect to this Guaranty, including, but not limited to, notice of the acceptance of this Guaranty by the Authority and intention to act in reliance hereon, of its reliance hereon, and of any defaults by the Company under the Agreement except as provided therein. The Guarantor hereby consents to the taking of, or the failure to take from time to time, without notice to the Guarantor, any action of any nature whatsoever with respect to the obligations of the Company under the Agreement and with respect to any rights against any person (including the Company) or in any property, including, but not limited to, any renewals, extensions, modifications, postponements, compromises, indulgences, waivers, surrenders, exchanges and releases. To the extent permitted by law, the Guarantor hereby waives the benefit of all laws now or hereafter in effect in any way limiting or restricting the liability of the Guarantor hereunder.

Section 2.4 Agreement to Pay Attorney's Fees and Expenses. The Guarantor agrees to pay to the Authority on demand all reasonable costs and expenses, legal or otherwise (including counsel fees), which may be incurred in the successful enforcement of any liability of the Guarantor under this Guaranty. No delay in making demand on the Guarantor for performance of the obligations of the Guarantor under this Guaranty shall prejudice the right of the Authority to enforce such performance.

Section 2.5 Consent to Assignment. It is understood and agreed that all or any part of the right, title and interest for the Authority in and to this Guaranty may be assigned by the

Authority to a trustee. The Guarantor consents to any such assignment and the Guarantor further agrees that the trustee, acting under the aforesaid assignment and in accordance with this Guaranty, shall be entitled to proceed first and directly against the Guarantor under this Guaranty without first proceeding against any other party.

ARTICLE III SPECIAL COVENANTS

Section 3.1 Maintenance of Corporate Existence; Consolidation, Merger, Sale or Transfer. The Guarantor covenants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, however, that the Guarantor may consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entirety and thereafter dissolve if the successor entity (if other than the Guarantor) assumes in writing all the obligations of the Guarantor hereunder and, if such successor entity is other than an affiliate of the Guarantor, has a net worth immediately after such consolidation, merger, sale or transfer at least equal to that of the Guarantor immediately prior to such event, and, if required, is duly qualified to do business in the State of Connecticut.

If a consolidation, merger or sale or other transfer is made as permitted by this Section 3.1, the provisions of this Section 3.1 shall continue in full force and effect and no further consolidation merger or sale or other transfer shall be made except in compliance with the provisions of this Section 3.1.

Section 3.2 Assignment. Without the prior written consent of the Authority, this Guaranty may not be assigned by the Guarantor, except pursuant to Section 3.1 hereof.

Section 3.3 Qualification in Connecticut. The Guarantor agrees that, so long as this Guaranty is in effect, if required, the Company will be duly qualified to do business in Connecticut and, if necessary, in order for the Guarantor to perform its obligations as required hereunder, the Guarantor will qualify to do business in Connecticut.

Section 3.4 Agent for Service. The Guarantor irrevocably: (a) agrees that any suit, action or other legal proceeding arising out of this Guaranty may be brought in the courts of the State of Connecticut or the courts of the United States located within the State of Connecticut; (b) consents to the jurisdiction of each such court in any suit, action or proceeding; and (c) waives any objection which it may have to the laying of the venue of any such suit, action or proceeding in any such courts. During the term of this Guaranty the Guarantor irrevocably designates the Secretary of the State of Connecticut, whose address is Hartford, Connecticut, as its agent to accept and acknowledge in its behalf service of any and all process in any suit, action or proceeding brought in any such court and agrees and consents that any such service of process upon either agent shall be taken and held to be valid personal service upon the

Guarantor whether or not the Guarantor shall then be doing, or at any time shall have done, business within the State of Connecticut, and that any such service of process shall be of the same force and validity as if service were made upon the Guarantor according to the laws governing the validity and requirements of such service in such state, and waives all claims of error by reason of any such service. Such agents shall not have any power or authority to enter any appearance or to file any pleadings in connection with any suit, action or other legal proceeding against the Guarantor or to conduct the defense of any such suit, action or any other legal proceeding.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Binding Effect. This Guaranty shall inure to the benefit of the Authority and its successors and assigns and shall be binding upon the Guarantor and its successors and assigns.

Section 4.2 Amendments, Changes and Modifications. This Guaranty may not be amended, changed or modified or terminated and none of its provisions may be waived, except with the prior written consent of the Authority and of the Guarantor.

Section 4.3 Execution in Counterparts. This Guaranty may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Guaranty.

Section 4.4 Severability. If any clause, provision or Section of this Guaranty shall be held illegal or invalid by a court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Guaranty shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or obligation contained in this Guaranty is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligations of the Guarantor to the fullest extent permitted by law.

Section 4.5 Captions. The captions or headings in this Guaranty are for convenience only and in no way define, limit or describe the scope or intent of any sections of this Guaranty.

Section 4.6 Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of Connecticut.

**ARTICLE V
TERM OF GUARANTY**

Term. This Guaranty shall remain in full force and effect from the date hereof until all obligations of the Company under the Agreement have been fully performed.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name and in its behalf by its duly authorized officers as of the ____ day of _____, 2003.

Accepted and agreed this ____ of _____, 2003.

[GUARANTOR]

By: _____

Title:

CONNECTICUT RESOURCES RECOVERY AUTHORITY

By: _____

Name:

Title:

NOTICE TO PROCEED

TO:

PROJECT: CRRA Mid-Connecticut Project

CONTRACT NO.:

CONTRACT FOR: Waste Compaction Dozer Services

You are hereby notified to commence the Work in accordance with the Agreement, dated _____, 2003, and that the Effective Date under the Agreement will commence to run on March 1, 2003. By this date, you are to start performing the Work required by the Contract Documents.

You are required to acknowledge your receipt of this Notice To Proceed by signing below and returning such receipted Notice To Proceed to CRRA.

CONNECTICUT RESOURCES RECOVERY AUTHORITY

By: _____ Date:

Its
Duly Authorized

ACCEPTANCE OF NOTICE

Receipt of this NOTICE TO PROCEED is hereby acknowledged this ___ day of _____, 2003.

Contractor

By _____

Its
Duly Authorized

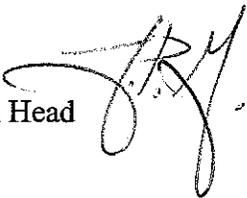
END

**RESSOLUTION REGARDING WASTE COMPACTION DOZER
SERVICES FOR THE MID-CONNECTICUT PROJECT**

RESOLVED: The President is authorized to enter into agreement with Botticello, Inc. for MSW and RDF compaction dozer services for the Mid-Connecticut Project, substantially in the form as discussed at this meeting.

Memorandum

To: Tom Kirk, President
From: Thomas P. Gaffey, Recycling Division Head
Date: February 13, 2003
Re: Electronics Recycling Collection Services



Summary

For the past three years, CRRA contracted with a private vendor to perform electronics recycling collection services for residents of CRRA's member project towns. The company and CRRA worked cooperatively to recycle more than 1,000,000 pounds (more than 500 tons) of consumer electronics between the Fall 1999 and the Spring 2002 among the Bridgeport, Mid-Connecticut and Wallingford Project regions. The electronics collected included computers, computer monitors and accessories, televisions, VCRs, copiers, printers and stereos.

The contract with the previous vendor, Envirocycle, expired on June 30, 2002.

Recommendation

CRRA issued a Request for Proposals in January 2003 to receive competitive proposals for the collection and recycling of electronics (generated only by residential and municipal sources). The Authority received three proposals. Based upon the results of the RFP, CRRA staff is recommending the Board to provide authorization to enter into an Agreement with Envirocycle, Inc. for the period of April 1, 2003 to December 31, 2003, with an option to extend the contract for one additional year.

RFP Results

The RFP asked proposers to submit their proposals based upon two types of collections, One-Day Collection Services (generally a scheduled Saturday) where residents bring their electronics to a CTDEP authorized location, and Drop-Off Collections, at Regional and Municipal Transfer Stations. In the past, CRRA has only utilized the One-Day Collection Services method. Below are the results of the competitively bid RFP.

RFP Results For One-Day Collection Services

Contract Year: April 1, 2003 – December 31, 2003

Company	Price Per Pound	Other Fees	Subsidies to CRRA
Envirocycle, Inc. (Hallstead, PA)	\$0.195 cents	None	\$0.10 cents per pound credited to CRRA for certain brand name products (guaranteed on 10% of weight collected per event regardless if 10% minimum collected)
ElectroniCycle, Inc. (Gardner, MA)	\$0.18 cents	\$600 additional flat fee per event	None
PSC Environmental Services with Nxtcycle (Providence, RI)	\$0.32 cents	\$5,075 per event	\$4.00 per unit for certain brand name products

For cost comparison purposes, the table below shows what a One-Day Collection cost would be for each proposer based upon actual pounds collected at an actual event in Wallingford on October 13, 2001.

Cost Analysis: Based Upon Actual One-Day Collection Event

Company	Actual Pounds	Price Per Pound	Other Fees	Subsidy Credit	Total Cost
Envirocycle	62,938	\$0.195 cents	None	\$0.10 cents per pound credited to CRRA for certain brand name products (on 10% of weight or 6,294 pounds)	\$11,643.53
ElectroniCycle	62,938	\$0.18 cents	\$600 additional flat fee per event	None	\$11,928.84
PSC Environmental Services with Nxtcycle	62,938	\$0.32 cents	\$5,075 per event	\$4.00 per unit for certain brand name products	\$20,383.16 (1)

(1) Assumes 2 brand name units per car (604 total cars) receive the \$4.00 per unit credit

RFP Results For Drop-Off Collections at Regional and Municipal Transfer Stations

Contract Year: April 1, 2003 – December 31, 2003

Company	Price Per Pound	Other Fees	Subsidies to CRRA
Envirocycle, Inc. (Hallstead, PA)	\$0.175 cents	None	\$0.10 cents per pound credited to CRRA for certain brand name products (guaranteed on 10% of weight collected per event regardless if 10% minimum collected)
ElectroniCycle, Inc. (Gardner, MA)	\$0.21 cents	\$600 additional flat fee per event	None
PSC Environmental Services with Nxtcycle (Providence, RI)	\$0.32 cents	\$2,295.00 per event	\$4.00 per unit for certain brand name products

Environmental Issues

CRRA has contacted The Pennsylvania Department of Environmental Protection and confirmed that Envirocycle operates in accordance with applicable environmental regulations and has the necessary permits, registrations and authorizations to conduct electronics recycling. All electronics collected would be shipped to their Hallstead, PA facility where the materials are refurbished or dismantled for recycling. The deconstructed materials, which include CRT glass, plastics, metals, circuit boards and other items, are then shipped and recycled at properly permitted facilities all located in either the United States or Canada.

Additionally, Envirocycle is one of the leading electronics recyclers in the country and has generally provided CRRA excellent service in the past.

I respectfully request this recommendation be submitted to the Board of Directors for their consideration and approval at the February Board Meeting.

I would be happy to answer any questions you may have regarding this matter.

AGREEMENT FOR ELECTRONICS RECYCLING COLLECTION SERVICES

THIS AGREEMENT FOR ELECTRONICS RECYCLING COLLECTION SERVICES (this "Agreement") is made as of this 1st day of April, 2003 (the "Commencement Date"), by and between the **CONNECTICUT RESOURCES RECOVERY AUTHORITY**, a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut, and having a principal place of business at 100 Constitution Plaza, 17th Floor, Hartford, Connecticut 06103-1702 ("CRRA") and _____, an _____, having a principal place of business at _____, _____, _____ (the "Contractor").

PRELIMINARY STATEMENT

CRRA is the owner or lessee of certain pieces and parcels of real property located throughout the State of Connecticut (collectively, the "Properties") upon which Properties CRRA owns and operates various solid waste management and/or disposal facilities (collectively, the "Facilities"). CRRA now desires to enter into this Agreement in order to have Contractor render certain independent electronic recycling services for CRRA in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CRRA and Contractor hereby agree as follows:

**ARTICLE 1
DEFINITIONS AND REPRESENTATIONS**

1.1. DEFINITIONS

"Act of Bankruptcy" means that (a) Contractor shall have commenced a voluntary case under any bankruptcy law, applied for or consented to the appointment of, or the taking of possession by, a receiver, trustee, assignee, custodian or liquidator of all or a substantial part of its assets, (b) Contractor shall have failed, or admitted in writing its inability generally, to pay its debts as such debts become due, (c) Contractor shall have made a general assignment for the benefit of creditors, (d) Contractor shall have been adjudicated a bankrupt, or shall have filed a petition or an answer seeking an arrangement with

creditors, (e) Contractor shall have taken advantage of any insolvency law, or shall have submitted an answer admitting the material allegations of a petition in a bankruptcy or insolvency proceeding, (f) an order, judgment or decree for relief in respect of Contractor shall have been entered in an involuntary case, without the application, approval or consent of Contractor by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator, for Contractor or for a substantial part of any of its assets and such order, judgment or decree shall continue unstayed and in effect for any period of one hundred eighty (180) consecutive days, (g) Contractor shall have filed a voluntary petition in bankruptcy, (h) Contractor shall have failed to remove an involuntary petition in bankruptcy filed against it within one hundred eighty (180) days of the filing thereof, or (i) an order for relief shall have been entered against Contractor under the provisions of the United States Bankruptcy Act, 11 U.S.C.A. §301. For purposes of this definition, the term Contractor shall mean Contractor or Guarantor.

"Affiliate" means a Person that, directly or indirectly, controls or is controlled by, or is under common control with, Contractor.

"Agreement" means this Agreement for Electronics Recycling Collection Services between CRRA and Contractor, together with **Exhibits 1-5** (inclusive) attached hereto and made a part hereof and any written amendments, modifications or supplements hereto.

"Applicable Laws" means any applicable statute, law, constitution, charter, ordinance, resolution, judgment, order, procedures, permits (including but not limited to the Permits), decree, rule, regulation, directive, interpretation, standard or similar binding authority, which has been or shall hereinafter be enacted, promulgated, issued or enforced by any judicial or governmental authority having jurisdiction.

1.2 **CONSTRUCTION.** For purposes of this Agreement:

(a) Capitalized terms used herein shall have the meanings set forth herein;

(b) Whenever nouns or pronouns are used in this Agreement, the singular shall mean the plural, the plural shall mean the singular, and any gender shall mean all genders or any other gender, as the context may require;

(c) Words which have well-known technical or trade meanings are used herein in accordance with such recognized meanings unless otherwise specifically provided;

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with "generally accepted accounting principles", and the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles which are generally accepted as of the date of this Agreement;

(e) The words "herein", "hereof" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or Subsection;

(f) Reference to any particular party shall include that party's employees and the authorized agents of that party;

(g) All references to agreements are references to the agreements as the provisions thereof may be amended, modified or waived from time to time; and

(h) The captions contained in this Agreement have been inserted for convenience only and shall not affect or be effective to interpret, change or restrict the terms or provisions of this Agreement.

1.3 COVENANTS AND REPRESENTATIONS

1.3.1 Covenants and Representations of Contractor

Contractor represents, warrants and covenants to CRRA that:

(a) Contractor is a corporation duly organized and validly existing in good standing in the jurisdiction of its incorporation and is duly qualified to transact business in each and every jurisdiction where such qualification is required to enable Contractor to perform its obligations under the terms of this Agreement. No Act of Bankruptcy has been commenced by or against Contractor. Contractor has full power, authority and legal right to enter into and perform its obligations hereunder, and the execution and delivery of this Agreement by Contractor, and the performance of all its obligations under this Agreement have been authorized by all required actions of Contractor, all as required by the charter, by-laws and applicable laws that regulate the conduct of Contractor's affairs. The execution and delivery of this Agreement by Contractor and the

performance of all its obligations set forth herein do not conflict with and will not, with the passage of time or the giving of notice, constitute a breach of or an event of default under any charter, by-laws or resolutions of Contractor or any agreement, indenture, mortgage, trust, contract, permit or instrument to which Contractor is a party or by which Contractor is bound. This Agreement has been duly executed and delivered by Contractor and, as of the date hereof, constitutes a legal, valid and binding obligation of Contractor, enforceable against Contractor in accordance with its terms, except as enforcement thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally or by the application of general principles of equity concerning remedies.

(b) There is no action, suit or proceeding, at law or in equity, before or by any court or similar governmental authority pending or, to the knowledge of Contractor, threatened against Contractor from which an unfavorable decision, ruling or finding would materially adversely affect or enjoin the performance by Contractor of its obligations hereunder or the other transactions contemplated hereby, or that in any way would materially adversely affect the validity or enforceability of this Agreement, Contractor's financial condition, or any other agreement or instrument entered into by Contractor in connection with the transaction contemplated hereby.

1.3.2 Covenants and Representations of CRRA

CRRA represents, warrants and covenants to Contractor that:

(a) CRRA is duly organized and validly existing in good standing under the laws of the State of Connecticut and is duly qualified and has the power, authority and legal right, to enter into and perform its obligations set forth in this Agreement.

(b) The execution, delivery and performance of this Agreement by CRRA (1) has been duly authorized by the governing body of CRRA, (2) does not require any consent, approval or referendum of voters, and (3) will not violate any judgment, order, law or regulation applicable to CRRA or any provisions of CRRA's charter, by-laws or resolutions.

(c) There is no action, suit or proceeding, at law or in equity, before or by any court or similar governmental

authority, pending or, to the knowledge of CRRA, threatened against CRRA that in any way would materially adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by CRRA in connection with the transaction contemplated hereby.

ARTICLE 2 SCOPE OF SERVICES

Section 2.1 - Electronics Recycling Collection Services.

Contractor shall perform and complete the services set forth on **Exhibit 1** attached hereto and made a part hereof (collectively referred to as the "Services").

Section 2.2 - Labor, Materials and Restoration. Contractor shall, at its sole cost and expense: (a) furnish all labor, materials, supplies, tools, equipment, parts, facilities and any other property in order to perform the Services hereunder; and (b) restore any portion of the Properties or the improvements thereon disturbed or damaged by Contractor or any of its directors, officers, employees, agents, subcontractors or materialmen to the same condition existing immediately prior to such disturbance or damage.

Section 2.3 - Performance of Services. Contractor shall perform and complete all Services hereunder in accordance with: (1) any and all instructions, guidance and directions provided by CRRA to Contractor; (2) the terms and conditions of this Agreement; (3) the highest industry standards applicable to Contractor and its performance of the Services hereunder; and (4) all Applicable Laws including but not limited to any successor or additional federal, state and local laws, rules or regulations that may be promulgated by any governmental authority having jurisdiction over the Properties or the Facilities (hereinafter collectively referred to as the "Standards").

Section 2.4 - Direction of Work. CRRA may, where deemed necessary or desirable by CRRA, provide Contractor with instructions, guidance and directions in connection with Contractor's performance of the Services hereunder, and Contractor shall comply with such instructions, guidance and directions.

Section 2.5 - CRRA's Inspection Rights. CRRA shall have the right at all times, with or without notice to Contractor, to inspect and observe Contractor's performance of any Services hereunder. If, after any such inspection, CRRA is unsatisfied

with Contractor's performance of any Services hereunder, Contractor shall, at the direction of CRRA, render such performance satisfactory to CRRA at no additional cost or expense to CRRA and without any extension of or addition to any time schedules for the remaining Services.

Section 2.6 - Access. CRRA hereby grants to Contractor access to only those areas of the Properties, Facilities, or other real property(s) necessary for Contractor to perform the Services hereunder, provided that: (a) Contractor shall not interfere with any other operations being conducted on the Properties, Facilities, or other real property(s) by CRRA, or any other person or entity; and (b) Contractor is in compliance with all of the terms and conditions of this Agreement. CRRA reserves the right to revoke the access granted to Contractor herein if Contractor fails to comply with the foregoing conditions of access.

Section 2.7 - Receiving Facilities. Contractor shall obtain copies of applicable environmental operating permits (i.e., air, wastewater, stormwater, solid waste, hazardous waste) from the owner/operator of all facilities that are to receive the recyclable electronics ("Receiving Facilities") collected by Contractor under this Agreement. Prior to any deliveries of the recyclable electronics to any Receiving Facilities, Contractor shall forward copies of all permits of all Receiving Facilities to CRRA. When renewing or entering into new contractual arrangements with the owner/operator of any of the Receiving Facilities, Contractor shall obtain copies of the applicable environmental permits from the owner/operator of said Receiving Facilities prior to any deliveries of recyclable electronics, and, upon its receipt, Contractor shall forward copies of all foregoing permits to CRRA and provide CRRA a list of all possible initial and ultimate waste management or recycling facilities to which the used electronics are to be disposed of or recycled. At its sole and absolute discretion, CRRA reserves its right to prohibit Contractor from delivering recyclable electronics to any Receiving Facilities that it deems unsuitable in accordance with all federal, state, and/or local laws or regulations. Upon CRRA's request, the successful proposer shall provide CRRA with a tracking report describing the final disposition (i.e., final recycling facility, disposal facility, or marketer) of the used electronics.

ARTICLE 3
COMPENSATION AND PAYMENT

Section 3.1 - Contractor's Compensation.

The total amount of compensation to be paid to Contractor by CRRA for the performance of the Services is detailed in **Exhibit 2** (the "Contract Price").

The Contract Price shall be payable as set forth in **Section 3.2** below. Contractor acknowledges and agrees that the Contract Price constitutes the full compensation to Contractor for the Services to be performed and completed by Contractor pursuant to this Agreement and includes all expenses and costs, including but not limited to any and all costs for labor, equipment, and materials to be incurred by Contractor in performing and completing such Services.

Section 3.2 - Payment Schedule. Contractor shall submit all requests for payment for Services in writing to CRRA at monthly intervals, in accordance with **Exhibit 3**. If CRRA determines in its sole discretion that the Services for which Contractor is requesting payment have been properly performed and completed in conformance with the Standards, then CRRA shall pay Contractor the requisite amount for such requested Services within forty-five (45) days after receipt of Contractor's written request. If, however, CRRA determines that any of the Services for which Contractor has requested payment are not in conformance with the Standards, then CRRA may, in its sole discretion, withhold all or a portion of the payment requested by Contractor, and Contractor shall, at its sole cost and expense, take all action necessary to render such Services conformance with the Standards without any extension of or addition to any time schedules for the remaining Services.

Section 3.3 - Accounting Obligations. Contractor shall maintain books and accounts of the costs incurred by Contractor in performing the Services pursuant to this Agreement in accordance with generally accepted accounting principles and practices. CRRA, during Contractor's normal business hours, for the duration of this Agreement, shall have access to such books and accounts to the extent required to verify such costs incurred.

ARTICLE 4
TERM OF AGREEMENT

Section 4.1 - Term. The term of this Agreement shall commence on the Commencement Date and shall terminate on December 31, 2003 ("**Base Term**"). At its sole and absolute discretion, CRRA shall have the right to exercise a one (1) one (1) year extension of the Agreement from January 1, 2004, through December 31, 2004 ("**Option Term**").

Section 4.2 - Time is of the Essence. CRRA and Contractor hereby acknowledge and agree that time is of the essence with respect to Contractor's performance and completion of the Services hereunder. Accordingly, Contractor shall perform and complete any Services hereunder during the term of this Agreement in accordance with any time schedule set forth in this Agreement or mutually agreed upon by CRRA and Contractor for such Services.

ARTICLE 5
INSURANCE

Section 5.1 - Required Insurance. Contractor shall procure and maintain, at its own cost and expense, throughout the term of this Agreement and any extension thereof, the following insurance, including any required endorsements thereto and amendments thereof:

- (a) Commercial General Liability insurance alone or in combination with, Commercial Umbrella insurance with a limit of not less than five million (\$5,000,000.00) dollars each occurrence covering liability arising from premises, operations, independent Contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insurance contract (including the tort liability of another assumed in a business contract).
- (b) Business Automobile Liability insurance alone or in combination with Commercial Umbrella insurance covering any auto or vehicle (including owned, hired, and non-owned autos or vehicles), with a limit of not less than one million (\$1,000,000.00) dollars each accident, and including pollution liability coverage equivalent to that provided under the ISO pollution liability

broadened coverage for covered autos endorsement (CA 99 48), and the Motor Carrier Act endorsement (MCS 90) shall be attached.

- (c) Workers' Compensation with statutory limits and Employers' Liability limits of not less than five hundred thousand (\$500,000.00) dollars each accident for bodily injury by accident and five hundred thousand (\$500,000.00) dollars for each employee for bodily injury by disease.
- (d) Contractor's property and equipment insurance covering all property and equipment owned by Contractor and used in performing any of the Services in an amount equal to one hundred (100%) percent of actual cash value.
- (e) Contractor's Pollution Legal Liability insurance with a limit of one million (\$1,000,000.00) dollars.

Section 5.2 - Certificates of Insurance. Upon Contractor's execution of this Agreement, Contractor shall submit to CRRA a certificate or certificates for each required insurance referenced in Section 5.1 above certifying that such insurance is in full force and effect and setting forth the information required by Section 5.3 below. Additionally, Contractor shall furnish to CRRA within thirty (30) days before the expiration date of the coverage of each required insurance set forth in Section 5.1 above, a certificate or certificates containing the information required by Section 5.3 below and certifying that such insurance has been renewed and remains in full force and effect.

Section 5.3 - Specific Requirements. All policies for each insurance required hereunder shall: (i) name CRRA as an additional insured (this requirement shall not apply to workers' compensation insurance, employers' liability insurance, or Contractor's property and equipment insurance); (ii) include a standard severability of interest clause; (iii) provide for not less than thirty (30) days' prior written notice to CRRA by registered or certified mail of any cancellation, restrictive amendment, non-renewal or change in coverage; (iv) hold CRRA free and harmless from all subrogation rights of the insurer; and (v) provide that such required insurance hereunder is the primary insurance and that any other similar insurance that CRRA may have shall be deemed in excess of such primary insurance.

Section 5.4 - Issuing Companies. All policies for each insurance required hereunder shall be issued by insurance companies that are either licensed by the State of Connecticut

and have a Best's Key Rating Guide of A- VII or better, or are otherwise deemed acceptable by CRRA in its sole discretion.

Section 5.5 - Other Conditions. CRRA shall not, because of accepting, rejecting, approving, or receiving any certificate of insurance required hereunder, incur any liability for: (i) the existence, non-existence, form or legal sufficiency of the insurance described on such certificate, (ii) the solvency of any insurer, or (iii) the payment of losses.

Section 5.6 - Contractor's Subcontractors. Contractor shall either have its subcontractors covered under the insurance required hereunder, or require such subcontractors to procure and maintain the insurance that Contractor is required to procure and maintain under this Agreement.

Section 5.7 - Deductibles. No policy required to be purchased by Contractor pursuant to this Article 5 shall be subject to a deductible or similar provision limiting or reducing coverage. If any person is owed, pursuant to any policy required hereunder, any sum which is subject to a deductible, Contractor shall pay such deductible.

Section 5.8 - Payment By CRRA. Should Contractor fail to obtain, maintain or renew any of the insurance required by this Article 5, or to pay the premium therefor, then and in any of said events CRRA may, at its option, but without obligation to do so, upon ten (10) business days prior notice to Contractor of CRRA's intention to do so, procure such insurance, and the amounts paid shall be deducted from any compensation due to Contractor hereunder.

Section 5.9 - No Limitation on Liability. No provision of this Article 5 shall be construed or deemed to limit Contractor's obligations under this Agreement to pay damages or other costs and expenses.

ARTICLE 6 INDEMNIFICATION

Section 6.1 - Contractor's Indemnification. Contractor shall at all times defend, indemnify and hold harmless CRRA and its directors, officers, agents and employees from and against any and all claims, damages, losses, judgments, workers' compensation payments and expenses (including but not limited to attorneys' fees) arising out of injuries to the person (including death),

damage to property (including environmental contamination or damage) or other damages alleged to have been sustained by: (a) CRRA or any of its directors, officers, employees, agents or other Contractors, (b) Contractor or any of its directors, officers, employees, agents, subcontractors or materialmen, or (c) any other person, to the extent any such injuries, damage or damages are caused or alleged to have been caused in whole or in part by the acts, omissions or negligence of Contractor or any of its directors, officers, employees, agents, subcontractors or materialmen. Contractor further undertakes to reimburse CRRA for damage to property of CRRA caused by Contractor or any of its directors, officers, employees, agents, subcontractors or materialmen, or by faulty, defective or unsuitable material or equipment used by it or any of them. Contractor's obligations under this Section 6.1 shall survive the termination or expiration of this Agreement.

The existence of insurance shall in no way limit the scope of this indemnification.

ARTICLE 7 TERMINATION

Section 7.1 - Termination. This Agreement may be terminated by either CRRA or Contractor upon at least thirty (30) days' advance written notice except that Contractor shall have no right to terminate until all ongoing tasks have been completed to the satisfaction of CRRA. Upon receipt of such written notice from CRRA, Contractor shall: (i) immediately cease work on any and all CRRA matters, unless otherwise directed in writing by the Authorized Representative; and (ii) remove all of its personnel and equipment from all of the Properties, Facilities, or other real properties. In addition and prior to any termination of this Agreement, Contractor shall restore any portion of any Facility, Property, or other real property other than those areas of any Property, Facility, or other real property otherwise improved by Contractor in performing the Services hereunder, disturbed or damaged by Contractor to the same condition existing immediately prior to such disturbance or damage. Upon termination of this Agreement pursuant to this Section 7, (a) CRRA shall pay Contractor for all Services performed by Contractor prior to the termination date, provided: (i) such Services have been performed by Contractor in accordance with the Standards, (ii) payment for such Services has not been previously made or is not disputed by CRRA, and (iii) Contractor has performed all its obligations under this Section 7 to CRRA's satisfaction, and (b) CRRA shall have no further liability hereunder. Except for the payment that

may be required pursuant to the preceding sentence, CRRA shall not be liable to Contractor in any other manner whatsoever in the event CRRA exercises its right to terminate this Agreement. Contractor shall transmit to CRRA originals or copies of any and all material prepared, developed or obtained under this Agreement in Contractor's possession within thirty (30) days of receipt or issuance of the written notice of termination unless otherwise directed by the Authorized Representative. Contractor shall retain and maintain accurate records and documents relating to the performance of Services under this Agreement for a minimum of four (4) years after final payment by CRRA and shall make them available for inspection and audit by CRRA. Contractor's obligations under this Section 7 shall survive the termination or expiration of this Agreement.

ARTICLE 8
MISCELLANEOUS

Section 8.1 - Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed via certified first class mail return receipt requested postage prepaid or overnight express mail service to the pertinent address below:

(a) If to CRRA:

Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, Connecticut 06103-1702
Attention: Thomas Gaffey
Recycling & Environmental
Education Division Head

With a copy to:

Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, Connecticut 06103-1702
Attention: President

(b) If to Contractor:

Attn: _____

Section 8.2 - Status of Contractor. CRRA and Contractor acknowledge and agree that Contractor is acting as an independent contractor in performing any Services for CRRA hereunder and that Contractor shall perform such Services in its own manner and method subject to the terms of this Agreement. Nothing in this Agreement shall be construed or interpreted as creating a partnership, a joint venture, an agency, a master-servant relationship or an employer-employee relationship between CRRA and Contractor. Contractor is expressly forbidden from transacting any business in the name of or on account of CRRA, and Contractor has no power or authority to assume or create any obligation or responsibility for or on behalf of CRRA in any manner whatsoever.

Section 8.3 - Contractor's Employees. All persons employed by Contractor shall be subject and responsible solely to the direction of Contractor and shall not be deemed to be employees of CRRA.

Section 8.4 - Mechanic's Liens. Contractor shall claim no interest in the Properties or any structures, equipment, fixtures, materials or improvements located or to be located on such Properties, and Contractor shall not file any mechanic's liens or other liens or security interests against CRRA or any of its Properties. Contractor shall defend, indemnify and hold harmless CRRA against all costs associated with the filing of such liens or security interests by Contractor or any of its subcontractors or materialmen. Before any subcontractor or materialman of Contractor commences any Services hereunder, Contractor shall deliver to CRRA an original waiver of mechanic's liens properly executed by such subcontractor or materialman. If any mechanic's lien is filed against CRRA or any of its Properties in connection with the Services hereunder, Contractor shall cause the same to be canceled and discharged of record within fifteen (15) days after the filing of such lien and, if Contractor fails to do so, CRRA may, at its option and without any obligation to do so, make any payment necessary to obtain such cancellation or discharge and the cost thereof, at CRRA's election, shall be either deducted from any payment due to Contractor hereunder or reimbursed to CRRA promptly upon demand by CRRA to Contractor.

Section 8.5 - Withholding Taxes and Other Payments. No FICA (social security) payroll tax, state or federal income tax, federal unemployment tax or insurance payments, state disability tax or insurance payments or state unemployment tax or insurance

payments shall be paid or deposited by CRRA with respect to Contractor, nor be withheld from payment to Contractor by CRRA. No workers' compensation insurance has been or will be obtained by CRRA on account of the Services to be performed hereunder by Contractor, Contractor's employees, agents, subcontractors or materialmen. Contractor shall be responsible for paying or providing for all of the taxes, insurance and other payments described in this Section 8.5, and Contractor hereby agrees to indemnify and hold CRRA harmless against any and all such taxes, insurance or related payments which CRRA may be required to pay in the event that Contractor's status hereunder is determined to be other than that of an independent contractor.

Section 8.6 - Performance Security. Upon Contractor's execution of this Agreement, Contractor shall furnish CRRA with a performance bond or a letter of credit in the amount of Fifty Thousand (\$50,000.00) dollars (the "Bond"). The Bond shall be in one of the forms set forth in Exhibit 4 and shall be issued and executed by a surety acceptable to CRRA. Contractor shall maintain the Bond in full force and effect during the term of this Agreement. The Bond shall be automatically renewed by Contractor on an annual basis, unless not later than ninety(90) days prior to the then current expiration date of the Bond, Contractor notifies CRRA by registered mail that the surety of the Bond elects not to renew such Bond. Failure to maintain or renew the Bond under the aforesaid terms shall constitute a breach of this Agreement. If the surety on the Bond furnished by Contractor is declared a bankrupt or becomes insolvent or its right to do business is terminated in the State of Connecticut or it ceases to meet the above requirements or the surety elects not to renew the Bond due to no fault of Contractor, Contractor shall immediately substitute another bond (or letter of credit) and surety, subject to the requirements set forth in this Section 8.6. In the event Contractor fails to perform any of its obligations under this Agreement, CRRA shall have the right, in addition to all other rights and remedies available to CRRA hereunder or otherwise, to exercise any or all of CRRA's rights and remedies under the Bond.

Section 8.7 - Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

Section 8.8 - Non-Discrimination. Contractor agrees to the following: (1) Contractor agrees and warrants that in the performance of the Services for CRRA, Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age,

marital status, national origin, ancestry, sex, sexual orientation, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by Contractor that such disability prevents performance of the Services involved, in any manner prohibited by the laws of the United States or of the State of Connecticut. Contractor further agrees to take affirmative action to insure that applicants with job related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, sexual orientation, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by Contractor that such disability prevents performance of the Services involved; (2) Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Connecticut Commission on Human Rights and Opportunities (the "Commission"); (3) Contractor agrees to provide each labor union or representative of workers with which Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union, workers' representative and vendor of Contractor's commitments under Sections 4a-60 and 4a-60a of the Connecticut General Statutes and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) Contractor agrees to comply with each applicable provision of Sections 4a-60, 4a-60a, 46a-68e, and 46a-68f, inclusive, of the Connecticut General Statutes and with each regulation or relevant order issued by the Commission pursuant to Sections 46a-56, 46a-68e, and 46a-68f of the Connecticut General Statutes; and (5) Contractor agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts concerning the employment practices and procedures of Contractor as related to the applicable provisions of Sections 4a-60, 4a-60a and 46a-56 of the Connecticut General Statutes. If this Agreement is a public works contract, Contractor agrees and warrants that it will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials in such public works project.

Section 8.9 - Sales and Use Tax Exemption. Under Section 22a-270 of the Connecticut General Statutes, CRRA has an exemption from all Connecticut sales and use taxes and the payment thereof. In addition, pursuant to Section 12-412(92) of the Connecticut General Statutes, the sales of any services or tangible personal

property to be incorporated into or used or otherwise consumed in the operation of any CRRA project are exempt from Connecticut sales and use tax. Accordingly, Contractor hereby represents that no such tax is included in the Contract Price, and Contractor shall not charge or pass through any such tax to CRRA.

Section 8.10 - Proprietary Information. Contractor shall not use, publish, distribute, sell or divulge any information obtained from CRRA by virtue of this Agreement for Contractor's own purposes or for the benefit of any person, firm, corporation or other entity without the prior written consent of CRRA. Any reports or other work product prepared by Contractor in connection with the performance of any Services hereunder shall be owned solely and exclusively by CRRA and cannot be used by Contractor for any purpose beyond the scope of this Agreement without the prior written consent of CRRA. CRRA shall not use, publish, distribute, sell or divulge any information or work product developed by Contractor specifically for CRRA under this Agreement for the benefit of any employee, firm, corporation or other entity, other than CRRA.

Section 8.11 - Subcontractors. Contractor shall consult with CRRA before hiring any subcontractors to perform any of the Services. Contractor shall require, in a manner satisfactory to CRRA, all of its subcontractors for the Services to abide by the terms and conditions of this Agreement. Moreover, Contractor's subcontracts with such subcontractors shall specifically provide that, in the event of a default by Contractor under this Agreement, CRRA may directly enforce such subcontracts and make payments thereunder. Contractor shall provide CRRA with all contracts, amendments, books, records, accounts, correspondence and other materials necessary to enforce such subcontracts. Also, Contractor's subcontracts with its subcontractors shall specifically include CRRA as a third party beneficiary and shall provide that such subcontractors shall not be excused from any of their obligations under such subcontracts by reason of any claim, setoffs, or other rights whatsoever that they may have with or against Contractor by any reason other than through such subcontracts.

Section 8.12 - Entire Agreement. This Agreement constitutes the entire Agreement and understanding between the parties hereto and concerning the subject matter hereof and supersedes any and all previous agreements, written or oral, between the parties hereto and concerning the subject matter hereof.

Section 8.13 - Modification. This Agreement may not be amended, modified, or supplemented except by a writing signed by the parties

hereto that specifically refers to this Agreement. Any oral representations or letters by the parties or accommodations shall not create a pattern or practice or course of dealing contrary to the written terms of this agreement unless this Agreement is formally amended, modified, or supplemented.

Section 8.14 - Benefit and Burden. This Agreement shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

Section 8.15 - Severability. CRRA and Contractor hereby understand and agree that if any part, term or provision of this Agreement is held by any court to be invalid, illegal or in conflict with any applicable law, the validity of the remaining portions of this Agreement shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular part, term or provision held to be invalid, illegal or in conflict with any applicable law.

Section 8.16 - No Waiver. Failure to enforce any provision of this Agreement or to require at any time performance of any provision hereof shall not be construed to be a waiver of such provision, or to affect the validity of this Agreement or the right of any party to enforce each and every provision in accordance with the terms hereof.

Section 8.17 - Assignment. This Agreement may not be assigned in whole or in part without the prior written consent of the other party or such assignment shall be void.

Section 8.18 - Benefit and Burden. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

Section 8.19 - Counterparts. This Agreement may be executed in any number of counterparts by the parties hereto. Each such counterpart so executed shall be deemed to be an original and all such executed counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the day and year first written above.

CONTRACTOR

By: _____

Its
Duly Authorized

CONNECTICUT RESOURCES
RECOVERY AUTHORITY

By: _____

Its
Duly Authorized

EXHIBIT 1
SCOPE OF SERVICES

CRRA is seeking proposals to facilitate electronics collection programs that will achieve the maximum degree of reuse or recyclability for electronic components with market value and the safe disposal of components that maybe unsuitable for disposal in the solid waste stream.

Electronics will be collected at an unspecified number of locations and a variety of programs during the following term: (i) a Base Term covering two (2) divisible fifteen (15) week periods commencing on or about the spring of 2003 and in the fall of 2003; and (ii) an Option Term, exercisable at the absolute and sole discretion of CRRA, covering two (2) divisible fifteen (15) week periods commencing on or about the spring of 2004 and in the fall of 2004.

During the fifteen (15) week programs, a variety and number of collection programs may take place, including, but not limited to, the following options:

- Single-day collection.
- Collection at regional and/or municipal transfer stations using containers provided by contract vendor during all or part of the Fifteen (15) week collection period. The vendor will collect all electronics from drop-off site(s) at the close of the program.
- Post-holiday collection.

The electronics accepted for the collection shall be generated only by residential and municipal sources and will include, at a minimum, televisions, computers and computer accessories, VCRs, copiers, printers, radios, and stereos. Whether other types of electronics are included will be determined on the basis of discussions between the CRRA and vendor.

The DEP document entitled Best Management Practices is attached hereto as Exhibit 5 and is included as a guide for the implementation of electronics recycling collection in Connecticut.

Used electronics generated from residential sources are exempt from state and federal hazardous waste and universal waste management standards. Notwithstanding the foregoing, the successful proposer will be required to operate each used electronics collection event in accordance with the management standards for large quantify handlers of universal waste found at 40 CFR 273.33, 273.34, 273.36, and 273.37, as well as the Regulations of Connecticut State Agencies ("RCSA") 22a-449-(c)-113(d)(1)(A) through (E). Any used electronics that are generated from municipal sources shall be managed in accordance with all applicable sections of RCSA 22a-449(c)-113, Standards for Universal Waste Management.

EXHIBIT 2
PRICING FORM

Name of Proposer: _____

I. Base Term:

Pricing Coverage Period: April 1, 2003 – December 31, 2003

Price Per Pound (1)

(Words & Numbers): _____

Pricing Cap

(Words & Numbers): Pricing Cap Offered, As Follows:

Place check where applicable

 No Pricing Cap Offered

Revenue Sharing

(Words & Numbers): Revenue Sharing Offered, As Follows:

Place check where applicable

 No Revenue Sharing Offered

(1) Please tell us if the price per pound includes any producer subsidies built into the price and from which companies you receive the subsidies. Also, please tell us if you anticipate any future subsidies and how you plan to incorporate them into the price.

EXHIBIT 2
PRICING FORM (cont.)

II. Option Term:

Pricing Coverage Period: April 1, 2003 -- December 31, 2003

Price Per Pound (1)

(Words & Numbers): _____

Pricing Cap

(Words & Numbers): **Pricing Cap Offered, As Follows:**
Place check where applicable

 No Pricing Cap Offered

Revenue Sharing

(Words & Numbers): **Revenue Sharing Offered, As Follows:**
Place check where applicable

 No Revenue Sharing Offered

(1) Please tell us if the price per pound includes any producer subsidies built into the price and from which companies you receive the subsidies. Also, please tell us if you anticipate any future subsidies and how you plan to incorporate them into the price.

Signature of Authorized Official: _____

Typed Name: _____

Title: _____

Date: _____

EXHIBIT 3

BILLING FORM

Project: Electronics Recycling Collection Program

Project #: _____

Month Of: _____

Date Of Submission: _____

Dates(s)/Description Of Service:

Amount Collected At Each Program/Drop-Off Station With Weight Slips Attached:

Cost This Invoice: ("Pricing," Exhibit 2):

EXHIBIT 4

PERFORMANCE BOND

PERFORMANCE BOND

CONTRACTOR (Name and Address):
Principal

SURETY (Name and
Place of Business):

OWNER (Name and Address):

Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, Connecticut 06103

AGREEMENT FOR ELECTRONICS RECYCLING COLLECTION SERVICES

Date:

Amount:

Description (Name and Location):

100 Constitution Plaza, 17th Floor
Hartford, CT 06103

BOND

Date:

Amount: FIFTY THOUSAND AND NO/100 (\$50,000.00) DOLLARS

TERMS AND CONDITIONS

1. The Contractor and the Surety jointly and severally bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Agreement for Residue Waste Transportation Services (the "Agreement"), the terms of which are incorporated herein by reference. Any singular reference to the Contractor, the Surety, the Owner or any other party herein shall be considered plural where applicable.
2. If the Contractor performs the Agreement, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.
3. If there is no Owner Default (as hereinafter defined), the Surety's obligation under this Bond shall arise after:

- 3.1. The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below, that the Owner is considering declaring a Contractor Default (as hereinafter defined) and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen (15) days after the receipt of such notice to discuss methods of performing the Agreement. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Agreement, but such an agreement shall not waive the Owner's right, if any, to subsequently declare a Contractor Default; and
- 3.2. The Owner has declared a Contractor Default (as hereinafter defined) and formally terminated the Contractor's right to complete the Agreement. Such Contractor Default shall not be declared earlier than twenty (20) days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1.
4. When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:
 - 4.1. Arrange for the Contractor, with the consent of the Owner, to perform and complete the Agreement; or
 - 4.2. Undertake to perform and complete the Agreement itself, through its agents or through independent contractors; or
 - 4.3. Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Agreement, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with a performance bond executed by a qualified surety equivalent to the bond issued on the Agreement, and pay to the Owner the amount of damages described in Paragraph 6; or

- 4.4. Waive its right to perform and complete, arrange for completion or obtain a new contractor and with reasonable promptness under the circumstances:
 - 4.4.1. After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or
 - 4.4.2. Deny liability in whole or in part and notify the Owner citing reasons therefor.
5. If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen (15) days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4 and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.
6. After the Owner has terminated the Contractor's right to complete the Agreement, and if the Surety elects to act under Subparagraph 4.1, 4.2 or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Agreement, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Agreement. To the limit of the amount of this Bond, the Surety is obligated without duplication for:
 - 6.1. The responsibilities of the Contractor for correction of defective work and completion of the Agreement;
 - 6.2. Additional legal and delay costs resulting from the Contractor's Default and resulting from the actions or failure to act of the Surety under Paragraph 4; and
 - 6.3. Liquidated damages, or if no liquidated damages are specified in the Agreement, actual damages caused by delayed performance or non-performance of the Contractor.

7. The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Agreement. No right of action shall accrue on this Bond to any person or entity other than the Owner or its successors and assigns.
8. The Surety hereby waives notice of any change, including changes of time, to the Agreement or to related subcontracts, purchase orders and other obligations.
9. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two (2) years after Contractor Default or within two (2) years after the Contractor ceased working or within two (2) years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.
10. Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page of this Bond.
11. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the Agreement was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted here from and provisions confirming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.
12. Definitions.
 - 12.1. Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with any of the terms of the Agreement.
 - 12.2. Owner Default: Failure of the Owner, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Agreement or to perform and complete or comply with the other terms hereof.

CONTRACTOR AS PRINCIPAL

By: _____

Its

SURETY

Company:

By: _____

Its

EXHIBIT 4

LETTER OF CREDIT

We hereby agree with you that drafts drawn under and in compliance with the above terms of this Letter of Credit shall be duly and promptly honored on due presentation and delivery to us on or before the above-referenced expiration date or any duly extended expiration date.

The term "Beneficiary" includes any successor by operation of law of the named Beneficiary including, without limitation, any liquidator, rehabilitator, receiver or conservator.

Except as expressly stated herein, this undertaking is not subject to any agreement, condition or qualification. The obligation of [name of the issuing Connecticut Bank or National Banking Association] under this Letter of Credit is the individual obligation of [name of the issuing Connecticut Bank or National Banking Association] and is in no way contingent upon reimbursement with respect thereto.

It is a condition of this Letter of Credit that it is deemed to be automatically extended without amendment for one (1) year from the expiration date stated above, or any future expiration date, unless not later than ninety (90) days prior to the expiration date stated above or the then current expiration date we notify you by registered mail that we elect not to renew this Letter of Credit for any such additional period.

We hereby agree that all drafts drawn under and in compliance with the terms of this Letter of Credit shall be duly honored by us at your first demand, notwithstanding any contestation or dispute between you and [Contractor's name], if presented to us in accordance with the provisions hereof.

This Letter of Credit is subject to and governed by the laws of the State of Connecticut, the decisions of the courts of that state, and the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500 and in the event of any conflict, the laws of the State of Connecticut and the decisions of the courts of that state will control. If this Letter of Credit expires during an interruption of business of this bank as described in Article 17 of said Publication 500, [name of issuing Connecticut Bank or National Banking Association] hereby specifically agrees to effect payment if this Letter of Credit is drawn against within thirty (30) days after the resumption of business from such interruption.

Very truly yours,

Authorized Signature for
[name of issuing Connecticut Bank
or National Banking Association]

EXHIBIT 5

**BEST MANAGEMENT PRACTICES
FOR THE COLLECTION OF CONSUMER ELECTRONICS
(One-Day Events)**

- 1) The vendor who accepts consumer electronics from a one-day collection event must prepare an operation and management plan for the event. The plan should describe how the items will be collected, stored and picked up for transport, and describe safety procedures that would be implemented as needed during the collection event.
- 2) The collection should be limited to consumer electronics from residential sources only, and only the following items should be accepted:
 - a) Personal computers including the central processing unit, monitor and printer
 - b) Televisions
 - c) VCRs
 - d) Compact disc players
 - e) Radios
- 3) Any item accepted must be intact with all easily removable batteries removed prior to acceptance.
- 4) Only event workers and representatives of the vendor, not the general public, should place items into the collection vehicles. Handling of consumer electronics should be minimized to decrease the chance of breakage. If it is raining, consumer electronics should be loaded directly onto collection vehicles.
- 5) All materials must be removed from the site by the end of the day.
- 6) The vendor may only accept those items which they can reuse or recycle. CRRA and the vendor should ensure that the consumer electronics are in fact being reused or recycled and verify end markets. No materials may be transported to a solid waste landfill or incinerator.
- 7) The collection must take place on an impervious surface.
- 8) The collection location should have adequate room so that traffic does not back up onto the street, impede emergency personnel or otherwise compromise the safety of workers, participants and the general public.
- 9) Through the temporary authorization application, the Department should receive notification of the locations of the one-day events in advance of each event. CRRA should also submit to the Department an estimate of the amount and types of materials accepted at each event after the event takes place. This will assist us in future planning for such events.

**BEST MANAGEMENT PRACTICES
FOR THE COLLECTION AND STORAGE OF CONSUMER ELECTRONICS
(Drop-offs at Permitted Solid Waste Facilities)**

- (1) The collection of consumer electronics should be limited to only those items which can be reused or recycled, and only the following items should be accepted:
 - a) Personal computers including the central processing unit, monitor and printer;
 - b) Televisions
 - c) VCRs
 - d) Compact disc players
 - e) Radios
- (2) Consumer electronics shall not be opened, handled or stored in a manner which may rupture the outer case, cause it to leak, result in breakage of cathode ray tubes, or produce a short circuit. Easily removable batteries should be removed first.
- (3) Consumer electronics shall not be stored near incompatible solid wastes or other materials unless they are separated from such other materials by means of a dike, berm, wall or other device to prevent fires, explosions, gaseous emissions, leaching, or other discharge of hazardous waste or hazardous waste constituents.
- (4) Any storage area for consumer electronics shall be provided with a roof, an impervious base treated with a sealant that is chemically compatible with the materials stored, shall be bermed to prevent run-on, and shall have a spill containment system.
- (5) Containers, pallets, and shelves used to store consumer electronics shall be elevated to prevent contact with free standing liquids.
- (6) No more than ^{10,000}~~2,000~~ kilograms of consumer electronics shall be accumulated at the facility at any one time.
- (7) The facility may not knowingly accept consumer electronics from non-residential generators.
- (8) No person other than an employee of the facility, or a person under the supervision of such an employee, may place consumer electronics into a collection container, shelf or pallet at the facility.

**RESOLUTION REGARDING APPROVAL OF AN AGREEMENT FOR
ELECTRONICS RECYCLING COLLECTION SERVICES**

RESOLVED: The President is authorized to enter into an agreement with Envirocycle, Inc. for electronics recycling collection services, substantially in the form as presented and discussed at this meeting.

Memorandum

To: President Thomas Kirk
From: Ann Stravalle-Schmidt
Paul Doyle
Date: February 13, 2003
Re: Lease Between CRRA and Ultimate Family Golf Centers, LLC
784 River Road, Shelton, CT

CRRA has the above long-term lease with Ultimate Family Golf Centers, LLC ("Tenant") on its real property abutting the Shelton Landfill known as 784 River Road, Shelton, Connecticut ("784 Real Property"). This lease permits the Tenant to use the surface rights of the 784 Real Property "as a golf course and a driving range facility."

The Tenant owns another parcel of real property that abuts the 784 Real Property ("Abutting Real Property"). Recently the Tenant approached CRRA and stated that he signed a lease with another individual to build a hockey rink on his Abutting Real Property. The Tenant requested permission from CRRA to allow his tenant to build a batting cage facility on CRRA's 784 Property and the Tenant stated that the batting cage facility is was essential to the construction of the hockey rink.

Since the lease of the 784 Real Property does not permit the construction of batting cages on it, CRRA leadership and legal counsel negotiated with Tenant to obtain certain benefits for the municipalities from Tenant in consideration for CRRA granting the Tenant the right to construct a batting cage facility on 784 Real Property.

After extensive negotiations, CRRA has obtained the following concessions from Tenant:

1. In each calendar year of the lease, CRRA shall be the host of ten (10) monthly "CRRA outings" at the sports complex [golf, batting cages, and hockey rinks]. Each weekday outing shall be for fifty (50) young people for a three (3) hour period. The Tenant or his agent shall be responsible for all publicity and advertising for said outings. CRRA will choose the youth groups or schools that will attend each month.
2. The legal fees of CRRA's legal counsel for this matter shall be reimbursed to CRRA by Tenant or his agent.

February 14, 2003

3. The Tenant will be required to increase his Commercial General Liability insurance from three million (\$3,000,000.00) dollars to five million (\$5,000,000.00) dollars.
4. In each calendar year of the lease, the Tenant or his agent will fund three (3) \$1,000.00 high school scholarships for Shelton residents in CRRA's name.

**RESOLUTION REGARDING LEASE BETWEEN CRRA AND ULITMATE
FAMILY GOLF CENTERS LLC, SHELTON, CT**

RESOLVED that the President is hereby authorized to enter into a Letter Agreement with the Tenant on the terms as substantially presented at this meeting.

MEMORANDUM

TO: Thomas D. Kirk, President

FROM: William H. Bright, Jr.
Ann Stravalle-Schmidt

DATE: February 5, 2003

RE: Municipal Share Resolution

In November, 1985, CRRA executed a Solid Waste Disposal Agreement (“SWDA”) with Bridgeport Resco Company (“Resco”), relative to the design, construction, financing and operation of the Bridgeport Project. Among the SWDA’s many provisions, Article VII provides for payments of “Disposal Fees” by CRRA to Resco in consideration for its services and expenditures provided under the contract. These “Disposal Fees” -- which are commonly referred to as “tip fees” -- are imputed to the participating municipalities via Section 402(a) of the Municipal Solid Waste Management Services Agreements (“Management Services Agreements”). These Management Services Agreements have been signed by each of the eighteen participating municipalities.¹

In order to minimize the financial impact of the tip fees on the participating municipalities, the SWDA established a Municipal Share fund (the “Fund”). This Fund -- which is governed by Section 7.08 of the SWDA -- is comprised of excess revenues from the sale of energy and non-energy resources and is calculated and distributed in accordance with Section 7.08. Commencing in 1997, CRRA began

¹ The municipalities participating in the Bridgeport Project include: Bethany, Bridgeport, Darien, East Haven, Easton, Fairfield, Greenwich, Milford, Monroe, Norwalk, Orange, Shelton, Stratford, Trumbull, Weston, Westport, Wilton and Woodbridge.

distributing the contents of the Fund to the eighteen municipalities participating in the Bridgeport Project. These disbursements were effectively paid by subsidizing -- or otherwise reducing -- the tip fees owed to CRRA by the participating municipality for the upcoming fiscal year.

In 2002, CRRA discovered that three of the eighteen municipalities -- specifically, Woodbridge, Bethany and East Haven -- were not entitled to tip fee reductions subsidized by the Fund. These three towns were signatories to an amended version of the Management Services Agreement, which contained slightly different terms from those Agreements executed by the other fifteen municipalities. One of these amendments provides that Woodbridge, Bethany and East Haven are *not* "entitled to receive as Revenues any amount received pursuant to Section 7.08 of the SWDA." Despite this provision, however, the three non-eligible towns received tip fee subsidies from the Fund for years 1997 through 2002, as well as a portion of 2003.

Some of the fifteen municipalities eligible to receive revenues from the Fund have asked that this issue be addressed. As a result, the Greater Bridgeport Regional Solid Waste Advisory Board ("SWAB") recently met to consider what recommendations to make to CRRA regarding this issue. At that meeting, the fifteen SWAB members effected by the payments to Woodbridge, Bethany and East Haven voted *unanimously* to recommend that CRRA: (1) not pursue return of past amounts from those three towns; and (2) no longer provide any revenues from the Fund to Woodbridge, Bethany and East Haven going forward.

This resolution, should it be acceptable to CRRA, will require the written consent of all fifteen eligible municipalities. Such written consent should also make clear

that each of the fifteen eligible municipalities waives any claims against Woodbridge, Bethany, East Haven and CRRA relating to past payments to those three towns from the Fund. As SWAB has already unanimously recommended such a solution, the staff believes that written consent by the eligible municipalities is likely.

A copy of a proposed letter to the eligible municipalities memorializing these terms is attached hereto.

ATTACHMENT 1

<<ADDRESS>>

Re: Bridgeport Waste-To-Energy Project Municipal Share

Dear [Eligible Towns]:

Since 1997, the municipalities under contract to the Bridgeport Project have shared in the benefits provided by monies contained in a Municipal Share fund (the "Fund"). The Fund was established to offset increases to the Bridgeport Resco Base Service Fee ("tip fee") paid by project "Participating Municipalities."

During a recent contract review, it was discovered that three of the eighteen Participating Municipalities -- specifically, the towns of Bethany, East Haven and Woodbridge -- are not eligible to share in the benefits of the Fund. Each of these three municipalities executed a Solid Waste Municipal Services Agreement, wherein Section 808 provides: "Notwithstanding Section 402(f) herein, this municipality shall not be entitled to receive as Revenues any amount received by the Authority pursuant to Section 7.08 of the SWDA. All amounts received by the Authority under such Section 7.08 shall be allocated as if this Municipality were not a Participating Municipality." To date, the amounts from the Fund used to offset the non-eligible municipalities' tip fees are as follows: Town of Bethany - \$18,112.60; Town of East Haven - \$210,562.92; and Town of Woodbridge - \$46,129.46.

Finding an amicable solution to remedy this oversight has not been an easy task. Initially, the Authority sought to recoup the funds distributed to the non-eligible municipalities. This was met with opposition from those three towns. During a recent meeting of the Greater Bridgeport Regional Solid Waste Advisory Board (the "Board"), however, the Board recommended that the eligible municipalities forgive the funds already paid to the non-eligible municipalities and relinquish any and all potential claims against the Authority and the non-eligible municipalities relating to the distribution of such funds. As part of this resolution, the Authority will cease all future payments from the Fund (in the form of tip fee subsidies or otherwise) to the three non-eligible municipalities and all tip fees collected from the Participating Municipalities will be adjusted accordingly.

The Authority feels that it is in the best interest of all involved parties to proceed with the Board's recommendation. Accordingly, it is required that the Authority obtain the written consent of all Participating Municipalities. By executing this letter, the Town of _____ agrees to forgive the amounts already paid to the three non-eligible municipalities from the Fund and waives any and all potential claims (should any exist)

against the Authority and the towns of Bethany, East Haven and Woodbridge related to the payments from the Fund. The Authority will cease all future payments from the Fund to the towns of Bethany, East Haven and Woodbridge. All future disbursements of monies from the Fund will be distributed strictly in accordance with the Solid Waste Management Services Agreements executed by the Participating Municipalities.

We thank the Town of _____ for working with us to reach an amicable solution. The Authority looks forward to continuing to serve you.

If you have any questions or wish to discuss this matter, please do not hesitate to call me.

Yours truly,

Thomas Kirk
President, CRRA

Accepted: _____
 <<Name>>
 Town of _____

ATTACHMENT 2

<<ADDRESS>>

Re: Bridgeport Waste-To-Energy Project Municipal Share

Dear [Bethany, East Haven or Woodbridge]:

Since 1997, the municipalities under contract to the Bridgeport Project have shared in the benefits provided by monies contained in a Municipal Share fund (the "Fund"). The Fund was established to offset increases to the Bridgeport Resco Base Service Fee ("tip fee") paid by project "Participating Municipalities."

During a recent contract review, it was discovered that three of the eighteen Participating Municipalities -- specifically, the towns of Bethany, East Haven and Woodbridge -- are not eligible to share in the benefits of the Fund. Each of these three municipalities executed a Solid Waste Municipal Services Agreement, wherein Section 808 provides: "Notwithstanding Section 402(f) herein, this municipality shall not be entitled to receive as Revenues any amount received by the Authority pursuant to Section 7.08 of the SWDA. All amounts received by the Authority under such Section 7.08 shall be allocated as if this Municipality were not a Participating Municipality." To date, the amounts from the Fund used to offset the non-eligible municipalities' tip fees are as follows: Town of Bethany - \$18,112.60; Town of East Haven - \$210,562.92; and Town of Woodbridge - \$46,129.46.

Finding an amicable solution to remedy this oversight has not been an easy task. Initially, the Authority sought to recoup the funds distributed to the non-eligible municipalities. This was met with opposition from those three towns. During a recent meeting of the Greater Bridgeport Regional Solid Waste Advisory Board (the "Board"), however, the Board recommended that the eligible municipalities forgive the funds already paid to the non-eligible municipalities and relinquish any and all potential claims against the Authority and the non-eligible municipalities relating to the distribution of such funds. As part of this resolution, the Authority will cease all future payments from the Fund (in the form of tip fee subsidies or otherwise) to the three non-eligible municipalities and all tip fees collected from the Participating Municipalities will be adjusted accordingly.

The Authority feels that it is in the best interest of all involved parties to proceed with the Board's recommendation. Accordingly, it is required that the Authority obtain the

written consent of all Participating Municipalities. By executing this letter, the Town of _____ agrees that it will not, in the future, make any claims to any portion of the Fund and acknowledges that its tip fees going forward will be calculated based on the Town receiving no part of the Fund. In exchange, the other Participating Municipalities and CRRA have agreed not to seek reimbursement from Bethany, East Haven and Woodbridge of amounts previously paid from the Fund. The Town of _____ specifically acknowledges that all future disbursements of monies from the Fund will be distributed strictly in accordance with the Solid Waste Management Services Agreements executed by the Participating Municipalities.

We thank the Town of _____ for working with us to reach an amicable solution. The Authority looks forward to continuing to serve you.

If you have any questions or wish to discuss this matter, please do not hesitate to call me.

Yours truly,

Thomas Kirk
President, CRRA

Accepted: _____
<<Name>>
Town of _____

**RESOLUTION REGARDING ISSUES RELATING TO PAST PAYMENT FROM
THE BRIDGEPORT PROJECT'S MUNICIPAL SHARE FUND**

RESOLVED, that in order to bring resolution to any issues relating to past payments from the Bridgeport Project's Municipal Share Fund to the municipalities of Bethany, East Haven and Woodbridge, the President of CRRA is hereby authorized to enter into letter agreements, substantially in the form attached hereto as Attachment 1, with the municipalities of Bridgeport, Darien, Easton, Fairfield, Greenwich, Milford, Monroe, Norwalk, Orange, Shelton, Stratford, Trumbull, Weston, Westport and Wilton.

RESOLVED, that the President is further authorized to enter into letter agreements, substantially in the form attached hereto as Attachment 2, with the municipalities of Bethany, East Haven and Woodbridge.

Memorandum

To: Tom Kirk, President
From: Ann R. Stravalle-Schmidt
Date: Feb. 13, 2003
Re: Settlement of Controversy With Allied Waste Industries, Inc., et als, and Proposed Agreement With the New Operators and Owners of the Recycling Facility at 123 Murphy Road in Hartford

CRRA has reached a settlement with Allied Waste Industries, Inc. and its affiliated corporations (hereinafter "Allied"), as well as an Agreement with the new operators and owners of the recycling facility at 123 Murphy Road. These settlements will permit CRRA to continue its paper transloading operations. The new owner of the recycling facility is Murphy Road Realty, LLC, and the proposed new operator will be Murphy Road Recycling, LLC.

The settlement with **Allied** would result in no out-of-pocket expenditure by CRRA, would allow CRRA to keep all of the past profits from its transloading operation, would end the costly and protracted litigation and arbitration between the parties, would end CRRA's exposure to all monetary claims of Allied, and would insure that CRRA has the essential pay-loader required to continue with its transloading operation. It would also insure that CRRA has timely access to the Capital Replacement Fund that was established under the 1990 Agreement. In particular the settlement would:

1. Settle all claims between Allied and CRRA without CRRA paying any money to Allied. Allied's claims against CRRA amount to approximately \$2,000,000 as of the present time. CRRA has claims against Allied for a lesser amount, although CRRA is also seeking punitive (extraordinary) damages as well.
2. The 1990 Regional Recycling Center Construction and Service Agreement with Allied, currently set to expire at the end of May of 2003, would be terminated effective at the close of business on February 28, 2003.

3. Allied would pay the rent and charges at the recycling facility (which is currently more than \$38,000 per month), and conduct transloading at its current charge of \$4 per ton up to the date of expiration.
4. CRRA would transfer ownership of all equipment at the recycling facility that is fully depreciated, and of little or no value to CRRA to Allied, except for the specially designed pay-loader essential to transloading, which CRRA would continue to own.
5. CRRA and Allied would sign a mutual release and withdraw all pending arbitration and judicial actions which have been initiated against one another.
6. Allied would protect CRRA against any environmental or third party claims resulting from its operation of the recycling facility. Allied is unaware of any such claims that may result from its operations.

The proposed Agreement with the new operator and owner of the recycling facility, **Murphy Road Realty, LLC, and Murphy Road Recycling, LLC** would accomplish the following:

1. It would permit CRRA to continue transloading at \$4 per ton until the expiration of the current supplier contract at the end of January 2005, and provide CRRA with certain options to extend transloading at the recycling facility beyond this date.
2. It would permit CRRA, on short notice, to transfer transloading to CRRA's building at 211 Murphy Road if CRRA determined that such a transfer could result in a more profitable arrangement.
3. CRRA would not have to make the last three months of lease payments (March through May) for the recycling facility.
4. It would provide for a mutual access agreement that would allow CRRA to transfer transloading. In return, the new recycling facility owner would have certain access rights for trucks that will continue to utilize the recycling facility.
5. It would secure an orderly transfer of the commercial recycling operations to the new owners of the recycling facility.
6. The new operators of the recycling facility would be permitted to utilize CRRA's permits pending a transfer of these permits by DEP, or the issuance of new permits. The new operators, however, would

hold CRRA harmless from any claims resulting during their operation of the recycling facility under CRRA's permits.

7. While the new operators would be able to utilize CRRA's pay loader when it is not being used for transloading, if CRRA elects to transfer its transloading operations to 211 Murphy Road, CRRA will have the use of its pay loader.
8. Finally, CRRA will have an option to change from transloading loose paper back to baling the paper, if such baling proves to be more profitable.

As with the proposed Allied agreement, the proposed agreement with the new operator and owner of the recycling facility will result in no out-of-pocket expenditures by CRRA, and will permit CRRA to continue its transloading operations. It will also provide CRRA with the opportunity to explore more profitable ways to recycle municipal paper, and may provide additional profitable opportunities if CRRA directs State paper to the recycling facility.

**SETTLEMENT AGREEMENT AND MUTUAL RELEASE
BETWEEN THE CONNECTICUT RESOURCES RECOVERY
AUTHORITY AND ALLIED WASTE INDUSTRIES, INC., ET ALS**

WHEREAS, the **CONNECTICUT RESOURCES RECOVERY AUTHORITY** (hereinafter "CRRA") and **ALLIED WASTE INDUSTRIES, INC.**, and its affiliated corporation **AMERICAN DISPOSAL SERVICES OF MISSOURI, INC.**, (hereinafter referred to collectively as "Allied"), are parties to a 1990 Regional Recycling Center Construction and Service Agreement and its amendments (hereinafter "Agreement"), concerning the construction and operation of a recycling facility at 123 Murphy Road in the Town of Hartford, Connecticut (hereinafter "recycling facility"), and jointly desire to terminate said Agreement.

WHEREAS, CRRA and Allied are involved in three separate arbitration proceedings before the American Arbitration Association (hereinafter "AAA"), known as: Connecticut Resources Recovery Authority vs. Allied Waste Industries, Inc., et als, AAA Case No. 12 199 00161 00; Connecticut Resources Recovery Authority vs. Allied Waste Industries, Inc., et als, AAA Case No. 12 110 00756 02; and Allied Waste Industries, Inc., et als vs. Connecticut Resources Recovery Authority, AAA Case No. 12 199 00 868 02 (hereinafter collectively referred to as "the arbitration proceedings"), involving claims and disputes between the parties concerning their rights and obligations under said Agreement;

WHEREAS, CRRA and Allied are involved in several proceedings before the Connecticut Superior Court, Judicial District of Hartford, at Hartford, concerning the applicability of arbitration under the Agreement, as well as requests for a temporary restraining order and temporary injunctive relief, known as Allied Waste Industries, Inc.

v. Connecticut Resource Recovery Authority, et al, CV 00-0599041, and Connecticut Resources Recovery Authority v. Allied Waste Industries, Inc., et als, PJR CV-02-0812896S (hereinafter referred to as "the judicial proceedings");

WHEREAS, CRRA and Allied wish to settle all of their claims and disputes raised in all of their pending AAA and Superior Court proceedings, noted above;

WHEREAS, Allied has contacted the Connecticut Department of Environmental Protection (hereinafter "DEP") to challenge CRRA's right to engage in a certain process, known as "transloading", under its permit at the recycling facility, and CRRA denies that Allied's challenge has any merit; now, therefore, be it:

RESOLVED, that the undersigned hereby agree, subject to approval by CRRA's Board of Directors in accordance with its bylaws, as follows:

1. Termination of Agreement. The Agreement between CRRA and Allied will terminate at the close of business on February 28, 2003, and, except as provided herein, the termination shall occur as if no party has breached, or defaulted under the Agreement; nor shall this termination be deemed, or construed to be a termination without cause, as provided in Section 3.3 of the Agreement.

2. Lease Payments. Allied will be responsible for paying all rents and payments under the Lease, referred to in the Agreement and attached as Appendix 16 to the Agreement, through the end of February of 2003, and shall indemnify and save CRRA and its agents, servants, employees and contractors harmless against and from such rents and payments and from any and all claims by the landlord arising from the conduct of Allied's business at the recycling facility, or any work or thing whatsoever done by or on behalf of Allied during the term of the Lease, including the payment of costs and attorney

fees in the event that CRRA is sued by the landlord. Allied represents that as of the date of the signing of this Settlement Agreement, it has received no notification of breach of lease by the landlord. Allied shall have no further obligation to make such rental payments or other lease payments after the end of February of 2003.

3. Equipment. All equipment, as set forth in Appendix A, attached hereto and incorporated herein, with the exception of a front end payloader (Unit No. 812, Loader, Serial No. 0808, Model # Cat 966, No. 4YG009-9) shall be transferred by CRRA to Allied or its assigns, and Allied or its assigns shall accept said equipment as is, and said payloader shall be and remain the property of CRRA. Allied has inspected said equipment and acknowledges that there are no warranties or representations by CRRA, either orally or in writing, as to the condition or usability of said equipment.

4. Transloading. Allied shall continue transloading CRRA's municipal paper at **FOUR DOLLARS (\$4.00)** per ton through February 28, 2003.

5. Mutual Release. Both parties agree to execute the Mutual Release, attached hereto as Exhibit B, upon approval of this Settlement Agreement by CRRA's Board of Directors.

6. Withdrawal of Actions. Upon approval of this Settlement Agreement by CRRA's Board of Directors, the parties shall withdraw the arbitration proceedings and the judicial proceedings between them, with prejudice, and with each party bearing its own costs and attorney fees.

7. Private Brokerage Business. The private brokerage business currently conducted by **AMERICAN DISPOSAL SERVICES OF MISSOURI, INC.**, is not part of this Settlement Agreement and shall remain the property of **AMERICAN DISPOSAL**

SERVICE OF MISSOURI, INC. For purposes of this provision, the term "private brokerage business" refers to products that do not utilize the recycling facility.

8. No Further Actions. No further actions will be brought by either CRRA or Allied against the other for any conduct up to and including February 28, 2003, except that nothing herein will prevent CRRA or Allied from seeking any indemnification and/or defense of any action brought against it, as set forth in this Settlement Agreement, or under Article XIV of the Agreement. Any claims, controversies or disputes concerning this Settlement Agreement and Mutual Release shall be governed by the arbitration provision set forth in provision 22 below.

9. Security Deposit. Nothing herein shall preclude Allied from seeking reimbursement from any third party for a certain security deposit, more particularly referred to in a November 30, 1998 letter from Mr. Robert E. Wright to the late Mr. Neil R. Esposito, except that under no circumstances shall Allied seek or collect said security deposit from CRRA, and if CRRA is made a party to any claim or lawsuit involving said security deposit, Allied will defend and hold CRRA harmless from such claim or lawsuit.

10. Third Party Claims. Allied shall indemnify and save CRRA and its agents, servants employees and contractors harmless against and from from any claims or lawsuits made pursuant to third party contracts entered into by Allied and/or an authorized subsidiary and/or affiliated company, including any costs or attorney fees incurred by CRRA in the defense of such claims or lawsuits.

11. Notification to Customers. Allied shall be responsible for providing timely and written notification to customers who utilize the recycling facility if it terminates and/or transfers its business at the recycling facility.

12. Environmental Warranty. Allied represents to CRRA that it is unaware of any environmental contamination or pollution that has occurred at the recycling facility, during its operation of the recycling facility, which would subject CRRA to any claim or lawsuit by any third party or any governmental agency. Allied represents that it has not received any notifications of environmental contamination by any governmental agency or any claims of environmental contamination by third parties that involve the recycling facility. Allied represents that it has not stored, used or disposed of any hazardous or toxic material at the recycling facility that would subject CRRA to any claim or lawsuit by any third party or any governmental agency. Allied will be solely responsible for and will defend, indemnify and hold CRRA and its agents, servants, employee and contractors harmless from and against any and all claims, costs and liabilities, including attorney's fees and costs, arising out of or in connection with Allied's operation and use of the recycling facility, and shall bear all costs of remediation ordered by any governmental agency.

13. Headings. The headings used herein are for convenience only and are not to be construed in interpreting this Agreement.

14. Counsel. All parties to this Settlement Agreement are represented by counsel at the execution of this Settlement Agreement and counsel for each of the undersigned parties has reviewed this Settlement Agreement with their respective clients.

15. Preparation of the Agreement. All parties to this Settlement Agreement are equally responsible for the drafting of this Settlement Agreement and no one party shall be deemed the drafter of this Settlement Agreement for purposes of construing any provision of the Settlement Agreement.

16. Severability. In the event that any provision of this Settlement Agreement shall, for any reason, be determined to be invalid, illegal, or unenforceable in any respect, the parties hereto shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Settlement Agreement or such other appropriate actions as shall, to the maximum extent practicable in light of the determination, implement and give effect to the intentions of the parties as reflected herein, all other terms of this Settlement Agreement, however they shall be amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

17. Successors and Assigns. This Settlement Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, administrators, and trustees of CRRA and Allied.

18. Amendment. This document may not be amended except by written agreement signed by the authorized representatives of all parties hereto.

19. Authority. CRRA and Allied represent to each other that the signatories to this Settlement Agreement have been authorized and have the power to enter into this Settlement Agreement and to consummate the provisions provided for by this Settlement Agreement.

20. No Admission. This Settlement Agreement is not, and shall not be construed as, an admission of liability by or on behalf of any party hereto, and, in fact, the parties deny any wrongdoing.

21. Governing Law. This Agreement and the Appendices attached hereto shall be construed, enforced and governed in all respects by the laws of the State of Connecticut.

22. Arbitration. All claims, controversies, and disputes concerning either party's performance of its obligations under this Settlement Agreement shall be finally decided by a single arbitrator in binding arbitration. Either CRRA or Allied may initiate arbitration proceedings by giving notice of a dispute and a request to arbitrate to the other party. If CRRA and Allied are unable to agree on the designation of an arbitrator within one week of said notice, they shall each designate a representative who is not an officer, employee, official or consultant of the parties, and these representatives shall designate an arbitrator. The costs of arbitration shall be shared equally by the parties and each party shall bear its own costs and attorney's fees unless the arbitrator determines that the action or defense of the losing party was frivolous, in which event the arbitrator may order that all or a portion of the successful party's attorney's fees and other costs shall be paid by the losing party. All arbitration proceedings shall be held in Connecticut, and the arbitrator shall determine the scope of discovery and the rules applicable to the proceedings. The determination of the arbitrator shall be final and binding. The determination shall be in the form of a written award, with written findings of fact, and may be entered into and specifically enforced by any court of appropriate jurisdiction. During resolution of any dispute under this provision, there shall be no interference with CRRA's transloading activities, and such transloading activities shall continue at the \$4 per ton rate. If the arbitrator does not issue a decision within sixty (60) days of his/her selection, either party, by written notice, can demand the appointment of a new arbitrator.

All legal issues arising in connection with a dispute to be determined by the arbitrator shall be governed by the laws of the State of Connecticut.

23. Notices. All notices required under this Settlement Agreement shall be given in writing and either hand-delivered or sent by certified or registered mail, postage prepaid with return receipt requests, at the following addresses, and, if mailed, they shall be deemed as given on the third day following such mailing which is not a Saturday, Sunday, or day on which United States Mail is not delivered.

(a) If to CRRA:

President
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103-1722

with a copy to:

Attorney Ann Stravalle-Schmidt
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103-1722

(b) If to Allied:

Attorney Robert Cohen
C/O Levy & Droney, P.C.
Pond View Corporate Center
74 Batterson Park Road
P.O. Box 887
Farmington, CT 06034-0887

Any party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

24. Antonnocci Agreements. The parties acknowledge that each will be negotiating separate agreements with the current owners of the real estate and building located at 123 Murphy Road in Hartford, Connecticut. The parties agree that they shall not to take any action that will impede, interfere, or prevent the implementation of these separate agreements, and each party will provide notice of any reasonable actions, including the execution of documents, that need to be taken by the other to effectuate these separate agreements. It is understood and agreed, however, that "reasonable actions", as that term is used herein, shall not require an alteration of the terms of this Settlement Agreement, or require new or substantial costs to either party.

21. Effective Date. The effective date of this Agreement shall be February 28, 2003.

APPENDIX B

MUTUAL RELEASE BETWEEN THE CONNECTICUT RESOURCES RECOVERY AUTHORITY AND ALLIED WASTE INDUSTRIES, INC., ET ALS

For good, sufficient and valid consideration, as recited in the Settlement Agreement, dated February 28, 2003 (hereinafter referred to as "Settlement Agreement"), between the **CONNECTICUT RESOURCES RECOVERY AUTHORITY** and **ALLIED WASTE INDUSTRIES, INC.** and **AMERICAN DISPOSAL SERVICES OF MISSOURI, INC.**, which Settlement Agreement is incorporated herein as if fully set forth, the parties herein agree, as follows:

Except as provided in the Settlement Agreement, **ALLIED WASTE INDUSTRIES, INC.**, **AMERICAN DISPOSAL SERVICES OF MISSOURI, INC.**, and the affiliated and/or subsidiary corporations, listed on Appendix C, attached hereto and incorporated herein, hereby remise, release and forever discharge **CONNECTICUT RESOURCES RECOVERY AUTHORITY**, and its officers, officials, agents, employees, directors, representatives, heirs, successors, and assignees, from all existing debts, obligations, promises, covenants, agreements, contracts, endorsements, bonds, controversies, suits, actions, causes of actions, trespasses, executions, damages, claims or demands, whether known or unknown, in law or in equity, which relate to: 1) the arbitration proceedings before the American Arbitration Association (hereinafter "AAA"), known as: Connecticut Resources Recovery Authority vs. Allied Waste Industries, Inc., et als, AAA Case No. 12 199 00161 00; Connecticut Resources Recovery Authority vs. Allied Waste Industries, Inc., et als, AAA Case No. 12 110 00756 02; and Allied Waste Industries, Inc., et als vs. Connecticut Resources Recovery Authority, AAA Case No. 12 199 00 868 02, and with respect to any claims or set-offs that could have been made in said arbitration proceedings; 2) the lawsuits filed in the Judicial District of Hartford at Hartford, known as Allied Waste Industries, Inc. v. Connecticut Resource Recovery Authority, et al, CV 00-0599041, and Connecticut Resources Recovery Authority v. Allied Waste Industries, Inc., et als, PJR CV-02-0812896S, and with respect to any claims or set-offs that could have been made in said lawsuits; and 3) the 1990 Regional Recycling Center Construction and Service Agreement and its amendments.

Except as provided in the Settlement Agreement, the **CONNECTICUT RESOURCES RECOVERY AUTHORITY**, hereby remise, release and forever discharge **ALLIED WASTE INDUSTRIES, INC.**, **AMERICAN DISPOSAL SERVICES OF MISSOURI, INC.**, and the affiliated and/or subsidiary corporations, listed on Appendix C, attached hereto and incorporated herein, and their officers, officials, agents, employees, directors, representatives, heirs, successors, and assignees, from all existing debts, obligations, promises, covenants, agreements, contracts, endorsements, bonds, controversies, suits, actions, causes of actions, trespasses, executions, damages, claims or demands, whether known or unknown, in law or in equity, which relate to: 1) the arbitration proceedings before the American Arbitration Association (hereinafter "AAA"), known as: Connecticut Resources Recovery Authority vs. Allied Waste

APPENDIX C

For purposes of the Mutual Release, the affiliated and/or subsidiary corporations of Allied Waste Industries, Inc., are deemed to be:

American Disposal Services of Missouri, Inc.

McCauley Enterprises

McCauley Transfer Station

PM Services Transfer

American Disposal Services – Seymour

ADS of Connecticut – Stratford

McCauley

PM Services

Capitol Recycling MRF & Brokerage

**REGIONAL RECYCLING, ACCESS
AND SCALE USE AGREEMENT**

AGREEMENT dated as of this 27th day of February, 2003 by and among **CONNECTICUT RESOURCES RECOVERY AUTHORITY ("CRRA")**, a political subdivision of the State of Connecticut having an address at 100 Constitution Plaza, Hartford, Connecticut 06103, **MURPHY ROAD RECYCLING, LLC, ("Recycling")**, a Connecticut limited liability company having an address at _____, and **MURPHY ROAD REALTY, LLC ("Realty")**, a Connecticut limited liability company having an address at _____.

WITNESSETH

WHEREAS, CRRA is a party to a 1990 Regional Recycling Center Construction and Service Agreement and its amendments (hereinafter the "Recycling Agreement"), concerning the construction and operation of a recycling facility at 123 Murphy Road, Hartford, Connecticut (hereinafter the "Recycling Facility"); and

WHEREAS, CRRA is a leasee of certain premises in which the Recycling Facility is located, pursuant to a Lease that is attached as Appendix 16 to said Recycling Agreement (hereinafter the "Lease"); and

WHEREAS, said Recycling Agreement and Lease will terminate by the end of May 31 2003; and

WHEREAS, CRRA will be terminating the Recycling Agreement with the current operator, effective at the close of business on February 28, 2003; and

WHEREAS, Recycling desires to continue the operation of the Recycling Facility after the close of business on February 28, 2003; and

WHEREAS, CRRA desires to continue using the Recycling Facility for purposes of transloading municipal paper after February 28, 2003, which transloading activity is more particularly described in a May 9, 2002 Memorandum of Decision by the Honorable Robert Satter in Connecticut Resources Recovery Authority vs. Allied Waste Industries, Inc., et al, PJR CV 02-0812896S, until such time as **CRRA** elects to transfer such transloading activity to its premises at 211 Murphy Road in Hartford, Connecticut, or to such other location as it shall desire; and

WHEREAS, CRRA desires an access agreement to use a portion of the 123 Murphy Road property in Hartford, owned by **Realty** for truck access to facilitate transloading activity, if it moves said operation to **CRRA's** premises at 211 Murphy Road; and

WHEREAS, Recycling desires to have an access and scale agreement to utilize the scale and certain property owned by **CRRA** on 211 Murphy Road in Hartford;

NOW, THEREFORE, the parties hereto do hereby agree, as follows:

1. Transloading. **Recycling** will transload **CRRA's** municipal paper during the initial term of March 1, 2003 through January 31 2005 at the price of Four Dollars (\$4.00) per ton. **Realty** will permit this transloading activity to be conducted at the premises on 123 Murphy Road in Hartford, in the same location and manner, and with the same ingress and egress, that the municipal paper is currently transloaded. **Recycling** represents that it has familiarized itself with the current transloading operation. **CRRA** will not be charged any rent for its use of this space. **CRRA**, in its sole discretion, may exercise two (2) successive five (5) year options to renew this transloading agreement, after the expiration of the initial term on January 31, 2005, by giving written notice to

Realty, at least sixty (60) days prior to the expiration of the term then in effect, but it shall be at a price to be negotiated by the parties in good faith. If the parties are unable to agree on a new transloading price for either of the two renewal periods, the parties agree to select a single arbitrator who shall determine a final and binding transloading price, taking into consideration costs and a reasonable profit level. On or after February 1, 2004 of the initial term, and during each of the renewal periods, **Recycling** shall have the right to unilaterally terminate the transloading agreement by giving written notice to **CRRA** at least (1) one year in advance of the proposed termination date. During the initial term, and each of the renewal periods, **CRRA** shall have the right to unilaterally terminate the transloading agreement by giving written notice **Recycling** at least thirty (30) days prior to the proposed termination date.

2. Commercial Recycling. **Recycling** will be permitted to use the Recycling Facility for commercial recycling after February 28, 2003, without a sharing of any revenue with **CRRA**, except as noted in Section 5 below, and without any approval of customers by **CRRA**. **CRRA** shall cease commercial recycling operations at the Recycling Facility after February 28, 2003, except as provided in Section 5 below. Commercial customers of **CRRA** shall automatically become customers of **Recycling**, unless **Recycling** notifies such customers in writing that it does not wish to accept their products.

3. Permits. **CRRA** shall permit **Recycling** to operate its recycling business for transloading and commercial recycling at the Recycling Facility under **CRRA's** existing permits. **Recycling** shall be solely responsible for and will defend, indemnify and hold **CRRA** and its officers, directors, agents, servants, employees and contractors harmless

from and against any and all claims, costs and liabilities, including attorneys' fees and costs, arising out of or in connection with **Recycling's** operation and use of the Recycling Facility, while it is operating under **CRRA's** permits. **Recycling** shall promptly seek to obtain its own permits to operate the Recycling Facility, and once they obtain such permits, **CRRA** may withdraw the use of its permits or shall withdraw them, if required for the new permit(s) granted to **Recycling** to be valid.

4. Environmental Warranty. **Recycling** and **Realty** represent to **CRRA** that they are unaware of any environmental contamination or pollution that has occurred at the Recycling Facility, during its operation as a recycling facility, which would subject **CRRA** to any claim or lawsuit by any third party or any governmental agency. **Realty** and **Recycling** represent that they have not received any notifications of environmental contamination by any governmental agency or any claims of environmental contamination by third parties that involve the Recycling Facility. **Realty** and **Recycling** will be solely responsible for and will defend, indemnify and hold **CRRA** and its officers, directors, agents, servants, employee and contractors harmless from and against any and all claims, costs and liabilities, including attorney's fees and costs, arising out of or in connection with **Realty's** and **Recycling's** operation and use of the Recycling Facility, and shall bear all costs of remediation ordered by any governmental agency.

5. Sharing Agreement. **CRRA** is in the process of entering into agreements with one or more Connecticut State agencies for the purpose of providing for the recycling of commercial paper. In the event that **CRRA** desires to direct such paper to the Recycling Facility, it will provide notice to **Recycling**. Within three (3) business days after receiving such notice, **Recycling** will provide **CRRA** with a cost-per-ton fee for

performing whatever processing and/or baling of such paper is necessary for marketing purposes. In the event that both parties agree as to the cost-per-ton fee, then **Recycling** will process and/or bale said paper for a three (3) year period at the cost-per-ton fee provided, and share the profits from the sale of said paper with **CRRA** on a 50/50 basis, after deducting the cost-per-ton fee. In no event shall **CRRA** or the State of Connecticut be charged for any losses from such processing/baling of such paper if the sales price does not cover the agreed-upon processing/baling fee. **CRRA** shall have full access to all books and records of **Recycling** relating to the sale of said paper and to payments made or to be made under this section upon forty-eight hours notice. **Realty** will maintain adequate records to permit **CRRA's** auditors to determine whether **CRRA** has been given proper payment under this section. **CRRA** shall have the right to unilaterally terminate the referral of this paper to the Recycling Facility by giving written notice to **Recycling** at least thirty (30) days prior to the proposed termination date. **Recycling** shall have the right to unilaterally terminate the referral of this paper to the Recycling Facility by giving written notice to **CRRA** at least (1) one year prior to the proposed termination date.

6. Payloader. As long as **CRRA** continues to have its municipal paper transloaded at the Recycling Facility, it shall provide **Recycling** with the use of the front end payloader (Unit No. 812, Loader, Serial No. 0808, Model # Cat 966, No. 4YG009-9, and hereinafter, the "Payloader") that has been specially equipped for such transloading. **Recycling** may use the Payloader for other purposes, provided that **CRRA's** transloading has first been performed, and **Recycling** shall provide proper maintenance of the Payloader during such time as it is in its possession. **Recycling** represents that it has inspected the Payloader, and will assume its operation, as is. **CRRA** shall continue to

own the Payloader and shall be entitled to remove the Payloader from the Recycling Facility at such time as the municipal paper transloading agreement with **Recycling** has expired or been terminated. **Recycling** will be solely responsible for, and will defend, indemnify and hold **CRRA** and its officers, directors, agents, servants, employees and contractors harmless from and against any and all claims, costs and liabilities, including attorneys' fees and costs arising out of, or in connection with **Recycling's** use of the Payloader. **Recycling** shall name **CRRA** as an insured in any any and all insurance policies insuring the Payloader and/or its use and personnel.

7. Lease Payments. **CRRA** shall not be responsible for any further lease rents and/or payments for the period of March 1 through May 31, 2003 under the Lease. **Realty** and **Recycling** shall indemnify and save **CRRA** and its officers, directors, agents, servants, employees and contractors harmless against and from such rents and payments, including the payment of costs and attorneys' fees in the event that **CRRA** is sued by the prior landlord. As set forth above, **CRRA** shall not be charged any rent in connection with the municipal paper transloading to be performed by **Recycling**.

8. Access and Scale Use Agreement. The parties hereto shall enter into the Access and Scale Use Agreement, appended hereto as Appendix A, upon the signing of this agreement.

9. Baling Option for Municipal Paper. If, during the initial term of this agreement, **CRRA** desires to have **Recycling** bale **CRRA's** municipal paper, in lieu of transloading, then **Recycling** will charge a baling/processing fee of _____ per ton, and will provide **CRRA** with one-half the net profit on resale. In no event will **CRRA** be charged for any losses from such processing/baling if the resale price does not cover the

agreed-upon processing/baling fee. **CRRA** shall have full access to all books and records of **Recycling** relating to the sale of said paper and to payments made or to be made under this section upon forty-eight (48) hours notice. **Recycling** will maintain adequate records to permit **CRRA's** auditors to determine whether **CRRA** has been given proper payment under this section. **CRRA** shall have the right to unilaterally terminate the referral of municipal paper to the Recycling Facility for baling/processing by giving written notice to **Recycling** at least thirty (30) days prior to the proposed termination date.

10. Headings. The headings used herein are for convenience only and are not to be construed in interpreting this Agreement.

11. Counsel. All parties to this Agreement have been represented by counsel in connection with the drafting, negotiation and execution of this Agreement, and counsel for each of the undersigned parties has reviewed this Agreement with their respective clients.

12. Preparation of the Agreement. All parties to this Agreement are equally responsible for the drafting of this Agreement and no one party shall be deemed the drafter of this agreement for purposes of construing any provision of the Agreement.

13. Severability. In the event that any provision of this Agreement shall, for any reason, be determined to be invalid, illegal, or unenforceable in any respect, the parties hereto shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or such other appropriate actions as shall, to the maximum extent practicable in light of the determination, implement and give effect to the intentions of the parties as reflected herein, however any such provision which shall prove to be invalid, illegal or void shall in no way affect, impair or invalidate any other

provisions hereof, and all other terms and provisions of this Agreement, however or whether they shall be amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

14. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, administrators, and trustees of the parties hereto.

15. Amendment. This Agreement may not be amended except by written agreement signed by all of the parties hereto, or their respective successors..

16. Authority. **CRRA, Recycling and Realty** represent to each other that the signatories to this Agreement have been authorized and have the power to enter into this Agreement and to consummate the provisions provided for by this Agreement.

17. Governing Law. This Agreement shall be construed, enforced and governed in all respects by the laws of the State of Connecticut.

18. Arbitration. All claims, controversies, and disputes concerning either party's performance of its obligations under this Agreement shall be finally decided by a single arbitrator in binding arbitration. Either **CRRA** or **Recycling** (or **Realty**, to the extent the matter relates to the 123 Murphy Road real estate) may initiate arbitration proceedings by giving notice of a dispute and a request to arbitrate to the other party. If **CRRA** and **Recycling** (or **Realty**, as applicable) are unable to agree on the designation of an arbitrator within one week of said notice, they shall each designate a representative who is not an officer, employee, official or consultant of the parties, and these representatives shall designate an arbitrator. The costs of arbitration shall be shared equally by the parties and each party shall bear its own costs and attorneys' fees unless the arbitrator

determines that the action or defense of the losing party was frivolous, in which event the arbitrator may order that all or a portion of the successful party's attorney's fees and other costs shall be paid by the losing party. All arbitration proceedings shall be held in Connecticut, and the arbitrator shall determine the scope of discovery and the rules applicable to the proceedings. The determination of the arbitrator shall be final and binding. The determination shall be in the form of a written award, with written findings of fact, and may be entered into and specifically enforced by any court of appropriate jurisdiction. During resolution of any dispute under this provision, there shall be no interference with CRRA's transloading activities, the transloading rate, or the Access and Scale Use Agreement. If the arbitrator does not issue a decision within sixty (60) days of his/her selection, either party, by written notice, may demand the appointment of a new arbitrator. All legal issues arising in connection with a dispute to be determined by the arbitrator shall be governed by the laws of the State of Connecticut.

19. Notices. All notices required under this Agreement shall be given in writing and either hand-delivered or sent by certified or registered mail, postage prepaid, return receipt requested, at the following addresses, and, if mailed, they shall be deemed as given on the third day following such mailing which is not a Saturday, Sunday, or day on which United States Mail is not delivered.

(a) If to **CRRA**:

President
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103-1722

with a copy to:

Attorney Ann Stravalle-Schmidt
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103-1722

(b) If to **Recycling or Realty**:

Mr. Frank Antonnocci
(address)

with a copy to

John D'Amico, Esq.
C/O Updike, Kelly & Spellacy P.C.
One State Street
Hartford, CT 06123-1277

Any party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

20. Allied Agreements. The parties acknowledge that each will be negotiating separate agreements with Allied Waste Industries, Inc. and/or its subsidiaries or affiliates with respect to issues that involve the Recycling Facility. The parties agree that they shall not take any action that will impede, interfere, or prevent the implementation of these separate agreements, and each party will provide notice of any reasonable actions, including the execution of documents, that need to be taken by the other to effectuate these separate agreements. It is understood and agreed, however, that "reasonable actions", as that term is used herein, shall not require an alteration of the terms of this Agreement, or require new or substantial costs to either party.

21. Effective Date. The effective date of this Agreement shall be February 28, 2003.

22. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

MURPHY ROAD RECYCLING, LLC
MURPHY ROAD REALTY, LLC

By: _____
Authorized Representative

Witness: _____

Date: _____

Witness: _____

STATE OF)
) ss.
COUNTY OF)

On this ____ day of _____, 2003, personally appeared _____, an authorized representative of **MURPHY ROAD RECYCLING, LLC** and **MURPHY ROAD REALTY, LLC**, signer and sealer of the foregoing instrument, and acknowledged the same to be his/her free act and deed and the free act and deed of said corporation, before me.

Notary Public
Commissioner of the Superior Court

ACCESS AND SCALE USE AGREEMENT

This ACCESS AND SCALE USE AGREEMENT made this 28th day of February, 2003 by and among CONNECTICUT RESOURCES RECOVERY AUTHORITY, a political subdivision of the State of Connecticut, having its principal office at 100 Constitution Plaza - 17th Floor, Hartford, Connecticut 06103 ("CRRA"), and MURPHY ROAD RECYCLING, LLC, a Connecticut limited liability company having an office at _____, Connecticut _____ ("Recycling"), and MURPHY ROAD REALTY, LLC, a Connecticut limited liability company having an office at _____, Connecticut _____ ("Realty").

WITNESSETH:

WHEREAS, CRRA is the owner of a certain piece or parcel of land known as 211 Murphy Road, Hartford, Connecticut, as more particularly described in Exhibit A attached hereto and made a part hereof (the "211 Parcel"); and

WHEREAS, Realty is the owner of a certain piece or parcel of land known as 123 Murphy Road, Hartford, Connecticut, as more particularly described in Exhibit B attached hereto and made a part hereof (the "123 Parcel"); and

WHEREAS, Recycling is the operator of recycling businesses conducted at both the 123 Parcel and a parcel located behind the 123 Parcel and the 211 Parcel (the "Transfer Station Parcel"); and

WHEREAS, CRRA, Realty and Recycling mutually desire to provide for the shared use of certain identified driveways on the 211 Parcel (the "211 Access Area") and the 123 Parcel (the "123 Access Area"); and

WHEREAS, CRRA, Realty and Recycling mutually desire to provide for the shared use of certain truck weighing scales, and related equipment and/or facilities, operated at the 211 Parcel (the "CRRA Scale") and the 123 Parcel (the "Recycling Scale").

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the parties hereto agree as follows:

1. Mutual Access Agreements.

(a) CRRA, for itself and its successors and assigns, as the owner of the 211 Parcel and the 211 Access Area, hereby grants unto Recycling, its successors and assigns for the Term of this Agreement (as hereinafter defined in Section 4), the right, in common with CRRA, to access and pass over the 211 Access Area.

(b) Realty for itself and its successors and assigns as the owner of the 123 Parcel and the 123 Access Area hereby grants unto CRRA, its successors and assigns for the Term of this Agreement, the right, in common with Realty and Recycling, to access and pass over the 123 Access Area.

(c) These mutual grants of access shall apply to both CRRA and Recycling and their respective customers accessing the 123 Parcel, the 211 Parcel or the Transfer Station Parcel.

2. Maintenance, Repair, and Replacement of Driveways.

(a) CRRA, as owner of the 211 Access Area, at its sole cost and expense, shall (i) maintain, keep in good order and repair and resurface the 211 Access Area as necessary; and (ii) keep the same reasonably free from accumulations of ice, snow and debris.

(b) Realty, as the owner of the 123 Access Area, at its sole cost and expense, shall (i) maintain, keep in good order and repair and resurface the 123 Access Area as necessary; and (ii) keep the same reasonably free from accumulations of ice, snow and debris.

(c) In the event that CRRA fails to maintain or repair the 211 Access Area in the manner provided in Section 2(a) above, or that Realty fails to maintain and repair the 123 Access Area in the manner provided in Section 2(b) above (in such case, the party failing to satisfy such obligations being, the "Breaching Party"), the other party (the "Nonbreaching Party") shall be entitled (i) in the case of an emergency situation, to immediately take action to correct the dangerous condition; and (ii) in the case of a non-emergency situation to take action to correct the default following thirty (30) days prior written notice from the Nonbreaching Party to the Breaching Party. If the Nonbreaching Party does provide such maintenance, or make any such required repairs, the Breaching Party shall pay the Nonbreaching Party, within thirty (30) days after the submission of statements therefor, an amount equal to the cost of any such maintenance or required repairs made by the Nonbreaching Party.

3. Mutual Scale Use Agreement. (a) CRRA, for itself and its successors and assigns, as the owner of the 211 Access Area and the CRRA Scale, hereby grants unto Recycling, its successors and assigns, for the Term of this Agreement, the right, in common with CRRA, to: (i) access and use the CRRA Scale; (ii) access and use the scale house facility immediately adjacent to the CRRA Scale (the "CRRA Scale House"); (iii) install computer equipment in the CRRA Scale House for the purpose of monitoring the use of the CRRA Scale; and (iv) locate an operator inside the CRRA Scale House on a shared basis with CRRA.

(b) Realty and Recycling, for themselves and their successors and assigns, as the respective owner and operator of the 123 Access Area and the Recycling Scale, hereby grant unto CRRA, its successors and assigns, for the Term of this Agreement, the right, in common with Realty and Recycling, to access and use the Recycling Scale as a backup scale for the CRRA Scale, on an as-needed basis.

(c) CRRA (with respect to the CRRA Scale) and Realty and Recycling (with respect to the Recycling Scale) shall each maintain and repair their respective scales at their sole cost and expense. Notwithstanding the foregoing sentence, any repairs which are necessitated by the negligence of the party not otherwise responsible for such repairs shall be paid by the party causing the damage.

4. Term. (a) The term of this Agreement shall commence on the date hereof and shall end at midnight on the last day of the fifteenth (15th) year thereafter (the "Term"). [Need to tie into exact maximum expiration date of transfer station ground lease.]

(b) Notwithstanding the preceding paragraph, either party may terminate this Agreement prior to the expiration of the Term (the "Terminating Party") if the other party is in default under the terms of this Agreement (the "Defaulting Party"), provided that such default continues beyond thirty (30) days after notice from the Terminating Party to the Defaulting Party of such breach.

5. Non-Interference with Access Areas. (a) Each party mutually covenants and agrees that the 211 Access Area and the 123 Access Area shall be maintained as a driveway and neither party shall erect or allow to be erected any structures or other obstructions on or within the 211 Access Area or the 123 Access Area which will prevent reasonably convenient continued access.

(b) Notwithstanding anything herein contained to the contrary, (i) CRRA hereby reserves the right to continue to use the land within the 211 Access Area for any uses and purposes which shall not interfere with the use thereof by Recycling as set forth herein and (ii) Realty and Recycling hereby reserve the right to continue to use the land within the 123 Access Area for any uses and purposes which shall not interfere with the use thereof by CRRA as set forth herein.

6. Disputes. All claims, controversies, and disputes concerning either party's performance of its obligations under this Agreement shall be finally decided by a single arbitrator in binding arbitration. Either CRRA, Recycling or Realty may initiate arbitration proceedings by giving notice of a dispute and a request to arbitrate to the other party. If CRRA and Recycling (or Realty, as applicable) are unable to agree on the designation of an arbitrator within one week of said notice, they shall each designate a representative who is not an officer, employee, official or consultant of the parties, and these representatives shall designate an arbitrator. The costs of arbitration shall be shared

equally by the parties and each party shall bear its own costs and attorneys' fees unless the arbitrator determines that the action or defense of the losing party was frivolous, in which event the arbitrator may order that all or a portion of the successful party's attorneys' fees and other costs shall be paid by the losing party. All arbitration proceedings shall be held in Connecticut, and the arbitrator shall determine the scope of discovery and the rules applicable to the proceedings. The determination of the arbitrator shall be final and binding. The determination shall be in the form of a written award, with written findings of fact, and may be entered into and specifically enforced by any court of appropriate jurisdiction. During resolution of any dispute under this provision, there shall be no interference with any of the parties rights under this Access and Scale Use Agreement. If the arbitrator does not issue a decision within sixty (60) days of his/her selection, either party, by written notice, may demand the appointment of a new arbitrator. All legal issues arising in connection with a dispute to be determined by the arbitrator shall be governed by the laws of the State of Connecticut.

7. Notices. Unless otherwise specifically provided herein, any notice, consent, approval, request, demand or other communication provided for by this Agreement (collectively, "Notices") shall be in writing and given by personal delivery or sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the party for which such Notice is intended, at such party's address set forth below:

If to CRRA, to:

President
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103-1722

with a copy to:

Attorney Ann Stravalle-Schmidt
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103-1722

(b) If to Recycling or Realty:

Attention: Mr. Frank Antonnoccia

RESOLVED, that the President is hereby authorized to enter into a Settlement of Agreement Allied Waste Industries, Inc., et als, as substantially presented at this meeting with such changes as the President deems necessary or appropriate; and

IT IS FURTHER RESOLVED, that the President is authorized to enter into a new recycling agreement with Murphy Road Recycling, LLC and Murphy Road Realty, LLC, as substantially presented at this meeting with such changes as the President deems necessary or appropriate.

Connecticut Resources Recovery Authority
Public Officials And Employees Liability Insurance Renewal

I. Current Policy

- Expires 3/22/03 – Public Officials and Employees Liability Insurance
- \$5 million limit, \$100,000 deductible – 3/22/02-3/22/03 premium was \$198,725
- Insurer – American International Specialty Lines Company (AISLIC – an AIG Company)

II. Renewal Policy

- Quotes sought from Gulf, Coregis and Genesis – All declined to quote
- Renewal premium choices from AISLIC:

<u>Limit</u>	<u>Deductible</u>	<u>Premium</u>	<u>Terrorism Endorsement</u>	<u>Total</u>
\$ 5,000,000	\$100,000	\$298,000	\$ 44,700	\$342,700
\$ 5,000,000	\$250,000	\$268,000	\$ 40,230	\$308,230
\$ 5,000,000	\$500,000	\$253,300	\$ 37,995	\$291,295
\$ 3,000,000	\$100,000	\$233,433	\$ 35,015	\$268,448
\$ 3,000,000	\$250,000	\$210,090	\$ 31,514	\$241,604
\$ 3,000,000	\$500,000	\$198,418	\$ 29,763	\$228,181

- Same basic terms/conditions as existing – four specific exceptions to coverage – Claims Related to Enron, Fungus & Mold, Intellectual Property, and Terrorism (absolute exclusion unless purchase Federal backstop coverage priced above)

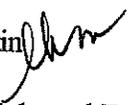
III. Management Summary & Recommendation

- Balance need for protection of Board members and staff with need to reduce expenses
- Provide significant coverage limit with reasonable deductible
- Discussions with our broker (Marsh) would suggest not acquiring Terrorism Exclusion Endorsement due to remote exposure.
- Discussions with our broker (Marsh) indicate there are no significant exposures to CRRA from the other exclusions
- **We recommend securing \$3,000,000 coverage limit with \$100,000 deductible and that the Authority not purchase the terrorism coverage endorsement, for a premium of \$233,433. Budgeted \$318,750 for FY '03 and \$397,450 for FY '04.**
- Request that Finance Committee recommend the following to the full Board at the 2/27/03 meeting:

IV. Recommendation to CRRA Board

The Finance Committee has reviewed and discussed the options for renewing CRRA's Public Officials and Employees Liability insurance and recommends the purchase of the policy from American International Specialty Lines Company with a \$3,000,000 limit, \$100,000 deductible for the period 3/22/03 – 3/22/04 for a premium of \$233,433.

Memorandum

To: Ann Stravalle-Schmidt and Gary L. Gendron
From: Lynn H. Martin 
Subject: Public Officials and Employees Liability Insurance Renewal
Date: February 13, 2003

This policy expires March 22, 2003. Board action is required at the February 27, 2003 meeting to renew it.

Public Officials and Employees Liability Insurance is the non-profit entity version of Directors and Officers Liability insurance (D&O). Generally, the scope of coverage provided under non-profit Public Officials and Employees Liability policies is much broader than that found in for-profit forms. This is mainly because the exposure (especially as respects severity) they present are substantially less than that posed by for-profit firms. Consequently, nearly all of the differences involve coverage provisions that are either broader or less restrictive than D&O policies.

Current Coverage

All insurance policies are open to interpretation and coverage can hinge on how claims are worded and/or submitted. Generally speaking, however, CRRA's \$5 million Public Officials and Employees Liability insurance:

- Will pay on behalf of the Insureds, all Loss which they shall be legally obligated to pay for any civil claim(s) first made against them because of a Wrongful Act, provided that the claim(s) is first made, and written notice of said claim(s) is received by the insurance, during the policy;
- Will reimburse CRRA for all Loss for which CRRA shall be required by law to indemnify the Insureds for any civil claim(s) first made against them because of a Wrongful Act, provided that the claim(s) is first made, and written notice of said claim(s) is received by the insurance company, during the policy period.

- Will pay on behalf of the public entity all Loss which the public entity shall be legally obligated to pay for any civil claim(s) against it because of a Wrongful Act, provided that the claim(s) is first made, and written notice of said claim(s) is received by the insurance company, during the policy period.

“Insured” means

- A. the public entity (CRRA)
- B. all persons who were, now are or shall be lawfully elected or appointed officials or employees while acting for or on behalf of the public entity
- C. commissions, boards, or other units, and members and employees thereof, operated by and under the jurisdiction of such public entity and within an apportionment of the total operating budget indicated in the application for the policy
- D. volunteers acting for or on behalf of, and at the request and under the direction of, the public entity
- E. officials and employees of the public entity appointed at the request of the public entity to serve with an outside tax-exempt entity.

“Wrongful Act” means any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or employment practices violation by an Insured solely in the performance of duties for the public entity.

“Loss” means the amount which the Insureds are legally obligated to pay or which the public entity shall be required by law to pay as indemnity to the Insureds, for any claim(s) made for Wrongful Acts and shall include damages, judgments, settlements, costs and expense of investigation and defense of legal actions (excluding from such costs and expenses the salaries of officials or employees of the public entity or any other governmental body), claims or suits and appeals therefrom, cost of attachment, appeal or similar bonds; provided always, however, such subject of Loss shall not include fines or penalties imposed by law, or matters which may be deemed uninsurable under the law pursuant to which the policy shall be construed.

It is important to note that CRRA cannot refuse to consent to any settlement recommended by the insurance company and acceptable to the claimant. If CRRA refuses such settlement, the insurance company may withdraw its defense of CRRA and tender control of the defense to CRRA. CRRA would thereafter have to negotiate or defend such claim or suit independent of the insurance company at its own expense. In addition, the insurance company’s liability would not exceed the amount of damages for

which the claim or suit could have been settled if such recommendation was consented to, plus defense costs, charges and expenses incurred by CRRA with the insurance company's written consent, up to the date of refusal to settle by CRRA.

Renewal Process

In addition to CRRA's current insurer, American International Specialty Lines Company (AISLIC – an AIG company), Marsh approached several insurers to see if there was interest in providing quotes to CRRA for this coverage. The results were disappointing:

- Gulf – Declined to quote because of CRRA's business with waste disposal/resource recovery
- Coregis – Declined because not writing public officials policies without writing other lines of insurance
- Genesis – Declined due to the size of the operations (too large)

AISLIC was the only company to offer a quote. For the \$5 million limit, AISLIC will charge a premium of \$ 298,000 with a \$100,000 deductible. If the Board wishes to purchase the Terrorism Endorsement, the cost will be \$44,700 for the policy term (total premium with terror cover = \$342,700).

Because of the huge premium, I asked Marsh to approach the carrier with alternative limits and deductibles to see if we could get a more palatable price. The results are as follows:

<u>Limit</u>	<u>Deductible</u>	<u>Premium</u>	<u>Terrorism</u>	<u>Total with Terror</u>
\$ 5,000,000	\$100,000	\$298,000	\$ 44,700	\$342,700
\$ 5,000,000	\$250,000	\$268,000	\$ 40,230	\$308,230
\$ 5,000,000	\$500,000	\$253,300	\$ 37,995	\$291,295
\$ 3,000,000	\$100,000	\$233,433	\$ 35,015	\$268,448
\$ 3,000,000	\$250,000	\$210,090	\$ 31,514	\$241,604
\$ 3,000,000	\$500,000	\$198,418	\$ 29,763	\$228,181

Last year's premium for the same amount of coverage was \$198,725. Risk Management projected a 100% premium increase for this policy at renewal. The amount budgeted was \$318,750.

The insurance company is using a different policy form but the basic terms and conditions of the offered policy are no less comprehensive than those of the expiring policy (comparison attached). As a matter of fact, unlike last year's policy, there is no specific exclusion for coverage of employed architects, engineers or lawyers and the insurer has offered to restore terrorism coverage for certified events of terrorism (under the Federal Act) for an additional premium. If CRRA elects not to pay the extra premium, a Total Terrorism Exclusion (attached) will be placed on the policy. If CRRA elects to pay the additional premium, the policy will receive a terrorism exclusion (attached) that excepts those acts covered by the Terrorism Risk Insurance Act of 2002. There are other specific exceptions to coverage that are also attached to this memorandum. They are for any future claims based on or arising out of anything to do with Enron (we do not yet have a copy of this exclusion but hope to by the meeting date), Fungus & Mold, and Intellectual Property. The "Enron Exclusion" is troublesome but only as it relates to potential claims related to the Authority's involvement with Enron that have not yet been filed. The exclusion will not impact those claims received and already reported to the insurer.

Loss Patterns

Different types of loss exposures produce different loss patterns. For example, worker compensation losses tend to occur relatively frequently, but are usually not severe. In contrast, pollution losses do not occur very frequently, but when they do occur, they are usually severe. These loss patterns are important to keep in mind when determining the level of risk retention and/or the limit of insurance to purchase. Losses characterized by high frequency and low severity are more easily retained because the projection of future loss experience is easier due to a high volume of smaller losses. Also, there is less chance of an unexpected claim being so severe as to disrupt the operating budget.

Ultimately, it is the organization's philosophy regarding risk that will guide the Board to select the appropriate level of coverage. Because of the aggressive pricing, AIG obviously believes that CRRA's chances of receiving additional claims against this policy are significant due to the Enron bankruptcy.

CRRA has submitted notice of two claims under this policy. One is still active and ongoing. To date we have spent approximately \$24,000 in outside counsel defense costs and it is still very early in the case. CRRA's deductible is \$100,000. The other claim was withdrawn. In order to preserve coverage, we also notified the carrier of the potential for additional claims as a result of the Enron bankruptcy.

Attachments

BoardMemoPublicOfficials'04

Connecticut Resources Recovery Authority		
Public Officials Policy Comparison		Renewal Policy- AIG 69192 (9/02) Yes
Expiring Policy – AIG Form 49612 (1/90) Yes		
Claims Made Coverage		Yes
Insuring Agreement - Pay on Behalf	Yes for Insuring Agreement A and C	Yes for all Insuring Agreements
Defense Provisions - The Company shall appoint an attorney and defend any Claim	Yes	Yes
Definitions		
- Arising Out of- originating from, having its origin in, growing, out of, flowing from	Yes	Yes
- Claim – judicial proceeding alleging a Wrongful Acts that is filed in a court of law.	Yes	Yes
- Damages – a monetary judgment	Included in definition of Loss	Yes
- Defense Costs -- reasonable and necessary fees, costs and expenses	Yes	Yes
- Employment Practices Violations	Yes	Yes
- Insured – Public Entity, elected or appointed officials, employees, commissions, boards, volunteers	Yes	Yes
- Wrongful Act – actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission of EPL violation	Yes	Yes

<ul style="list-style-type: none"> - Pending or Prior Litigation - Prior Notice - Fungus and Mold Exclusion 	<p>Yes Yes No</p>		<p>Yes Yes Yes</p>
<p>Conditions</p> <ul style="list-style-type: none"> - Notice/Claims Reporting <p>As soon as possible within the policy period/within 30 days after the end of the policy period</p> <ul style="list-style-type: none"> - Discovery Clause - Automatic Discovery Period of 60 days/ Optional Discovery of 12 months for an additional premium of 50% of the total premium 	<p>Yes Yes</p>		<p>Yes Yes</p>

TOTAL TERRORISM EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that this insurance does not apply to any loss, injury, damage, claim or suit, arising directly or indirectly as a result of or in connection with "terrorism" including but not limited to, any contemporaneous or ensuing loss caused by fire, looting or theft.

DEFINITION - The following definition of terrorism shall apply:

"Terrorism" means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

"Terrorism" includes a certified act of terrorism defined by Section 102. Definitions, of the Terrorism Risk Insurance Act of 2002 and any revisions or amendments.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

**TERRORISM EXCLUSION ENDORSEMENT
(WITH AN EXCEPTION FOR CERTIFIED ACTS OF TERRORISM UNDER THE TERRORISM RISK
INSURANCE ACT OF 2002)**

In consideration of the premium charged, it is hereby understood and agreed that this insurance does not apply to any loss, injury, damage, claim or suit, arising directly or indirectly as a result of or in connection with "terrorism" including but not limited to, any contemporaneous or ensuing loss caused by fire, looting or theft.

DEFINITION - The following definition of terrorism shall apply:

"Terrorism" means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

This exclusion does not apply to a certified "act of terrorism" defined by Section 102. Definitions, of the Terrorism Risk Insurance Act of 2002 and any revisions or amendments. For purposes of this endorsement and in compliance with the Terrorism Risk Insurance Act of 2002, an "act of terrorism" shall mean:

(1) Act of Terrorism -

(A) Certification. - The term "act of terrorism" means any act that is certified by the Secretary of the Treasury of the United States of America, in concurrence with the Secretary of State, and the Attorney General of the United States of America --

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to --

(I) human life;

(II) property; or

(III) infrastructure;

(iii) to have resulted in damage within the United States of America, or outside of the United States of America in the case of --

(I) an air carrier or vessel described in paragraph (5)(B); [for the convenience of this endorsement, paragraph (5)(B) reads: occurs to an air carrier (as defined in Section 40102 of title 49, United States Code) to a United States flag vessel (or a vessel based principally in the United States of America, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States of America), regardless of where the loss occurs, or at the premises of any United States mission];

(II) the premises of a United States mission; and

- (iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States of America or to influence the policy or affect the conduct of the United States Government by coercion.
- (B) Limitation. -- No act shall be certified by the Secretary as an act of terrorism if --
- (i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
 - (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.
- (C) Determinations Final. - Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.
- (D) Nondelegation. - The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

FUNGUS AND MOLD EXCLUSION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the following amendments to the policy shall apply:

1. The Section of the policy entitled "DEFINITIONS" is hereby amended to add the following at the end thereof:

"Fungus(i)" includes, but is not limited to, any of the plants or organisms belonging to the major group Fungi, lacking chlorophyll, and including Molds, rusts, mildews, smuts, and mushrooms.

"Mold(s)" includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and Fungi that produce Molds.

"Spore(s)" means any dormant or reproductive body produced by or arising or emanating out of any Fungus(i), Mold(s), mildew, plants, organisms or microorganisms.

2. The Section of the policy entitled "EXCLUSIONS" is amended to add the following at the end thereof:

This policy does not apply to any Damages or Claim:

(a) alleging, Arising Out Of, based upon, attributable to, or in any way involving, directly or indirectly:

- (1) Fungus(i), Mold(s), mildew or yeast;
- (2) Spore(s) or toxins created or produced by or emanating from such Fungus(i), Mold(s), mildew or yeast;
- (3) substance, vapor, gas, or other emission or organic or inorganic body or substance produced by or arising out of any Fungus(i), Mold(s), mildew or yeast; or
- (4) material, product, building component, building or structure, or any concentration of moisture, water or other liquid within such material, product, building component, building or structure, that contains, harbors, nurtures or acts as a medium for any Fungus(i), Mold(s), mildew, yeast, or Spore(s) or toxins emanating therefrom,

regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to such Claim.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED

**PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY
INTELLECTUAL PROPERTY EXCLUSION**

In consideration of the premium charged, it is hereby understood and agreed that the EXCLUSIONS section of the policy is amended to include the following:

This policy does not apply to Damages or Claim:

arising out of any misappropriation of trade secret or infringement of patent, copyright, trademark, trade dress or any other intellectual property right.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Public Officials and Employees Liability Insurance Renewal

RESOLVED: That the President is authorized to procure \$3,000,000 of Public Officials and Employees Liability insurance from American International Specialty Lines Company (AISLIC) for the period 3/22/03 – 3/22/04 with terms and conditions as discussed at this meeting for a premium of \$ 233,433.

TERRORISM RISK INSURANCE ACT (TRIA) OF 2002

PROPERTY INSURANCE - \$450 MILLION						
Insurer	Percentage	Quote	Accept	Reject	Premium Paid	Coverage Provided
Commonwealth	5%	\$5,000	x		\$5,000	\$22,500,000
ACE Global	5%	\$3,211	x		\$3,211	\$22,500,000
Zurich	10%	\$828	x		\$828	\$45,000,000
XL Winterthur	15%	\$9,583	x		\$9,583	\$67,500,000
HSB/AIG	55%	\$30,000		x	\$0	\$0
Liberty	10%	\$47,133		x	\$0	\$0
Totals	100%				\$18,622	\$157,500,000

COMMERCIAL GENERAL LIABILITY/POLLUTION LEGAL LIABILITY - \$1 MILLION						
Insurer	Percentage	Quote	Accept	Reject	Premium Paid	Coverage Provided
AIGLIC	100%	\$115,478	x		\$115,478	\$1,000,000

PUBLIC OFFICIALS AND EMPLOYEES LIABILITY - \$5 MILLION						
Insurer	Percentage	Quote	Accept	Reject	Premium Paid	Coverage Provided
AIGLIC	100%	\$632		x	\$0	\$0

EMPLOYED LAWYERS LIABILITY - \$2 MILLION						
Insurer	Percentage	Quote	Accept	Reject	Premium Paid	Coverage Provided
AIGLIC	100%	\$65		x	\$0	\$0

AUTOMOBILE LIABILITY - \$1 MILLION						
Insurer	Percentage	Quote	Accept	Reject	Premium Paid	Coverage Provided
Commerce & Industry	100%	\$35,480		x	\$0	\$0

Wobbly CRRA Deserves Chance To Right Itself

When he signed on to captain

the founding Connecticut Resources Recovery Authority in

December, Tom Kirk

saw the Enron-inflicted \$220 million budget hole in its starboard side — and didn't blink.

Two months later, serious cash flow problems threaten to sink the region's trash authority. It is losing \$2 million a month, a pace that could have it bankrupt — at least temporarily — by the spring. And that's not the half of it. In the next two months, or whenever the state budget mess is solved, you're going to hear spirited discussions at the Capitol about whether this quasi-public agency needs to be disbanded or recast in its role. Behind the scenes, it will be the Metropolitan District Commission, the region's water authority and sometime-sparring partner of CRRA, that will be making the most noise about making CRRA disappear.

Enron simply won't go away.

The outlook for CRRA should turn for the better once a legislature-approved bailout, allowing the agency to borrow up to \$115 million, is implemented. CRRA also has an additional \$3.3 million in back revenue coming to it from Connecticut Light & Power, which has withheld payments pending liability concerns connected to Enron.

Tuesday, after resolving one of its concerns, the electric company wired \$1.6 million to CRRA.

"We're not concerned about eventually not ending up with that money," says Kirk, CRRA's CEO. "But our cash flow situation is such that we'd rather get it sooner rather than later."

CRRA's real battle will be against its critics who, while recognizing the management shake-up in the



STAN SIMPSON

operation, will neither forgive nor forget the organization's squandering of \$220 million in public money in the ill-fated Enron deal.

"A year ago, we thought the CRRA situation was bad. A year later, we know it's worse than we thought," says state Budget Director Marc Ryan. "And given the cash flow problems that CRRA has, you have to begin to ask yourself, do we need to step back and look at other options here."

The Rev. Paul Ritter, an outspoken MDC board member, says CRRA is not worthy of a state bailout.

"Their edge of bankruptcy is their own making," Ritter says. "There was a lot of underhanded mess going on there, and a lot of waste."

The MDC's motive in wanting to take over CRRA's lucrative 70-town, \$94 million Mid-Connecticut project is money. The water agency currently serves three functions at the project — operating the waste-processing portion of a trash-to-energy plant in Hartford; overseeing two of four transfer stations; and running the Hartford landfill.

MDC insiders say if CRRA's debt problem can be worked out, that lawmakers should anoint MDC to take over the Mid-Connecticut Project.

That may get a laugh from anyone who has followed the MDC, a quasi-public agency fraught with mismanagement, cronyism, poor morale and a long history of discrimination and retaliation complaints from staff. The last thing this operation needs is more responsibilities. In the midst of a personnel shake-up of its own, MDC recently hired retired Brig. Gen. M. Stephen Rhoades as its CEO.

The CRRA and MDC have a longstanding hissing match related to fees and services. With each having new CEOs, relations between the two agencies should improve. But if an MDC whispering campaign to disband CRRA resounds at the Capitol, then it will be the same-o, same-o.

Tom Kirk and CRRA board Chairman Michael Pace — two straight-shooters — deserve the opportunity to salvage their organization from a situation that neither had anything to do with. If by next year this time, cash flow problems are as pronounced as they are now, then discussions about CRRA's future can begin. For now, CRRA has shown it can still get rid of our trash for a reasonable price.

"If it turns out that the structure of CRRA is not the best mechanism to deal with this (debt) then we should go to the best mechanism," Kirk says. "But I'd be surprised if we find that to be the case. We are fundamentally a very sound organization. Other than being a victim of the Enron debacle, I think we're in pretty good shape."

Well, as good as any sinking ship in rough seas can be.

■
Stan Simpson's column appears Wednesdays and Saturdays.

8/12/03

Conant

OTHER OPINION

CRRRA Stalls On The Road To Recovery

Eleven months ago, the three wise men climbed down from the mountain and showed us the light. Chosen by Gov. John G. Rowland and handed a mighty challenge, the trio



MICHELE JACKLIN

devised a plan to deliver us from the ravages of the failed deal between the Connecticut Resources Recovery Authority and Enron.

It was a good plan, a wise plan. For a time, substantial progress was made in minimizing the fallout and straightening out the mess.

The trash authority's board of directors was reconstituted; tipping fees rose but not exorbitantly; a new president was hired; CRRRA's operating expenses were slashed; a lawsuit to recover the lost \$220

million was filed; nuisance lawsuits were settled; cellphones and cars were no longer doled out to employees like gumdrops; and a financial bailout was approved by the legislature.

All was right (or mostly right) at CRRRA's headquarters in Hartford's Convention Plaza.

And then another plan was delivered, wrapped in a glossy cover and dated Dec. 31, 2002. This second plan was a status report on "all aspects of CRRRA's finances and administration." The contents weren't encouraging.

On Page 6 appeared these chilling words: "The Authority will run out of surplus funds to cover operations during the first quarter of 2003." The first quarter ends next month. CRRRA officials say they face a potential cash flow shortfall of \$2.5 million in the fiscal year that ends June 30 and an \$18.5 million shortfall in the next fiscal year.

The chief reason, though not the only reason, for the deficiency is a decision by Connecticut Light & Power Co. to withhold roughly \$3.6 million from CRRRA.

The utility argues that the money belongs to Enron and that creditors of the bankrupt energy company could lay claim to the money. Although Attorney General Richard Blumenthal disagrees, the \$3.6 million has been placed in the equivalent of an escrow account until the matter is resolved.

The unavailability of that money, together with other glitches that were not anticipated by the three wise men, has wreaked havoc with the authority's finances, increasing the likelihood that it will have to borrow money from the state earlier than expected and/or pass the higher costs along to its 70 Mid-Connecticut member towns.

"The bottom line is the authority is still struggling with the fact that there's \$200 million less in revenue coming in than there was before the Enron debacle," said Deputy Treasurer Howard Rifkin, who sits on the CRRRA's finance committee.

The plan crafted last year by the wise men — William J. Cibes Jr., Richard Orr and Richard Gray — gave the CRRRA the

ability to borrow up to \$115 million from the state, though the trash authority wasn't expected to begin drawing down on that loan for at least three or four years. Now, however, the CRRRA may have to borrow some of that money as early as April, depending on whether CL&P releases the \$3.6 million. But even the borrowing isn't a certainty; both state Treasurer Denise Nappier and budget czar Marc Ryan must first give their approval. Both are said to have reservations.

Whatever happens, it appears that tipping fees will rise by 7 percent on July 1 and each year thereafter through 2012. For municipalities, that's an unwelcome add-on considering that they've already been whipsawed by skyrocketing expenses and declining state aid.

The CRRRA's new regime is looking at a host of other cost-saving and revenue-raising schemes, not the least of which is an oft-trotted-out plan to allow the trash authority to reclaim the 5-cent deposit on recyclable containers. The CRRRA estimates that between 9 million and 12 mil-

lion bottles and cans that could have been redeemed for a nickel apiece have been processed at the trash-to-energy plants, creating slag and mucking up the boilers.

The so-called escheats proposal — whose annual demise at the Capitol is as predictable as the swallows returning to San Juan Capistrano — would, if miraculously approved, generate more than \$16 million a year. CRRRA officials say they would return a portion of that money to the state and use another portion to defray tipping charges.

Meanwhile, CRRRA officials will continue to work toward "restructuring an organization," says board member Stephen Cassano, "that had a lot of money and ran things pretty loose."

Maybe the three wise men could lend a hand.

Michele Jacklin is The Courant's political columnist. Her column appears every Wednesday and Sunday. To leave her a comment, please call 860-241-3163.

CRRA's Hartford operation out of money by March?

Agency plans to borrow from state, raise tipping fees for years

By Don Michak

Journal Inquirer

HARTFORD — Officials at the state trash authority — still scrambling to recover \$220 million lost in a controversial deal with the now-bankrupt Enron Corp. — say its biggest trash-to-energy operation will run out of money within the next two months.

Connecticut Resources Recovery Authority officials also say they expect the Mid-Connecticut Project to wind up the current fiscal year with a cash flow deficit of \$2.5 million — and run an \$18.5 million deficit the next year.

The shortfall comes despite a restructuring of the CRRA's board of directors, the firing of its president, a redefinition of the agency's powers, and a \$6-per-ton increase in the tipping fee charged the 60 towns that are members of the Mid-Conn Project.

It also follows the General Assembly's approval of a financial "rescue" package permitting the CRRA to borrow as much as \$115 million from the state. Many lawmakers believed the aid package had finally fixed the fiscal dilemma the trash authority faced after Enron's sudden financial collapse a year ago.

CRRA officials, however, say soured projections and other problems unforeseen at the time of the legislature's action — including the withholding of nearly \$9 million by Connecticut Light & Power Co., which has argued that it owes the money to Enron, and not the CRRA — now threaten to engulf the Mid-Conn Project in a sea of red ink.

To stem the tide, the officials say they expect to raise the Mid-Conn tipping fees over each of the next nine years — but that those increases would be "capped" at no more than 7 percent each year.

Nevertheless, consecutive 7 percent increases would mean the price paid by towns would be nearly 84 percent higher nine years hence than they are today.

When the CRRA's board discussed the planned tipping fee increases at a meeting last month, one director noted that model being used

by the authority "had tipping fees going to \$105 per ton in fiscal year 2010."

CRRA officials also say the "optimal" solution would be to immediately draw down all \$115 million in state loans so that they could refund the Mid-Conn debt. But they acknowledge the move would not be "fiscally prudent" in the state's current budget crisis.

Nevertheless, they plan to tap \$97 million in loans to fund annual cash flow deficits over the next decade, including enough to cover all of the projected \$18.5 million shortfall in fiscal 2004.

Perhaps more important, the officials expect to treat the loans as grants — at least for the next 11 fiscal years. All repayments of principal and interest to the state would be "deferred" over that period, they say.

Restructuring and extending the Mid-Conn Project's obligations likely would have been more difficult since two rating agencies downgraded its debt last year. Both firms cited concern over the ability of the CRRA to set tipping fees at a level high enough to cover its debt service, and one of the downgrades even came after the legislature had approved the aid package.

The Mid-Conn Project's precarious financial position is spelled out in a 60-page document the CRRA's three-member steering committee submitted to the legislature three weeks ago.

The statutorily mandated report says the bulk of the financial troubles experienced by the Mid-Conn Project stems from its failed deal with Enron, a transaction CRRA officials had characterized as a routine "energy sales swap" but Attorney General Richard Blumenthal later labeled "an illegal loan."

By assuming the obligations under an existing power supply contract with CL&P, Enron agreed to pay the CRRA an amount equivalent to 30 percent of the project's operating revenues, or nearly \$31 million by last month. But with the energy trading company's bankruptcy, the CRRA said it was forced to "draw down the once plentiful reserves that made the Mid-Connecticut Project the most successful resource recovery project in the state."

The report says the CRRA raided four "buckets" of reserve and other excess funds that could

be spent down at a "burn rate" of \$2.2 million a month.

While those funds were projected to cover the Enron shortfall into fiscal 2004, the report says two ensuing events reduced the amount of available money while at the same time increasing the "burn rate."

"As a result the authority will run out of surplus funds to cover operations during the first quarter of 2003," it concludes.

The report says the first problem arose when officials recently discovered that one of the "buckets" from which they had hoped to dip, a \$20 million reserve fund, had higher than expected minimum balance requirements. Instead of the \$13 million to \$19 million that had been thought to be available, the actual number was closer to \$1.18 million, it said.

The report says the second problem is "CL&P's refusal to pay for the energy it is receiving" from the Mid-Conn Project — despite the fact that CL&P is receiving payments for that electricity from Independent System Operator (ISO) New England." By last month, it says, the utility had withheld from the CRRA more than \$8.6 million in energy payments. But it adds that both parties were close to negotiating a settlement in the dispute.

Christopher D. Riley, a CL&P spokesman, said this week that the utility's position is that its contract with Enron remains in place and CL&P doesn't want to be exposed to claims by Enron for the same payments.

"Until the bankruptcy court decides, that contract will stay in place," he said. "But we're expecting probably by the end of the month that the court will terminate it, and we will work with the CRRA on trying to develop an agreement that is mutually beneficial."

Asked if CL&P expects to pay CRRA the amount the latter claims it's owed, Riley said only, "We have the responsibility to be as cautious as possible in these types of proceedings."

The steering committee report says CRRA is also negotiating with CL&P "to develop a mutually acceptable replacement contract" for the purchase of Mid-Conn energy.

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AP STATE WIRE

Ryan says agency will have to balance request with state budget

January 24, 2003
Associated Press

HARTFORD, Conn. — The state's budget director said Friday the Connecticut Resources Recovery Authority - which lost \$220 million in a failed deal with Enron - will have to balance its plans to draw on a state loan package with the ongoing budget crisis.

"We assured them that we know we need to do something, and we're waiting to set up a second meeting to make sure they remain solvent," budget chief Marc Ryan told the Journal Inquirer of Manchester in a story Friday.

Ryan serves as an ex-officio member of the CRRA board.

CRRA is not seeking any additional money from the state, but has proposed what spokesman Brian Flaherty called a "slightly accelerated" schedule for drawing on the \$115 million loan package approved by the legislature after the 2001 Enron deal fell through.

Under the deal, Enron received \$220 million in exchange for an agreement that the company would pay the trash authority \$28.5 million a year until 2012, ostensibly for power from a Hartford trash-to-energy plant, which Enron would then sell.

CRRA officials called it a legitimate energy transaction, but state Attorney General Richard Blumenthal has branded it an illegal loan.

The CRRA board has told state lawmakers that the agency's biggest trash-to-energy operation, the Mid-Connecticut Project, will end the current fiscal year with a cash flow deficit of \$2.5 million, and run an \$18.5 million deficit the next fiscal year.

Ryan said the state's own cash-flow problems mean the state has to be careful about its approach to the problem. Connecticut faces an estimated \$650 million deficit this fiscal year and a shortfall of \$1.5 billion to \$2 billion in the new fiscal year beginning July 1.

Flaherty said CRRA is confident that an agreement can be reached.

"(The Office of Policy and Management) has a legitimate concern, as one would with any loan, and that is that it gets paid back," he said.

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AD



Despite bailout, CRRA running out of money

Associated Press

HARTFORD — Despite a bailout package from the state, the Connecticut Resources Recovery Authority — which lost \$220 million in a failed deal with Enron — will have to borrow money and raise its fees, the Journal Inquirer of Manchester reported Thursday.

CRRA officials said in a report to state lawmakers that the agency's biggest trash-to-energy operation, the Mid-Connecticut Project, will run out of money within the next two months, the newspaper reported.

The project will end the current fiscal year with a deficit of \$2.5 million, and run an \$18.5 million deficit the next fiscal year.

Under the failed 2001 deal, the Houston-based energy company received \$220 million in exchange for an agreement to pay CRRA \$28.5 million a year until 2012, ostensibly for power from a Hartford trash-to-energy plant, which Enron would then sell.

CRRA officials called it a legitimate energy transaction, but state Attorney General Richard Blumenthal has branded it an illegal loan.

In the wake of Enron's collapse CRRA's president resigned, the board was restructured and "tipping" fees charged to the 70 member towns that bring their trash to CRRA were increased by \$6 per ton.

The project will end the current fiscal year with a deficit of \$2.5 million, and run an \$18.5 million deficit the next fiscal year.

The legislature also agreed to make up to \$115 million in state loans available to help offset the losses. But CRRA officials say, soured projections and unforeseen problems — including a dispute over whether nearly \$9 million is owed by Connecticut Light & Power Co. to CRRA or Enron — mean more money is needed now.

The Mid-Conn Project's financial position is outlined in a 60-page document the CRRA's

three-member steering committee submitted to the legislature three weeks ago.

Authority officials may raise the Mid-Conn tipping fees over each of the next nine years, with increases capped at 7 percent each year. When the CRRA's board discussed the increases at a meeting last month, one director noted that the model used by the authority "had tipping fees going to \$105 per ton in fiscal year 2010," the newspaper reported.

CRRA Chairman Michael Pace said the tipping fee increases may be avoided if two pieces of legislation are approved — one that would let CRRA collect the nickel deposit on cans and bottles it recycles, and another that would reduce the "dioxin tax" that CRRA pays on its emissions.

Revenue from the bottle bill would equate to a savings of about \$3.50 to \$4 per ton on tipping fees, he said.

As CRRA sinks, officials approve spending on geography lessons

By Don Michak
Journal Inquirer

HARTFORD — Officials at the state trash authority, whose biggest trash-to-energy project is expected to run out of money by March, have agreed to the distribution of \$120,000 from a geography-education fund established with a half-million dollars from the quasi-public agency.

The approval comes as the chairman of the Connecticut Resources Recovery Authority is seeking to cancel its contract with the fund and recoup the CRRA's controversial investment.

The \$120,000 disbursement would come from interest income earned by a \$1 million endowment created by the CRRA and the National Geographic Society in 1998.

They each put up \$500,000 to incorporate the "Connecticut Geography Education Fund" at the urging of former CRRA Chairman Peter Ellef, who also served as Gov. John G. Rowland's co-chief of staff.

Environmental commitment

The trash agency's former president, Robert Wright, who like Ellef lost his job after playing a key role in its controversial \$220 million deal with Enron Corp., said when the endowment was established that the decision to provide matching funds stemmed from the CRRA's commitment to the environment and education.

"This is an organization that sprang from geographical necessity," Wright said. "It was created to assist Connecticut cities and towns with the solid-waste management crisis they faced — a shortage of landfill space and a growing supply of waste."

But not all members of the CRRA's board agreed with Wright that geography lessons were part of the trash authority's mission, and four directors had voted against Ellef's recommendation.

The issue also was controversial because the National Geographic Society is chaired by a relative of Rowland, Gilbert Grosvenor, whose mother's maiden name was Rowland.

A spokesman for the governor, whose middle name is Grosvenor, has said any apparent connection between Rowland and the CRRA's investment was simply a matter of coincidence.

The fund's activities are coordinated by the Connecticut Geography Alliance, an organization of teachers and academic geographers.

The group has used the fund to support an annual Connecticut Geography Bee, as well as summer institutes for teachers and administrators, training for teachers, and "The Family Geography Challenge," a school-based program that encourages family members to watch the news together and identify the locations of newsworthy events.

The CRRA's spokesman, state Rep. Brian J. Flaherty, R-Watertown, told a board subcommittee in October that the alliance had delayed distribution of income from the fund in 2002 because of the changes in the authority's board and administration after the financial collapse of Enron.

He explained at the time that the \$120,000 was not an additional payment required from the CRRA. After a discussion about how the agency had "no claim" on that

money, the subcommittee moved to approve the distribution pending approval by a fellow director, Theodore H. Martland.

Martland is a member of the advisory board that oversees the fund. As CRRA's representative, he holds three votes on the panel, while officials from the Connecticut Geographic Alliance, the state Education Department, and Yale University hold one vote each.

Trying to get money back

CRRA Chairman Michael Pace also told the panel in October that he had asked Flaherty to determine whether the authority could withdraw its \$500,000 investment in the fund.

Flaherty and the CRRA's new president, Tom Kirk, said Friday that Pace's request was still under review. They also emphasized that the distribution of the interest income was a separate issue covered by the contract Pace is seeking to cancel.

"There is a contract, and that's what's being looked into," Flaherty said. "Under the terms of the contract, what are CRRA's options to demand our money back?"

"The board feels it's an awful lot of money to be left out of our control, out of our hands, but there's a contract," he added. "It's still being pursued."

Flaherty also said Pace wanted him to emphasize that the CRRA "is pursuing the \$500,000 diligently, along with several other contracts that we're looking at."

"We're finding out how, under the contract, we can get the money back, and that's not in any way affected by the release of the interest that had been saved up."

REPUBLICAN-AMERICAN

WATERBURY, CT
DAILY 61,000

TUESDAY
JAN 28 2003

New England Newspapers
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194 26

CRRA wants out of geography fund

Republican-American news services

HARTFORD — Officials at the state's financially strapped authority are seeking to recover over \$600,000 that had been part of an educational endowment, the Journal Inquirer of Manchester reported.

The Connecticut Resources Recovery Authority redistributed \$120,000 from the Connecticut Geography Education Fund and trash authority officials have said they'll seek to recover an additional \$500,000 from the fund, the newspaper reported Monday.

The \$120,000 was interest earned on the \$1 million education endowment. The endowment was created in 1998. CRRA and the National Geographic Society each put up \$500,000 to fund teacher training and an annual geography bee.

RECORD - JOURNAL

HERIDEN, CT
DAILY & SUNDAY 29,000

TUESDAY
JAN 28 2003

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139

CRRA wants out of geography fund

CRRA

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DAY

NEW LONDON, CT
DAILY 40,627

TUESDAY
JAN 28 2003

New England Newspapers
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CRRA wants out of geography fund

Hartford — Officials at the state's financially strapped trash authority are seeking to recover over \$600,000 that had been part of an educational endowment, the Journal Inquirer of Manchester reported. The Connecticut Resources Recovery Authority redistributed \$120,000 from the Connecticut Geography Education Fund and trash authority officials have said they'll seek to recover an additional \$500,000 from the fund, the newspaper reported Monday.

The \$120,000 was interest earned on the \$1 million education endowment. The endowment was created in 1998. CRRA and the National Geographic Society each put up \$500,000 to fund teacher training and an annual geography bee. He said officials also were looking at abandoning several other contracts to save money. The CRRA board has told state lawmakers that the agency's biggest trash-to-energy operation, the Mid-Connecticut Project, will end the current fiscal year with a cash flow deficit of \$2.5 million, and run an \$18.5 million deficit the next fiscal year.

New England Newsclip
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SP

Shelton transfer station CRRA hours are extended

By MARTY BODWICZ

Mayor Mark A. Lauretti has expanded the hours of operation at the city transfer station where, if he has his say, improvement may also be on the way.

Instead of closing at 12:30 p.m. on weekdays, the River Road facility will close at 2 p.m. On Saturday, the facility will close at 3 p.m. instead of 11 a.m.

The new hours went into effect earlier this month. "People should appreciate the later hours on Saturday, especially," Lauretti said.

Lauretti said he wants to install a compactor at the transfer station. Currently, the trash is compacted by a pay loader.

The Connecticut Resources Recovery Authority (CRRA) owns the transfer station, which is next to the former landfill. Any changes to the

facility must be approved by the state Department of Environmental Protection (DEP).

Lauretti, who serves on the CRRA Board of Directors, said he hopes to persuade CRRA to pay for the compactor.

"The cost of the compactor is the subject of some debate," he said. Some grant money may be available to buy the compactor, he said.

The transfer station is owned by CRRA and overseen by the DEP, but the employees at the transfer station are city employees.

Lauretti said he also wants to install a new collection bin at the transfer station for recyclable items.

CONNECTICUT POST

BRIDGEPORT, CT
DAILY 77,679

TUESDAY
JAN 28 2003

New England Newsclip
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16

NO

Shelton Recreation opens possibility of ATV track

By ANTHONY SPINELLI

tspinelli@ctpost.com

CRRA
SHELTON — There may be room on city-owned land for all-terrain vehicles after all.

The city is considering a new ordinance that would bar the vehicles from all public land.

But if ATV riders were to request a legal place to ride, the Parks and Recreation Commission might be able to find one for them, said Alderman John R. Papa, R-4, the commission's chairman.

Papa spoke in favor of looking into a city ATV track at a public hearing last week on the

proposed new ordinance to govern city-owned open space. The ATV ban is being considered as part of that ordinance.

At least one young rider asked the aldermen publicly for a city ATV track. The aldermen advised him to take his request to the recreation commission. The panel next meets Feb. 26.

"We don't buy land, we run programs. We'd ask [city officials] what land there is available," Papa said.

Mayor Mark Lauretti said Friday he already knows of one possible location for an ATV track — near the landfill currently used by the Connecticut

Resources Recovery Authority.

If the authority gives the land to the city, it could be a good spot for an ATV track, Lauretti said. But there would have to be rules for its use because the city would be liable for injuries there.

"I'd support it if the recreation commission addresses the liability and control issues," Lauretti said.

Some aldermen support such a track, including John "Jack" Finn, D-1.

"This doesn't mean it's going to happen, but the wheels are in motion," Finn said.

As for the open space ordinance that rules out ATVs on

public lands, the aldermen will probably vote on the ordinance revision at their meeting Feb. 13.

The proposed revision is a prohibition against the operation of any motorized vehicles on city open space, except those used for maintenance, handicapped accessibility and emergencies.

The open space areas will close at dusk, in general, and it will be forbidden to destroy or disturb any plant life or animal habitat in city open spaces.

Anthony Spinelli, who covers Shelton, can be reached at 736-5440.

CHRONICLE

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THURSDAY
JAN 30 2003

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AGENCY, INC.

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Disposal rate increases are virtually in the bag

By ^{CRRRA}ROGER B. SNOW
Chronicle Staff Writer

COVENTRY — Rates for the town's pay-as-you-throw trash pickup could go up soon.

Town Manager John Elsesser said in a recent interview that he has received nothing in writing from the Connecticut Resource Recovery Authority indicating that its rates will go up, but added that a rate increase is expected. CRRRA, which burns refuse from Coventry at its trash-to-energy plant in Hartford, is expected to raise rates for all of the towns that it serves to cover a \$220 million loss from a failed deal with the now bankrupt Enron Corp.

Coventry residents must dispose of their trash in special green bags sold by the town.

The bags, which bear the image of Coventry's most famous native son, Nathan Hale, cost 50 cents each for kitchen-size and \$1 for a larger size. The town may have to raise its price for those bags, Elsesser said.

Hebron Town Manager Robert E. Lee said this morning that at a recent Capitol Region Council of Governments meeting he learned that CRRRA is considering increasing its current rate of \$57 per ton for trash disposal to \$61, a seven-percent increase.

Additionally, he said CRRRA might continue to raise its rates by 7 percent a year over the next seven years.

CRRRA currently operates trash-to-energy plants in Bridgeport, Wallingford, Preston and Hartford, each of which is run independently. Lee said that the Hartford plant currently offers the lowest per-ton rate and would likely be the cheapest option in

the future.

Both Coventry and Hebron have several years left on 10-year contracts with CRRRA. Lee and Elsesser both said that their respective towns would continue to send their trash to the Hartford incinerator until the contracts have ended before trying to find cheaper alternatives.

The price residents pay for the bags covers the disposal fees charged to the Coventry by CRRRA, Elsesser said. Residents also pay a yearly fee for trash pickup, but recyclables are picked up for free.

"People that use the pickup more have to pay more," Elsesser said, adding that if the town did not have a pay-as-you-throw arrangement, increases in CRRRA's fees would have to be covered by property taxes.

A person living alone with one bag of trash per week could bear more of a burden than a family putting out five bags per week. The pay-as-you-throw arrangement, Elsesser said, is fairer.

Elsesser said that he and the town council could not say whether or by how much the bags would increase in price, and said that a decision would be made as soon as CRRRA published its new rates.

Hebron selectmen have discussed selling \$25 yearly transfer station permits to its residents, who currently may bring their trash to the transfer station for free, or may pay a private hauler for curbside pickup. Selling the permits would help offset the cost of running the transfer station and help to meet increased costs as a result of the anticipated CRRRA rate increase.

Memorandum

To: Thomas D. Kirk, President
From: Peter Egan, Director of Environmental Services
Date: February 11, 2003
Re: Annual Christmas Bird Count – Hartford Landfill

Each year CRRA provides the Hartford Audubon Society access to the Hartford Landfill in support of this organization's annual Hartford Area Christmas Bird Count. The Audubon Society conducted the bird count on Saturday, December 28, 2002. The Hartford Landfill is one of several sites that are visited by this organization in the Hartford area throughout the selected day. The intent of the bird count is to monitor and inventory bird populations. The Christmas Bird Count is coordinated nationally by the Audubon Society, with approximately 1700 separate "counts" being conducted nationwide. CRRA is proud to support this activity, and will continue to do so in the future.

For your information I have attached correspondence from the Hartford Audubon Society thanking CRRA for access to the landfill and summarizing the highlights of their bird count.



Roaring Brook Nature Center

70 Gracey Road • Canton, Connecticut 06019 • 860/693-0263 • Fax 860/693-0264

03 FEB -3 AM 11: 23

RECEIVED
CONN. RESOURCES
RECOVERY AUTHORITY
January 31, 2003

Mr. Peter Egan, Director of Environmental Services
The Connecticut Resources Recovery Authority
100 Constitution Plaza
Hartford, CT 06103-1722

Dear Mr. Egan :

On behalf of the Hartford Audubon Society, thank you for allowing us access to your north meadows landfill site on December 28th for the purpose of conducting our annual Hartford Area Christmas Bird Count. I'm sorry it has taken so long to write to you, however, I have been away for much of January due to the passing of both my mother and mother-in-law earlier this month.

This year's Count featured cold (although not nearly as cold as it would get in mid-January) temperatures and sunny skies. Arriving at your site in mid-morning, we were treated to the sight of two adult Bald Eagles moving effortlessly downriver. This sighting constituted two of the three eagles seen on the Count!

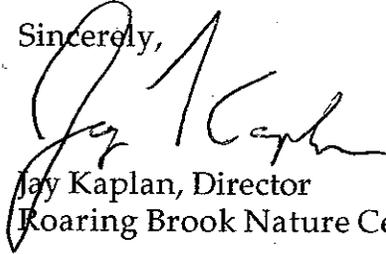
This year, we noted a resurgence in the Starling roost that frequents the landfill area. At its peak, this roost was the largest in Connecticut, numbering in excess of 50,000 birds. Starling counts have been decreasing for several years, and last year saw a tremendous drop in numbers. This year, we estimated the Union Station Starling roost to be back up to about 25-30,000 birds. Although not all these birds frequent the landfill area, many do feed there by day. This year, there were also more gulls, pigeons and crows than there were last year.

Highlights for the area are always the birds of prey and this year was no exception. In addition to the eagles and a heavy concentration of Red-tailed Hawks, we also encountered a Merlin in the landfill. These bird-eating falcons help to control the starling population just a little bit.

Finally, allowing us access into some of the landfill's grassy areas was most helpful. We tallied several small flocks of Horned Larks, a bird that frequents open, grassy habitat. We also increased our sparrow counts in the grassy and weedy sections.

Again, thank you for allowing us access to the landfill area. It remains an important part of our Christmas Bird Count. If you would like a full ten year record of Hartford Christmas Count results, let me know and I will send one to you. If I may be of service to you in the coming months, please feel free to contact me at Roaring Brook Nature Center, 70 Gracey Road, Canton, CT 06019. I may be reached at (860) 693-0263. You may also e-mail me at jkaplan@sciencecenterct.org. Best wishes for a happy and healthy New Year!

Sincerely,



Jay Kaplan, Director
Roaring Brook Nature Center

(also) Co-compiler,
Hartford Christmas Bird Count

CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY

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

December 9, 2002

Mr. Jay Kaplan
Roaring Brook Nature Center
70 Gracey Road
Canton, CT 06019

Dear Mr. Kaplan:

The Connecticut Resources Recovery Authority by copy of this letter will grant the Hartford Audubon Society ("HAS") access to the Hartford landfill, as in the past, for the sole purpose of performing their annual Christmas Bird Count.

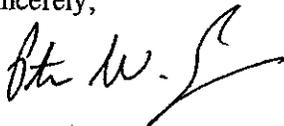
The HAS will be allowed access to the landfill site on Saturday, December 28, 2002 during our operating hours of 6:30 AM to 2:30 PM. As we discussed on the telephone last week, your survey activities should be restricted to the access road along the south border, the access road and dike along the east side of the landfill, and the northeast corner of the major landform. Members of your group are prohibited from walking onto the landfill dumping areas or filming any of CRRA's operations. Please feel free to film any wildlife that you wish to. Upon arrival, please notify the landfill supervisor at the scale house that you are beginning your survey. You and your members will also be required to sign a liability waiver prior to entry onto the site.

I have enclosed a schematic drawing of the landfill highlighting the areas to which you may have access, including the northeast area at the top of the main landform.

CRRA appreciates the opportunity to support the efforts of your organization. I wish you success in completing this annual count and as usual look forward to hearing what types of bird species you and your group are able to identify.

If you should have any questions, please do not hesitate to contact me at 860-757-7725.

Sincerely,



Peter W. Egan
Director of Environmental Services

Attachment

cc: David Bodendorf, CRRA
Angelo Ortisi, CRRA
Brian Flaherty, CRRA
David Arruda, MDC
Richard Blanks, MDC

02 DEC -4 AM 10: 39

70 Gracey Road
Canton, CT 06019
December 2, 2002

RECEIVED
CONN. RESOURCES
RECOVERY AUTHORITY

Mr. Peter Egan, Director of Environmental Services
The Connecticut Resources Recovery Authority
100 Constitution Plaza
Hartford, CT 06103-1722

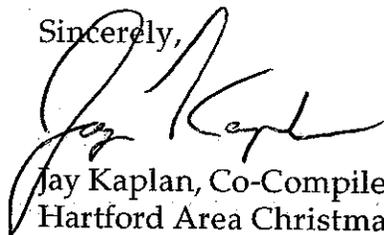
Dear Mr. Egan:

Once again, it is time to plan for the upcoming Hartford Area Christmas Bird Count. Administered by the Hartford Audubon Society, this year's Count is scheduled for Saturday, December 28, 2002. In past years, The CRRA has been kind enough to grant us access to the dike that runs adjacent to your property in the north meadows. The landfill area remains an important observation point from which to scan the Connecticut River, as well as the woodlands that lie between the River and the dike. The area holds numerous raptors and other species, including birds that frequent the area immediately surrounding the landfill site.

It is my hope that you will be able to grant our group access to your property on the date of our Count. I recognize that we would be restricted to the perimeter road and that we are not to photograph any of your operations. You might be interested in knowing that the Hartford Count continues to be one of the largest of the 1700 counts nationwide. Last year, we again had well over 100 participants, ranking near the top in terms of Count participation, nationwide!

Should you require any additional information, please do not hesitate to contact me. I may be reached at Roaring Brook Nature Center in Canton (860-693-0263). Thank you for your consideration and I look forward to hearing from you at your earliest convenience.

Sincerely,



Jay Kaplan, Co-Compiler
Hartford Area Christmas Bird Count

Memorandum

To: John D. Clark, Operations Division Head
From: Virginia Raymond, Project Analyst
Date: February 6, 2003
Re: Monthly Customer Delivery Report - MSW

The following summarizes deliveries for the period ending January 31, 2003. Attached are individual, detailed reports on each of the four projects. The following table provides a summary of member town deliveries to each project. Member deliveries were down for January at the Mid-Connecticut, Bridgeport and Wallingford plants. This is consistent with the historic trend of lower waste deliveries during the winter months.

Monthly Customer Delivery Report Member Municipal Solid Waste

Project	January 2002 Deliveries	January 2003 Deliveries	January % Change (5)	FY 2003 YTD Tons	YTD % Change (4)
<i>Mid-Connecticut (1)</i>	72,281	69,400	-4.0%	520,318	2.1%
<i>Bridgeport-CRRA (2)</i>	51,915	48,521	-6.5%	354,945	-6.3%
<i>Bridgeport-Company(3)</i>	7,893	15,326	94.2%	73,324	51.7%
<i>Bridgeport Total</i>	59,808	63,847	6.8%	426,270	0.1%
<i>Southeast</i>	12,722	13,375	5.1%	100,952	5.1%
<i>Wallingford</i>	13,388	12,473	-6.8%	91,740	-3.5%

1. Includes member and contract municipalities.
2. Includes member, CRRA contract, and diverted waste.
3. Includes in-state and out-of-state company customers.
4. YTD percent change compares FY02 YTD tonnage to FY03 YTD tonnage.
5. January percent change compares January 2003 tonnage with January 2002 tonnage.

The following items are noted:

1. Mid-Connecticut member deliveries were down 4% with the most significant decline being a 1,680 tons drop (16%) in City of Hartford deliveries. City of Hartford bulky waste receipts are down as well. CRRA enforcement personnel have been asked to look into the matter.
2. The increase in Bridgeport Company waste is a result of the termination of CRRA's New Haven contract and good plant operations.
3. The decrease in North Haven waste deliveries and the increase in Hamden deliveries may be attributable to hauler misrepresentation regarding the origin of waste. CRRA enforcement staff is investigating to verify the situation.
4. The increase in spot waste deliveries during the month of January at the Southeast Plant is attributable to diversions from the Essex transfer station to accommodate the Mid-Connecticut scheduled outage.
5. A total of 10,598 tons of waste was diverted and exported from the Mid-Connecticut Project during January.

Mid-Connecticut Project

Municipal Solid Waste Tonnage

Member Towns

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Beacon Falls	4,870	3,349	1,695	2,083	23%	254	272	7%
Bethlehem	2,086	2,106	1,249	1,213	-3%	162	149	-8%
Canton	5,439	5,547	3,260	3,364	3%	468	453	-3%
Chester	2,048	1,950	1,072	1,053	-2%	118	136	15%
Clinton	10,205	11,264	6,633	6,974	5%	930	859	-8%
Colebrook	814	838	502	545	9%	58	73	27%
Deep River	2,895	3,312	1,932	1,865	-3%	310	241	-22%
East Granby	3,731	3,451	2,102	1,896	-10%	256	252	-2%
East Hampton	6,435	8,446	4,509	6,021	34%	853	894	5%
East Hartford	40,668	42,390	25,176	24,260	-4%	3,553	3,268	-8%
Ellington	7,315	7,830	4,541	4,957	9%	669	737	10%
Enfield	34,512	36,399	21,169	21,685	2%	3,058	3,281	7%
Essex	5,106	5,180	3,113	3,096	-1%	431	412	-4%
Farmington	17,243	16,063	9,493	9,472	0%	1,291	1,068	-17%
Glastonbury	21,030	20,960	12,992	11,998	-8%	1,768	1,565	-12%
Goshen	1,338	1,489	907	1,079	19%	120	131	9%
Granby	5,536	5,702	3,364	3,521	5%	491	450	-8%
Hartford	115,720	124,654	72,720	66,529	-9%	10,285	8,605	-16%
Harwington	2,347	2,356	1,422	1,456	2%	178	206	16%
Killingworth	2,649	2,605	1,595	1,576	-1%	258	215	-17%
Litchfield	5,789	5,812	3,434	3,510	2%	478	470	-2%
Lyme	859	889	542	552	2%	79	73	-8%
Middlebury	3,434	3,396	2,011	2,358	17%	314	311	-1%
Naugatuck	25,333	28,451	16,482	17,209	4%	2,392	2,246	-6%
Newington	34,200	29,440	17,130	17,914	5%	2,366	2,383	1%
North Branford	8,729	8,098	4,940	5,042	2%	689	628	-9%
Old Lyme	4,337	6,367	3,810	2,925	-23%	500	281	-44%
Old Saybrook	16,765	17,733	10,866	10,822	0%	1,232	1,299	5%
Oxford	3,853	4,415	2,563	2,662	4%	386	368	-5%
RRDD#1	14,518	14,888	8,689	8,168	-6%	1,196	985	-18%
Rocky Hill	14,430	14,476	8,427	8,563	2%	1,257	1,204	-4%
Simsbury	14,743	14,823	8,789	9,108	4%	1,239	1,228	-1%
South Windsor	21,171	21,599	12,723	14,330	13%	1,765	2,102	19%
Southbury	13,280	13,389	7,991	7,939	-1%	1,123	1,068	-5%
Thomaston	6,281	6,697	3,626	3,474	-4%	672	408	-39%
Torrington	30,429	30,642	17,976	20,230	13%	2,488	2,929	18%
Vernon	21,123	20,216	12,013	12,470	4%	1,657	1,732	5%
Watertown	17,581	17,800	10,381	10,682	3%	1,459	1,500	3%
West Hartford	45,972	47,449	27,869	29,724	7%	3,838	3,746	-2%
Westbrook	4,694	5,566	2,936	4,313	47%	478	473	-1%
Wethersfield	17,481	17,862	10,028	10,986	10%	1,352	1,451	7%
Woodbury	5,842	5,959	3,589	3,505	-2%	472	440	-7%
Total Tonnage	622,827	641,858	376,261	381,129		52,946	50,590	
Growth Rate		3.1%			1.3%			-4.4%

Mid-Connecticut Project

Municipal Solid Waste Tonnage

Contract Towns

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Avon	12,265	12,183	7,128	7,475	5%	1,030	1,051	2%
Bloomfield	11,866	13,917	7,006	8,518	22%	1,182	1,137	-4%
Bolton	1,950	2,039	1,245	1,188	-5%	147	165	12%
Canaan	714	757	471	457	-3%	57	62	10%
Cornwall	732	703	412	557	35%	57	82	45%
Coventry	4,168	3,780	2,281	2,331	2%	326	339	4%
Cromwell	13,547	13,953	7,972	7,509	-6%	1,109	1,039	-6%
Durham/Middlefield	6,829	6,771	4,086	4,014	-2%	493	515	5%
East Windsor	7,427	8,912	6,353	3,688	-42%	578	475	-18%
Guilford	-	4,548	764	6,220	714%	764	789	3%
Haddam	3,733	3,747	2,282	2,229	-2%	321	273	-15%
Hebron	4,009	3,999	2,520	2,351	-7%	325	301	-7%
Madison	-	4,371	807	5,776	616%	807	774	-4%
Manchester	43,418	41,918	25,283	24,794	-2%	3,471	3,524	2%
Marlborough	2,568	3,064	1,665	2,167	30%	247	286	16%
Norfolk	909	951	555	621	12%	70	87	23%
North Canaan	3,076	2,975	1,783	1,760	-1%	215	228	6%
Portland	5,694	5,507	3,321	3,045	-8%	443	423	-5%
Roxbury	992	1,035	635	631	-1%	88	83	-5%
Salisbury/Sharon	5,617	5,336	3,305	3,237	-2%	431	380	-12%
Suffield	6,866	7,239	4,396	4,355	-1%	582	543	-7%
Tolland	5,834	5,918	3,519	3,726	6%	513	518	1%
Waterbury	68,919	65,302	38,973	37,466	-4%	5,182	5,041	-3%
Windsor Locks	10,887	10,745	6,660	5,074	-24%	898	692	-23%
Total Tonnage	222,021	229,667	133,422	139,188		19,335	18,810	
Growth Rate		3.4%			4.3%			-2.7%

Member & Contract Towns

Total Tonnage	844,848	871,526	509,683	520,318		72,281	69,400	
Growth Rate		3.2%			2.1%			-4.0%

Mid-Connecticut Project

Municipal Solid Waste Tonnage

In State Spot

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Ashford	765	199	199	-	-100%	-	-	0%
Cheshire	-	468	-	459	0%	-	-	0%
Colchester	2,802	827	827	26	-97%	-	-	0%
CRRA Wallingford	15,829	3,185	1,763	-	-100%	-	-	0%
Eastford	582	78	78	-	-100%	-	-	0%
Hamden	-	710	-	624	0%	-	-	0%
Lebanon	6	-	-	-	0%	-	-	0%
Meriden	-	487	-	514	0%	-	-	0%
New Haven	4,469	467	338	-	-100%	-	-	0%
North Haven	-	501	-	385	0%	-	-	0%
Somers	71	-	-	9	0%	-	-	0%
Thompson	26	-	-	-	0%	-	-	0%
UConn/Storrs	7,079	7,885	4,648	3,656	-21%	600	-	-100%
Union	207	83	83	-	-100%	-	-	0%
Wallingford	-	1,332	-	1,509	0%	-	-	0%
Willington	25	11	11	-	-100%	-	-	0%
Windsor	907	-	-	24	0%	-	-	0%
Woodstock	43	-	-	-	0%	-	-	0%
Total Tonnage	32,813	16,231	7,946	7,205		600	-	
Growth Rate		-50.5%			-9.3%			-100.0%

Out of State Spot

State	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Massachusetts	3,014	-	-	38		-	-	-
New York	23	-	-	-		-	-	-
Total Tonnage	3,037	-	-	38		-	-	
Growth Rate		-100.0%						

Total Deliveries

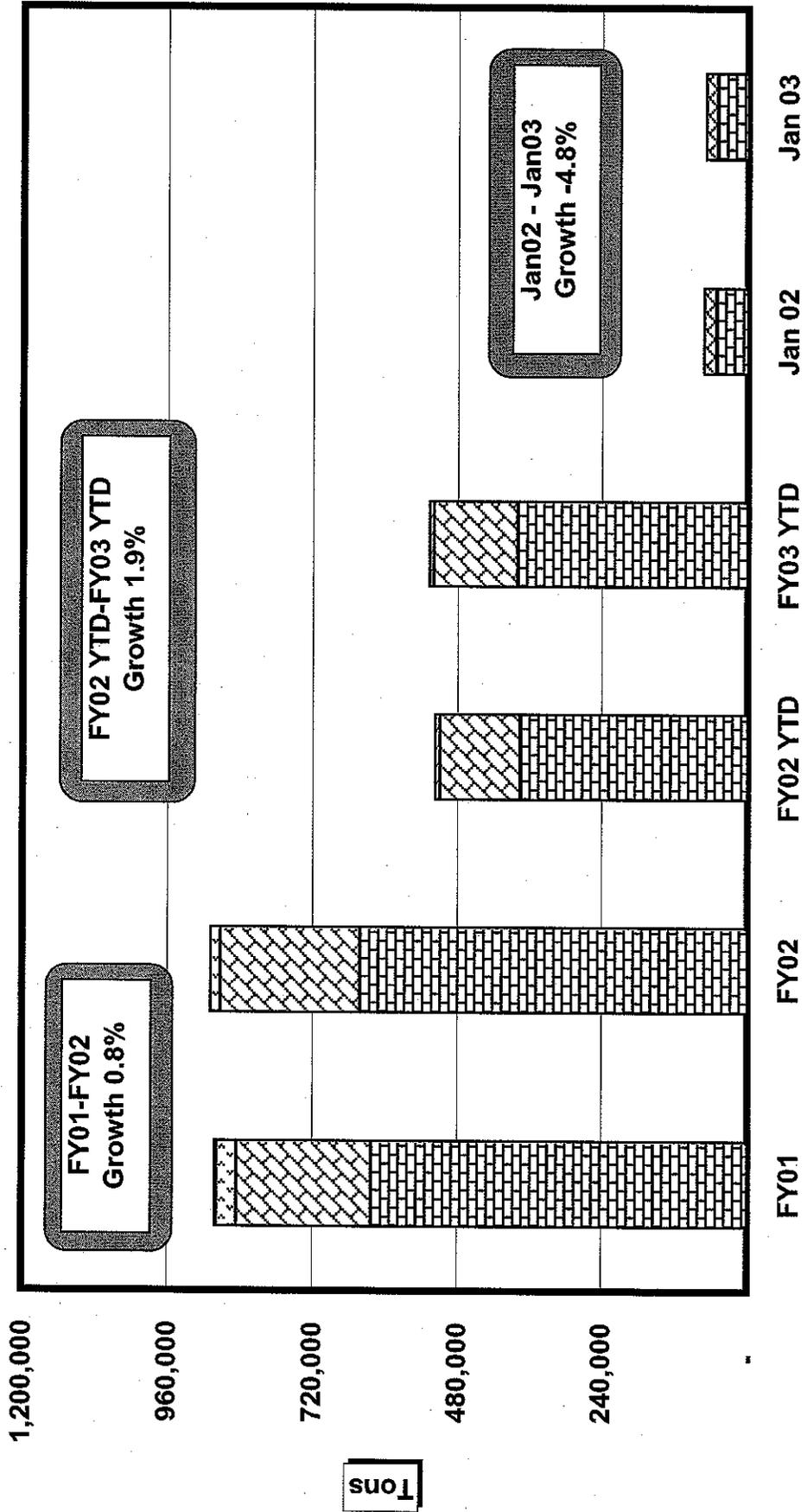
Total Tonnage	880,698	887,757	517,629	527,560		72,881	69,400
Growth Rate		0.8%		1.9%			-4.8%

Total Diversions / Exports

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Diversions	51,324	61,481	17,465	25,987	49%	6,146	5,654	-8%
Exports	7,083	31,906	4,712	19,494	314%	1,477	4,944	235%
Total Tonnage	58,407	93,386	22,177	45,481	105.1%	7,622	10,598	39.0%

Mid-Connecticut Project MSW Tonnage

Trends as of January 31, 2003



FY01-FY02
Growth 0.8%

FY02 YTD-FY03 YTD
Growth 1.9%

Jan02 - Jan03
Growth -4.8%

Member Contract In State Spot Out of State Spot

Tons

Bridgeport Project

Municipal Solid Waste Tonnage

Member Towns

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Bethany	1,142	1,307	832	866	4%	119	133	11%
Bridgeport	66,688	63,676	37,500	37,519	0%	4,245	4,830	14%
Darien	10,438	8,929	5,012	5,869	17%	696	1,007	45%
East Haven	11,924	13,206	7,825	7,742	-1%	1,021	1,032	1%
Easton	2,662	2,615	1,572	1,626	3%	217	227	5%
Fairfield	40,907	38,333	23,052	24,165	5%	2,948	3,158	7%
Greenwich	49,096	49,261	29,208	30,167	3%	4,071	4,041	-1%
Milford	30,912	37,203	20,592	25,843	26%	2,876	3,331	16%
Monroe	14,089	12,084	7,170	7,545	5%	1,001	999	0%
Norwalk	34,800	39,412	23,562	22,574	-4%	3,233	3,028	-6%
Orange	5,211	5,237	3,173	3,183	0%	440	458	4%
Shelton	17,861	18,579	11,075	11,399	3%	1,496	1,515	1%
Stratford	24,599	24,522	14,254	14,881	4%	1,846	1,870	1%
Trumbull	21,385	23,976	14,204	12,925	-9%	1,941	1,463	-25%
Weston	5,331	5,171	3,092	2,990	-3%	438	506	16%
Westport	15,934	16,410	9,956	9,836	-1%	1,314	1,266	-4%
Wilton	8,210	8,308	4,988	5,135	3%	741	743	0%
Woodbridge	3,387	3,390	2,002	2,111	5%	278	316	14%
Sub-Total Member	364,576	371,618	219,067	226,376		28,921	29,922	
Growth Rate		1.9%			3.3%			3.5%
Contract Tonnage	248,692	219,507	130,902	101,276	-23%	15,047	14,825	-1%
Diverted Tonnage	2,829	43,842	29,005	27,293	-6%	7,947	3,774	-53%
Total CRRA Tonnage	616,097	634,966	378,974	354,945		51,915	48,521	
Growth Rate		3.1%			-6.3%			-6.5%

Company Spot Deliveries

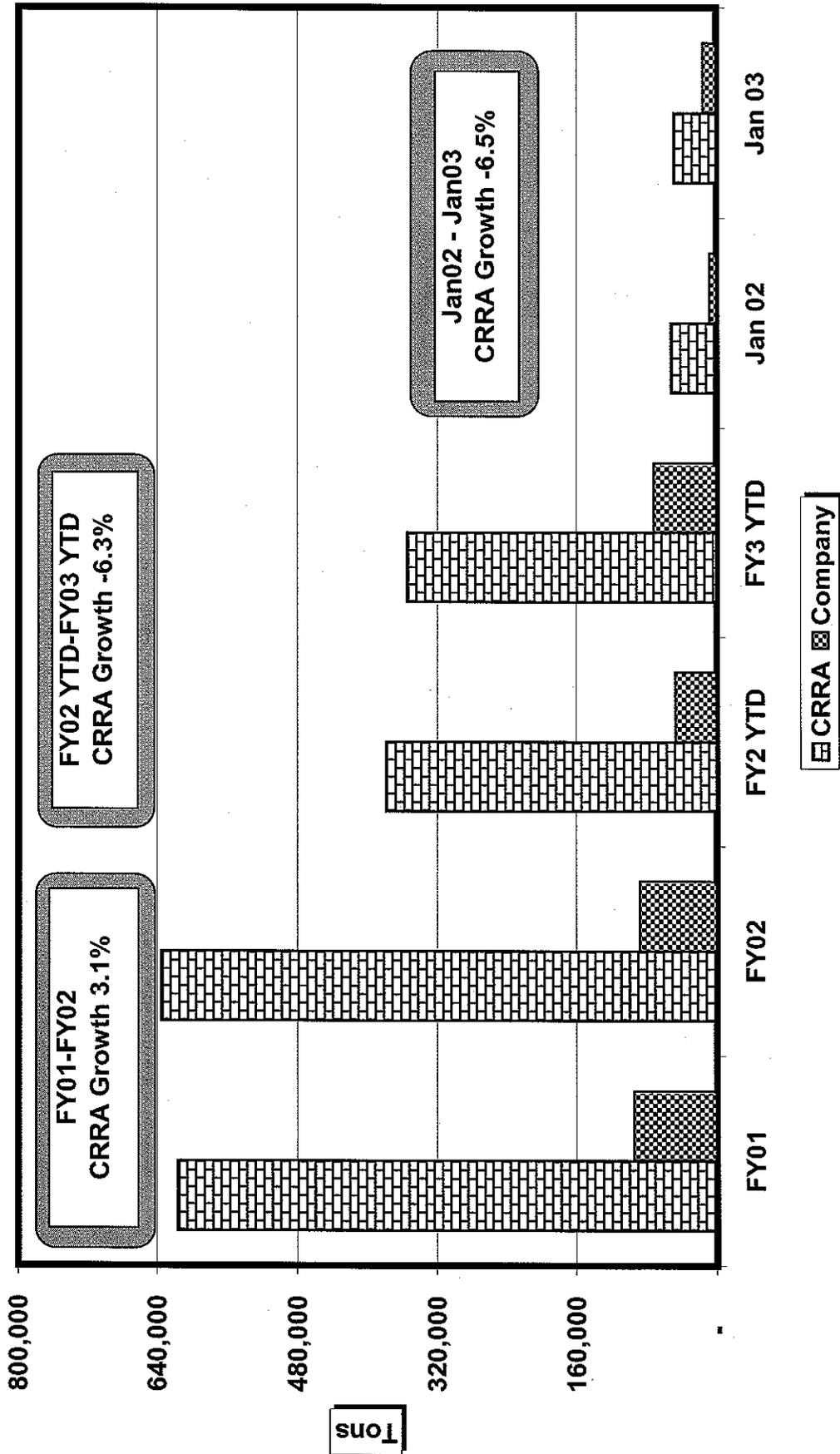
Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
In State Company	94,868	87,735	47,003	71,324	52%	7,893	15,326	94%
Out of State Company	-	-	-	-	0%	-	-	0%
Total Tonnage	94,868	87,735	47,003	71,324		7,893	15,326	
Growth Rate		-7.5%			51.7%			94.2%

Total Deliveries

Total Tonnage	710,965	722,701	425,978	426,270		59,808	63,847	
Growth Rate		1.7%			0.1%			6.8%

Bridgeport Project MSW Tonnage

Member Trends as of January 31, 2003



Southeast Project

Municipal Solid Waste Tonnage

Member Towns

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
East Lyme	9,956	9,619	5,751	6,308	10%	755	860	14%
Griswold	5,418	5,219	3,058	3,270	7%	418	457	9%
Groton	30,768	31,202	18,315	19,088	4%	2,535	2,544	0%
Ledyard	7,808	8,467	4,962	4,944	0%	721	673	-7%
Montville	10,735	10,502	6,124	6,686	9%	848	893	5%
Radgowski/Corrigan	570	644	382	386	1%	69	51	-27%
Mohegan Sun Resor	4,369	6,796	3,675	5,223	42%	536	716	34%
New London	19,673	20,895	11,716	14,412	23%	1,641	1,840	12%
N. Stonington	2,519	3,009	1,815	1,872	3%	254	254	0%
Norwich	27,073	28,947	16,799	18,912	13%	2,382	2,548	7%
Sprague	2,266	2,349	1,395	1,379	-1%	211	192	-9%
Stonington	13,891	13,893	8,285	8,558	3%	1,045	1,024	-2%
Waterford	15,555	15,165	8,943	8,978	0%	1,196	1,196	0%
Guilford/Madison	25,862	12,697	12,697	-	0%	-	-	0%
Fisher Island	304	301	226	246	9%	19	11	-41%
Ct Niantic	433	909	465	691	48%	91	118	94%
Total Tonnage	177,200	170,614	104,609	100,952		12,722	13,375	
Growth Rate		-3.7%			-3.5%			5.1%

In State Spot

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
CRRA	7,366	15,853	6,480	4,506	-30%	284	2,010	609%
Mansfield	6,883	7,062	4,228	3,723	-12%	564	441	-22%
Preston	2,904	3,180	1,886	2,182	16%	234	280	20%
Salem	765	1,029	579	794	37%	98	101	3%
Killingly	1,019	1,078	624	567	-9%	80	70	-12%
Total Tonnage	18,936	28,202	13,798	11,773		1,259	2,903	
Growth Rate		48.9%			-14.7%			130.6%

Company Deliveries

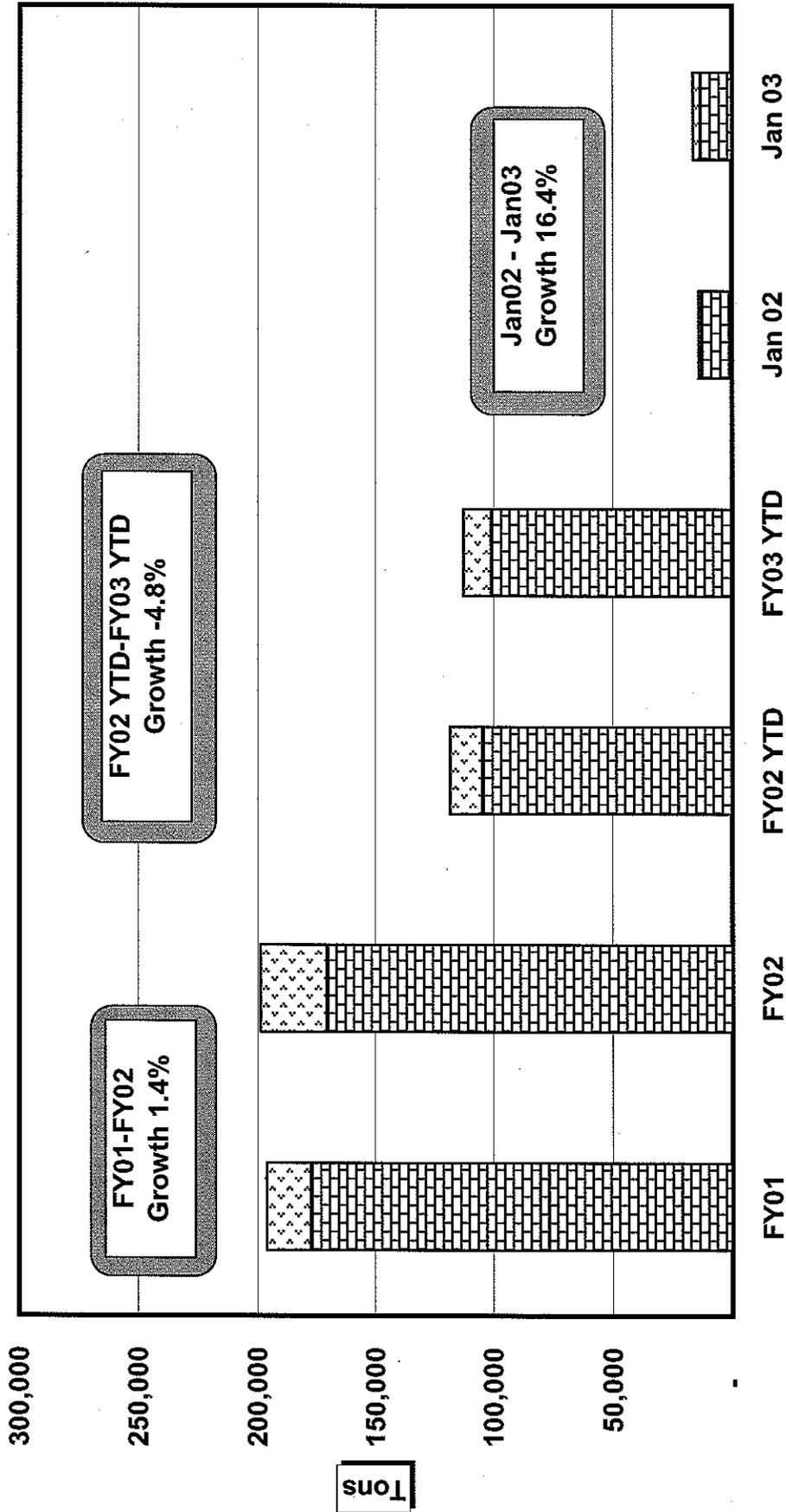
Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	-0.067143
Various	43,204	47,744	22,477	37,659	68%	2,314	2,664	15%
Total Tonnage	43,204	47,744	22,477	37,659		2,314	2,664	
Growth Rate		10.5%			67.5%			15.1%

Total Deliveries

Total Tonnage	239,340	246,560	140,884	150,384		16,295	18,942	
Growth Rate		3.0%			6.7%			16.2%

Southeast Project MSW Tonnage

Trends as of January 31, 2003



**FY01-FY02
Growth 1.4%**

**FY02 YTD-FY03 YTD
Growth -4.8%**

**Jan02 - Jan03
Growth 16.4%**

Member
 In State Spot

Tons

Wallingford Project

Municipal Solid Waste Tonnage

Member Towns⁽¹⁾

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Cheshire	19,472	24,484	14,267	12,594	-12%	2,188	1,783	-19%
Hamden	28,136	28,496	16,499	20,432	24%	2,270	3,201	41%
Meriden	29,633	32,761	19,230	19,741	3%	2,877	2,624	-9%
North Haven	22,124	31,665	19,669	13,421	-32%	2,862	1,609	-44%
Wallingford	37,004	37,306	21,549	25,552	19%	3,190	3,256	2%
Diverted Waste ⁽²⁾	15,815	3,163	1,763	-	-100%	-	-	-
Total Tonnage	152,184	157,876	92,977	91,740		13,388	12,473	
Growth Rate		3.7%			-1.3%			-6.8%

In State Spot

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Bloomfield	0	-	-	0		-	-	0%
Enfield	27	65	42	8	-82%	4	-	-100%
Hartford	9	1	1	2	226%	0	1	7350%
Covanta Spot	-	153	87	63	-27%	15	-	-100%
Havervill Plant	188	-	-	-	0%	-	-	0%
Manchester	-	-	-	0	0%	-	-	0%
Mid-Ct By Pass	1,748	-	-	-	0%	-	-	0%
New Haven	4,064	3,270	1,782	1,069	-40%	262	182	-31%
Rocky Hill	0	1	-	0	0%	-	-	0%
Waterbury	-	10	10	-	-100%	-	-	0%
Total Tonnage	6,036	3,500	1,922	1,143		281	183	
Growth Rate		-42.0%			-40.5%			-34.9%

Out of State Spot

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Massachusetts	-	1	0	0	5%	-	-	0%
New York	-	-	-	-	0%	-	-	0%
Total Tonnage	-	1	0	0		-	-	
Growth Rate				5.4%	-100.0%			

Total Deliveries

Total Tonnage	158,221	161,376	94,899	92,884		13,669	12,656	
Growth Rate		2.0%			-2.1%			-7.4%

(1) As of March 2002, member tonnage includes deliveries diverted to other projects.

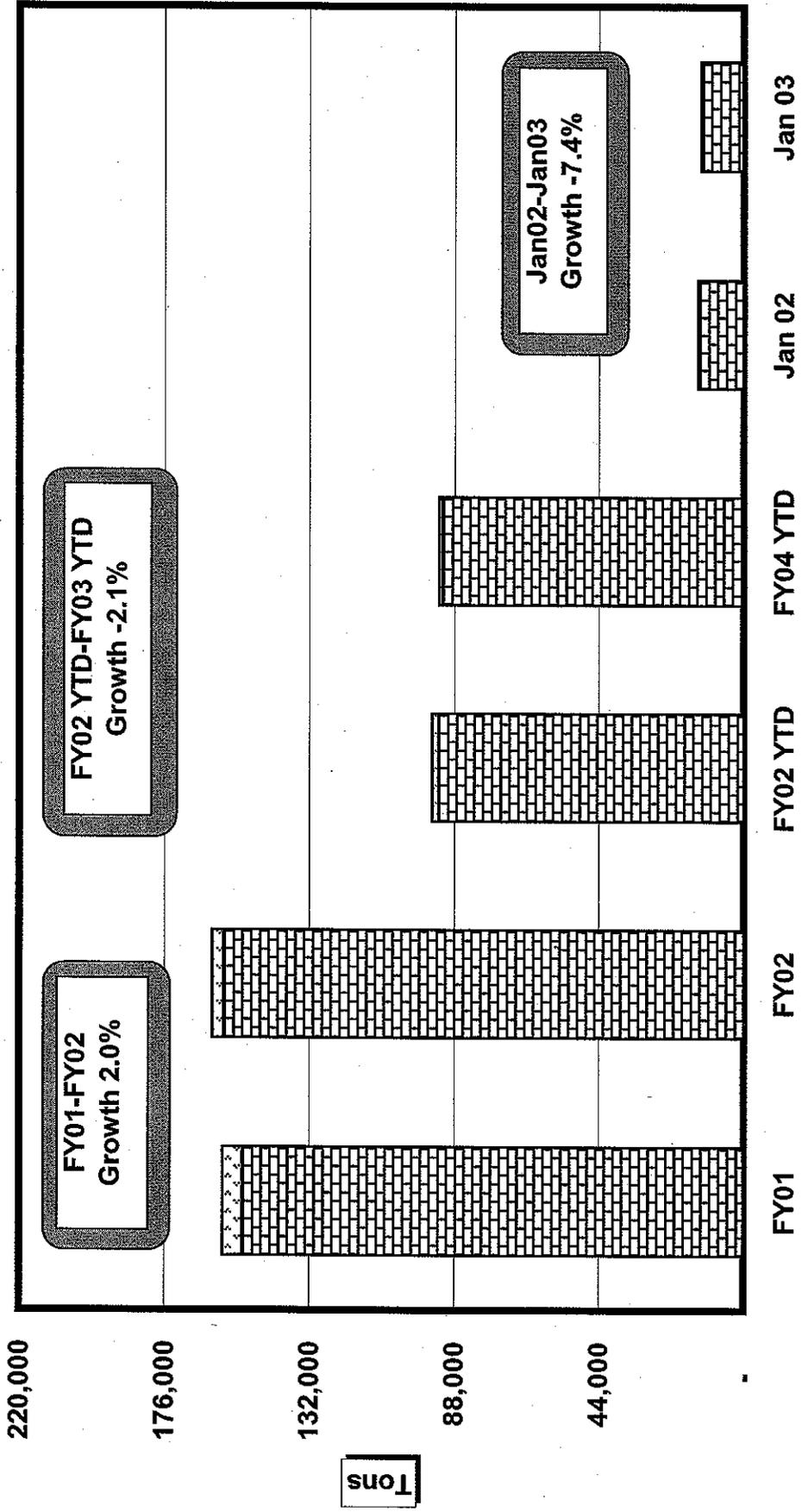
(2) Accounts for member deliveries diverted to other projects.

Total Diversions / Exports

Towns	Fiscal Year		Fiscal Year-To-Date			Monthly		
	2001	2002	Jan 02	Jan 03	Variance	Jan 02	Jan 03	Variance
Diversions	15,815	6,660	1,763	3,490	98%	-	-	0%
Exports	5,606	10,166	6,744	2,575	-62%	546	-	-100%
Total Tonnage	21,421	16,826	8,507	6,065	-28.7%	546	-	-100.0%

Wallingford Project MSW Tonnage

Trends as of January 31, 2003



FY01-FY02
Growth 2.0%

FY02 YTD-FY03 YTD
Growth -2.1%

Jan02-Jan03
Growth -7.4%

Member In State Spot Out of State Spot

Tons