

**CRRA  
BOARD MEETING  
OCTOBER 16, 2003**



100 CONSTITUTION PLAZA - 17<sup>th</sup> FLOOR • HARTFORD • CONNECTICUT • 06103-1722 • TELEPHONE (860) 757-7700  
FAX (860) 727-4141

October 10, 2003

TO: CRRA Board of Directors

FROM: Angelica Mattschi, Corporate Secretary *am*

RE: Notice of Meeting

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There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, October 16, 2003 at 9:00 a.m. at the CRRA Headquarters, 100 Constitution Plaza, 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**

October 16, 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 September 25, 2003 Regular Board Meeting Minutes (Attachment 1).

IV. Finance

1. The Auditor's Management Letter and Management Response will be presented by staff (Attachment 2).
2. Board Action will be sought regarding Changes to Certain Project Reserve Accounts (Attachment 3).

V. Project Reports

A. Mid-Connecticut

1. Board Action will be sought regarding Delivery of Cover Soils to the Hartford Landfill (Attachment 4).

VI. Executive Session

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

VII. Chairman's and Committee Reports

1. The Organizational Synergy & Human Resources Committee will report on its October 8, 2003 and October 16, 2003 meetings.

VIII. Additional Board Actions

1. Board Action will be sought to approve the Affirmative Action Plan of the Connecticut Resources Recovery Authority (Attachment 5).

# TAB 1

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**THREE HUNDRED SIXTY-SECOND MEETING**

**SEPTEMBER 25, 2003**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, September 25, 2003 at 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael Pace (arrived at 9:25 a.m.)

Directors: Stephen Cassano, Vice Chairman (left at 11:30 a.m.)  
Andrew Sullivan (arrived at 9:45 a.m.)  
Mark Lauretti (arrived at 9:25 a.m.)(left at 11:45 a.m.)  
Theodore Martland  
James Francis  
Benson Cohn  
Mark Cooper  
Ray O'Brien (by telephone)  
Arthur Lathrop (ad hoc for Southeast)  
Sherwood Lovejoy (ad hoc for Bridgeport)

Director Knopp and ad hoc members Griswold and Hedberg did not attend.

Present from the CRRA staff:

James Bolduc, Chief Financial Officer  
Thomas Kirk, President  
Angelica Mattschei, Executive Assistant & Corporate Secretary

Others in attendance were: John Stafstrom of P&C; Joyce Tentor of HEJN; Jerry Tyminski of SCRRA; Scott Trentholm of CC&R; John Maulucci of BRRFOC; William Bright of C&L; and Ted Doolittle of the AG's Office.

Vice Chairman Cassano called the meeting to order at 9:15 a.m. Vice Chairman Cassano requested that everyone stand up for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

**PUBLIC PORTION**

Vice Chairman Cassano said that the next item on the agenda allowed for a public portion between 9:00 a.m. and 9:30 a.m. in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes. Vice Chairman Cassano asked whether any member of the public wished to speak.

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

**APPROVAL OF THE MINUTES OF THE JULY 17, 2003 AND AUGUST 21, 2003  
REGULAR BOARD MEETINGS**

Vice Chairman Cassano requested a motion to approve the minutes of the July 17, 2003 and August 21, 2003 regular Board meetings. The motion to accept made by Director Cooper and seconded by Director Francis was approved. Director Cohn abstained from the vote as he was not present at the meeting.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Stephen Cassano	X		
Benson Cohn			X
Mark Cooper	X		
Ray O'Brien	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**FINANCE**

**REVIEW OF THE FY 2003 FINANCIAL STATEMENTS AND AUDIT REPORT**

Mr. Bolduc gave the Board a review of the referenced item (refer to pages 2-11 of transcript).

**AUTHORIZATION REGARDING THE STATE LOAN AND SUBORDINATED  
INDEBTEDNESS**

Mr. John Stafstrom led a lengthy discussion and distributed updated materials on the referenced topic (refer to pages 11-28 of transcript). Chairman Pace requested a motion to adopt the distributed resolution, including Exhibit A and Exhibit B. Vice Chairman Cassano made the following motion:

**WHEREAS**, the Connecticut Resources Recovery Authority (the “Authority”) has been duly established and constituted as a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut, to carry out the

purposes of Chapter 446e of the Connecticut General Statutes, Sections 22a-260 et. seq., as amended (the "Act"); and

**WHEREAS**, the Authority has, from time to time, issued bonds, pursuant to certain powers and duties expressly provided for in the Statute, and pursuant to the terms of its Resolution Authorizing the Issuance of Mid-Connecticut System Bonds, adopted on March 13, 1985, as amended (the "General Bond Resolution"), for the purpose of financing its Mid-Connecticut Project, a Waste Processing Facility and Power Block Facility of the Authority, pursuant to the powers vested in the Authority under the Statute (the "Mid-Connecticut Project"); and

**WHEREAS**, Section 2(a) of Public Act No. 03-5, as the same is codified under Section 22a-268d 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 (the "State"), for the fiscal years ending June 30, 2003 and June 30, 2004, an amount not to exceed twenty-two million dollars (\$22,000,000) and, for the fiscal years ending subsequent to June 30, 2004, an amount in the aggregate not to exceed ninety-three million dollars (\$93,000,000), which borrowing shall be for the purposes of supporting the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project, and shall be collateralized, as determined by the State Treasurer and the Secretary of OPM, to the extent possible under the Act; 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**, on February 27, 2003, the Board of Directors of the Authority (the "Board"), adopted a resolution authorizing the members of the Steering Committee of the Board, the President and the Chief Financial Officer of the Authority (the "Officials") to, among other items: (i) submit an application to the State Treasurer and the Secretary of OPM for loans in an amount not to exceed \$115,000,000 in accordance with the provisions of the Act; and (ii) negotiate and document such financing in connection with the Mid-Connecticut Project; and

**WHEREAS**, on April 10, 2003, the Board adopted a resolution supplementing the February 27, 2003 resolution, and authorizing the Officials, pending the final determination by the State as to the original \$115,000,000 application, to enter into an interim financing arrangement with the State in the form of a loan in an amount not to exceed twenty-two million dollars (\$22,000,000), the proceeds of which shall be expended by the Authority for the purpose of supporting the repayment of debt service on the Mid-Connecticut Project during the remainder of the Authority's fiscal year 2003 and fiscal year 2004; and

**WHEREAS**, on June 27, 2003, the Authority and the State entered into an interim financing arrangement in the form of a credit facility from the State to the Authority in the aggregate amount of \$2,000,000, as the same is evidenced by a Master Loan Agreement, dated as of June 27, 2003, by and between the Authority and the State (the “\$2,000,000 Loan”); and

**WHEREAS**, on July 24, 2003, the Authority and the State entered into a second interim financing arrangement in the form of a credit facility from the State to the Authority in the aggregate amount of \$2,171,149, as the same is evidenced by a Master Loan Agreement, dated as of July 24, 2003, by and between the Authority and the State (the “\$2,171,149 Loan”); and

**WHEREAS**, Article II, Sections 2.3 and 2.10, of the General Bond Resolution authorizes the Authority to issue Bonds and/or Additional Bonds (as the same is defined to include Subordinated Indebtedness in the form of bonds, notes or other evidences of indebtedness issued pursuant to the General Bond Resolution and not secured by the Special Capital Reserve Fund), for the purpose of providing sufficient funds for the Mid-Connecticut Project; and

**WHEREAS**, Article II, Section 2.9(3) of the General Bond Resolution authorizes the Authority to issue such Additional Bonds for the purpose of paying or refunding any Series of Outstanding Bonds; and

**WHEREAS**, the Authority desires to pay a portion of the debt service payments on its outstanding Bonds issued for the Mid-Connecticut Project through a loan, from the State, in an aggregate amount not to exceed \$22,000,000.00, which loan shall be issued: (i) in accordance with the terms, conditions and limitations of the Act, and (ii) pursuant to the General Bond Resolution, as supplemented by that certain Supplemental Resolution Authorizing the Issuance of \$22,000,000 Subordinated Indebtedness, in the form attached hereto as Exhibit A (the “Supplemental Resolution”), executed in accordance herewith and constituting an Additional Bond and Subordinated Indebtedness, as the same is defined and regulated in accordance with such General Bond Resolution (the “Loan”); and

**WHEREAS**, in accordance with the proposed Loan, and as a part thereof, the Authority has determined that it is in its best interests to refinance both the \$2,000,000 Loan and the \$2,171,149 Loan (collectively, the “Outstanding Loans”) with the State so as to reclassify such Outstanding Loans under the General Bond Resolution as an Additional Bond and Subordinated Indebtedness, and as a portion of the aggregate \$115,000,000 maximum allowable under the Act and provide as collateral for the Loan required by Public Act 03-5, a pledge of Revenue of the Mid-Connecticut Project, subordinate to all outstanding Bonds of the Authority; and

**WHEREAS**, 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 Loan including, but not limited to the execution of the Supplemental Resolution as contemplated under the provisions of Article II and Section 10.2 of the General Bond Resolution, 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 Officials the authority to submit such application, to refinance the Outstanding Loans, and to negotiate and document such actions authorized herein; and

**WHEREAS**, the Board has deemed it necessary and appropriate to amend and modify the terms and provisions of the February 27, 2003 and April 10, 2003 resolutions in accordance with the determinations and conclusions set forth herein; and

**WHEREAS**, unless otherwise defined herein or in the body of this resolution, each capitalized term set forth herein shall have the meaning ascribed to it in the General Bond Resolution.

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

**Section 1.** That the action of the Officials, 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 twenty-two million dollars (\$22,000,000.00), in accordance with the provisions of the Act, to support the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project, be and the same is hereby authorized and approved.

**Section 2.** That the Officials, in connection with such application for the Loan, shall submit to the State Treasurer and the Secretary of OPM, those items required under the provisions of the Act including, but not limited to a Financial Mitigation Plan, the adopted budget for the current fiscal year and, when available, the proposed budget for the Mid-Connecticut Project for the ensuing fiscal year, the Authority's three-year plan, a cash flow analysis showing the Authority's need for current and future borrowings, the most recent certified audit of the Authority, on an annual basis, 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 Loan.

**Section 3.** That the Board of Directors of the Authority hereby authorizes the Officials to initiate proceedings authorizing the refinance of the Outstanding Loans for the purpose of financing the same pursuant to and under the provisions of the General Bond Resolution as an Additional Bond and Subordinated Indebtedness. All amounts refinanced under the Outstanding Loans shall, upon the completion of such refinancing, be rolled over and made a part of the Loan subject to the same terms and conditions as the Loan.

**Section 4.** That the Authority's acceptance of the Loan shall be authorized pursuant to both the Act and the General Bond Resolution, and shall be classified as an Additional Bond and Subordinated Indebtedness under the General Bond Resolution, the proceeds of which shall, pursuant to Section 2.9(3) of the General Bond Resolution, be used and expended for the Mid-Connecticut Project for the purpose of paying debt service on the Authority's Outstanding Bonds.

**Section 5.** That the Board of Directors of the Authority hereby authorizes the adoption of the Supplemental Resolution, attached hereto as Exhibit A; and further authorizes the President, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Supplemental Resolution, and the execution of such Supplemental Resolution by the President shall be conclusive evidence of the approval of the Authority.

**Section 6.** 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 Loan, which terms shall include the maturity date of such Loan (which maturity date shall be no later than June 30, 2012), interest rate, repayment terms, security and other terms of the Loan provided, however, that the repayment of such Loan shall be subordinate to the repayment of any Outstanding Bonds of the Authority, all in accordance with the terms and provisions of the Act, and substantially the form of the Term Sheet attached hereto as Exhibit B (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 7.** That the Loan shall be secured by a pledge of the Revenues of the Authority for the Mid-Connecticut Project granted, created or authorized by the General Bond Resolution (except the Special Capital Reserve Fund), subordinate, however to the pledge of the Revenues of the Mid-Connecticut Project granted under its 1996 Series A Bonds, 1997 Series A Bonds, and Subordinated 2001 Series A Bonds, as well as any other Bonds (including Subordinated Indebtedness) other than any Additional Bonds issued by the Authority in the form of Subordinated Indebtedness pursuant to the General Bond Resolution and in accordance with the provisions of Section 22a-268(d) (as the same may be amended) of the Act.

**Section 8.** 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 including, but not limited to an Amended and Restated Master Loan Agreement, a Promissory Note, and any and all certificates or other documents required pursuant to the Act or the General Bond Resolution (collectively, the "Loan Documents"), all 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 Loan.

**Section 9.** 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 10.** 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 Loan, in such form and substance satisfactory to the Authority and the State Treasurer and Secretary of OPM.

**Section 11.** 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 12.** This resolution shall take effect immediately.

Director Sullivan seconded the motion which was approved by two-thirds of eligible voters.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Laretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**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 Cohn made the motion which was seconded by Vice Chairman Cassano. Chairman Pace requested that Messrs. Kirk, Bolduc, Egan, Bright and Doolittle remain during separate parts of the executive session. The motion previously made and seconded was approved unanimously.

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

The Executive Session concluded at 11:27 a.m.

Chairman Pace reconvened the Board meeting at 11:28 a.m.

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

**FINANCE (CON'T)**

**AUTHORIZATION REGARDING THE DISSOLUTION OF THE MONTVILLE LANDFILL POST-CLOSURE RESERVE**

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

**RESOLVED:** that the Montville Post-Closure Reserve for the Southeast Project be dissolved (balance as of June 30, 2003 was \$2,170,127).

Director Martland seconded the motion which was approved unanimously.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Laretti	X		
Theodore Martland	X		
James Francis	X		
Arthur Lathrop, Ad Hoc - Southeast	X		
<b>Non Eligible Voters</b>			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION REGARDING THE USE OF ROLLING STOCK RESERVE**

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

**RESOLVED:** that the cost to recondition the two CAT 966F Wheel Loaders previously approved by the CRRRA Board of Directors at the July 2003 meeting be paid from the Rolling Stock Reserve for the Mid-Connecticut Project in the amount of Three Hundred and Seventy-six Thousand Dollars and no cents (\$376,000.00).

Director Sullivan seconded the motion which was approved unanimously.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Laretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION REGARDING THE APPROVAL OF FISCAL YEAR 2003 BUDGET TRANSFERS AND APPROPRIATIONS**

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

**RESOLVED:** That the fiscal year 2003 budget transfers and appropriations be approved as substantially discussed at this meeting.

Director Martland seconded the motion which was approved unanimously (refer to pages 30-31 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		

Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION REGARDING FINANCE COMMITTEE RECOMMENDATIONS TO BOARD OF DIRECTORS REGARDING RENEWAL OF CASUALTY INSURANCE PROGRAM**

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

**RESOLVED:** That the Board of Directors authorizes the renewal of the \$1 million EAGLE policy (Commercial General Liability and Pollution Legal Liability) through American International Group (AIG) for a premium not to exceed \$469,800, and

**FURTHER RESOLVED:** That the Board of Directors authorizes the purchase of \$20 million Umbrella excess of \$1 million covering Commercial General Liability (CGL) and Auto Liability through St. Paul Insurance for a premium not to exceed \$415,000, and

**FURTHER RESOLVED:** That the Board of Directors authorizes the purchase of \$20 million Umbrella over \$1 million for Pollution Legal Liability insurance (\$10 million through AIG (\$152,900) and \$10 million through Liberty Mutual (\$135,000) for a combined premium not to exceed \$287,900 and

**FURTHER RESOLVED:** That the Board authorizes the purchase of \$1 million of Automobile Liability insurance through AIG for a premium not to exceed \$145,645.

Director Cooper seconded the motion which was approved. Director Martland abstained from the vote (refer to pages 31-32 of transcript).

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland			X

James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**ESTABLISHMENT OF RECYCLING EDUCATION RESERVE**

Mr. Bolduc gave a review of the referenced item (refer to pages 32-33 of transcript). Director O'Brien made a motion to endorse and approve the Recycling Education Fund. Director Sullivan seconded the motion which was approved unanimously.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**PROJECT REPORTS**

**BRIDGEPORT**

**AUTHORIZATION REGARDING A CONSENT ORDER BETWEEN THE CONNECTICUT DEPARTMENT OF ENVIRONMENTAL PROTECTION AND CRRA REGARDING THE SHELTON LANDFILL**

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

**RESOLVED:** That the President is hereby authorized to execute a Consent Order with the Connecticut Department of Environmental Protection regarding the Shelton Landfill, which will stipulate payment of \$330,500 to the City of Shelton, in the form of a Supplemental Environmental Project, substantially as discussed and presented at this meeting, and

**FURTHER RESOLVED:** That the President is hereby authorized to pay for the Supplemental Environmental Project associated with the Consent Order from the Shelton Landfill Future Use Account, such reserve account having been established in order to set aside funds in anticipation of this SEP payment.

Director Cooper seconded the motion which was approved unanimously (refer to pages 33-34 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Laretti	X		
Theodore Martland	X		
James Francis	X		
Sherwood Lovejoy, Ad Hoc - Bridgeport	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			

**MID-CONNECTICUT**

**AUTHORIZATION REGARDING A CONTRACT WITH CT DEP FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH ANNUAL STACK TESTING AT MID-CONNECTICUT FOR CALENDAR YEAR 2004 AND 2005**

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

**RESOLVED:** That the President is hereby authorized to enter into a contract with the Connecticut Department of Environmental Protection for reimbursement of costs associated with the annual stack testing at the Mid-Connecticut RRF for calendar years 2004 and 2005, substantially as discussed and presented at this meeting.

Director Sullivan seconded the motion which was approved unanimously (refer to pages 34-35 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		

Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION REGARDING THE USE OF THE LISBON RESOURCES RECOVERY FACILITY AND BLOOMFIELD/WINDSOR LANDFILL FOR MID-CONNECTICUT PROJECT DIVERTED WASTE DISPOSAL**

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

**RESOLVED:** The President is authorized to use, on an emergency basis, the Lisbon Resources Recovery Facility, the Bloomfield/Windsor Landfill and other qualified site for the disposal of waste diverted from the Mid-Connecticut Resources Recovery Facility for a not to exceed cost of \$100,000 for the 2004 fiscal year.

Director Cohn seconded the motion which was approved unanimously (refer to page 35 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**SOUTHEAST**

**AUTHORIZATION REGARDING SALE OF NITROGEN OXIDES EMISSION  
REDUCTION CREDITS TO THE AMERICAN REF-FUEL COMPANY**

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

**RESOLVED:** That the President is hereby authorized to enter into a contract with American Ref-Fuel Company of Southeastern Connecticut for the sale of certain nitrogen oxide emission reduction credits for use at the Preston, CT Resource Recovery facility, substantially as discussed and presented at this meeting.

Director Martland seconded the motion which was approved unanimously (refer to pages 35-36 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Arthur Lathrop, Ad Hoc - Southeast	X		
<b>Non Eligible Voters</b>			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**COMMUNICATIONS**

**AUTHORIZATION TO REQUEST ATTORNEY GENERAL OPINION**

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

**RESOLVED:** That the President through his staff is hereby authorized to request a formal opinion from the Attorney General regarding certain issues surrounding the March 16, 1998, Agreement Between Connecticut Resources Recovery Authority And National Geographic Society Education Foundation Establishing The Connecticut Geography Education Fund.

Director Sullivan seconded the motion which was approved unanimously (refer to pages 36-37 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION FOR LEGISLATIVE ACTION**

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

**RESOLVED:** That the President is hereby authorized to seek whatever legislative amendments or revisions to CRRA’s enabling statute as the President, in his best judgment, believes is necessary to enhance flexibility, efficiency and effectiveness of CRRA operations pertaining to meetings of its Board of Directors, staffing levels, and enhancements to future operations.

Director Cohn seconded the motion which was passed. Director O’Brien voted “nay” (refer to pages 37-39 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien		X	
Andrew Sullivan	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**LEGAL**

**AUTHORIZATION REGARDING ACCEPTANCE OF A POTENTIAL SETTLEMENT**

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

**RESOLVED:** That the Board hereby gives the Attorney General and Pepe and Hazard the authority to accept a settlement in the mediation in the amount of not less than that approved by the Board and President as determined at this meeting, to settle the Authority’s claims against the financial institutions sued to recover monies in the Enron matter.

Director Cohn seconded the motion.

Director Francis made a motion to amend the resolution to replace the word “approved” to “as discussed.” Director Sullivan seconded the amendment which was approved unanimously.

The motion as amended and seconded was approved unanimously (refer to pages 39-40 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien		X	
Andrew Sullivan	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION REGARDING THE JUNE 2002 PROFESSIONAL EMPLOYMENT AGREEMENT BY THE ATTORNEY GENERAL AND PEPE AND HAZARD, LLP**

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

**RESOLVED:** That the Board authorizes the First Amendment to the June 2002 professional Employment Agreement between the Attorney General and Pepe and Hazard LLP re: new fee structure as substantially presented at this meeting.

Director Martland seconded the motion which was approved unanimously (refer to page 40 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION REGARDING LEGAL REQUESTS FOR SERVICES**

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

**RESOLVED:** That the President is hereby authorized to sign RFSs pursuant to the legal services agreement with Pullman and Comley in excess of \$50,000 as substantially presented at this meeting.

**RESOLVED:** That the President is hereby authorized to sign RFSs pursuant to the legal services agreement with Cummings and Lockwood in excess of \$50,000 as substantially presented at this meeting.

Director Cohn seconded the motion which was approved unanimously (refer to pages 40-41 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			

Sherwood Lovejoy, Ad Hoc - Bridgeport			
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**CHAIRMAN’S AND COMMITTEE REPORTS**

**POLICY & PROCUREMENT COMMITTEE**

Director Cohn reported that the Policy & Procurement Committee discussed the potential structure of the Board retreat and negotiations regarding CRRA’s office space at 100 Constitution Plaza, Hartford (refer to page 42 of transcript).

**ADDITIONAL BOARD ACTIONS**

**AUTHORIZATION REGARDING APPROVAL OF AMENDMENTS TO THE JUNE 2003 AMENDED AND RESTATED BYLAWS**

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

**RESOLVED:** That the Board hereby approves the amendments, as substantially presented at this meeting, to the June 2003 Amended and Restated Bylaws of the Connecticut Resources Recovery Authority.

Director Martland seconded the motion which was approved unanimously (refer to pages 43-44 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AUTHORIZATION REGARDING THE APPROVAL OF THE CONNECTICUT RESOURCES RECOVERY AUTHORITY ETHICS POLICY**

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

**RESOLVED:** That the Board hereby affirmatively approves and endorses the new Connecticut Resources Recovery Authority Ethics Policy document as presented and discussed at this meeting.

Director Francis seconded the motion which was approved unanimously (refer to page 44 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Theodore Martland	X		
James Francis	X		
<b>Non Eligible Voters</b>			
Arthur Lathrop, Ad Hoc - Southeast			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**AJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 12:00 p.m.

Respectfully submitted,



Angelica Mattschei  
Corporate Secretary to the Board

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**EXECUTIVE SESSION**

**SEPTEMBER 25, 2003**

An Executive Session called for the purposes of discussing litigation, pending litigation, contractual negotiations and personnel matters, was convened at 10:10 a.m.

**DIRECTORS**

Chairman Pace  
Director Sullivan  
Director O'Brien  
Director Cassano  
Director Laretti  
Director Martland  
Director Francis  
Director Cohn  
Director Cooper  
Ad Hoc Member Lovejoy  
Ad Hoc Member Lathrop

**STAFF**

Tom Kirk  
James Bolduc  
Peter Egan

**C&L**

William Bright

**A.G.**

Theodore Doolittle

No votes were taken in Executive Session.

The Executive Session was adjourned at 11:27 a.m.

CONNECTICUT RESOURCES RECOVERY AUTHORITY

BOARD MEETING

September 25, 2003  
Held At:  
211 Murphy Road  
Hartford, Connecticut

H e l d B e f o r e :

MICHAEL A. PACE, Chairperson

A p p e a r a n c e s :

Directors:

STEPHEN CASSANO  
BENSON R. COHN  
MARK COOPER  
JAMES FRANCIS  
ARTHUR LATHROP  
MARK LAURETTI  
SHERWOOD LOVEJOY  
THEODORE MARTLAND  
RAY O'BRIEN\*  
ANDREW SULLIVAN

\*Present by telephone.

Present from CRRA:

JAMES BOLDUC  
THOMAS KIRK  
ANGELICA MATTSCHER

A p p e a r a n c e s (Cont'd):

In attendance:

SCOTT A. TRENHOLM  
Carlin, Charron & Rosen, LLP  
JOYCE TENTOR  
HEJN  
THEODORE DOOLITTLE, ESQ.  
Office of the Attorney General  
JOHN STAFSTROM, ESQ.  
Pullman & Comley, LLC  
JERRY TYMINSKI  
SCRRRA  
DOMINICK M. DIGANGI  
MDC  
JOHN MAULUCCI  
BRRFOC  
WILLIAM BRIGHT, ESQ.  
Cummings & Lockwood

9:15 O'CLOCK A.M.

THE VICE CHAIRMAN: I'm going to call this meeting to order and ask that we join in the pledge of allegiance to the flag.

(Whereupon, the pledge of allegiance was recited.)

THE VICE CHAIRMAN: In order to take any votes, we have to have an official quorum. We are one short of a quorum. So I ask to go to the finance committee and begin with the finance committee report.

MR. BOLDUC: Do you want me to do that?

THE VICE CHAIRMAN: We have a quorum.

Is there a motion to adopt the minutes of July 17-- August 21?

DIR. COOPER: So moved.

DIR. FRANCIS: Second.

THE CHAIRMAN: Any corrections?

Seeing none, all those in favor?

All those opposed?

THE VICE CHAIRMAN: All right, the minutes are adopted.

Finance.

DIR. COHN: I abstain because I was not present.

THE VICE CHAIRMAN: Finance committee report.

MR. BOLDUC: I've got a few items. The primary focus of the finance committee this past week, the week before last, was really focusing on the year-end audit. I sent that out to the Board under separate cover memo earlier this week since he had already gotten a big package and we were still making some final changes to it. The finance committee-- and Andy when he

gets here -- the finance committee has reviewed it and I think would move its adoption, but I'll let Andy make that motion when he gets here.

But let me just kind of go through the audit report quickly. With me here today is Scott Trenholm, a partner on the account from Carlin, and John Stafstrom is here, bond counsel. Because there was an issue that took a considerable amount of time to resolve and issues that you should be aware of, and the finance committee, we spent a quite of bit of time going over it.

But suffice it to say, the audit is completed. It's due to be filed within the next couple of weeks with the state. It will have a clean opinion, and John and-- rather Scott can talk about that in a minute.

One thorny issue we got into this year had to do with accounting pronouncement FASB 78. FASB 78 is a complicated accounting standard that basically focuses on where the debt is classified on the balance sheet, whether it's classified as long-term debt or is a current liability. We have roughly about 200 million dollars of debt out there, and this took probably five weeks of discussion between bond counsel, the accountants, the trustee and the trustee's counsel, Palmer and Dodge, to resolve this issue so that where we ultimately show the debt on the balance sheet as a current obligation or a long-term debt obligation and really centers around one particular coverage requirement in the bond indenture, number 716.

The focus of it has to do-- there's an interest coverage test, a revenue compliance test that's really not as clean as you might see it in other indentures. But when we went at it this year it requires that we have a one-time coverage. The question really became in the indenture that was written back in 1985 there really wasn't a, I think, provision at that time that was anticipated using up reserves as part of the numerator in the calculation. I don't think it was designed not to include it, it was silent on it.

The other piece of it was the state loan. The state loan, as we originally

designed it, it was not designed as a subordinated indenture, as such. It therefore did not qualify under the terms of the indenture to be used, the proceeds of that as a bond refinancing.

In the last few weeks we've been working with the State Treasurer's office and the Office of Policy and Management to recast the state loan as a subordinated indenture. In that way those proceeds going forward will qualify as a revenue item so that we meet the indenture test. The key to that 716 indenture test is that if we do not make it it becomes a default under the indenture. We then have to work out a solution with the trustee and its counsel for the bonds to be called. That's the ultimate plug that the trustee has. So it's a very serious issue. And from accounting's point of view it's how we get through that maze so it's not classified as a current obligation. Obviously in the private world if you moved all your debt from long-term debt to a current obligation it can create quite a bit of havoc, as I'm sure everybody appreciates.

So it was more than just cosmetics in the issue of the trustee and their relationship with the bondholders and what kind of action they would have to take.

I think we've come to a solution that all parties are happy with-- or I shouldn't say happy -- comfortable with, but that's fine.

Frank Robinson would have been here today. He unfortunately had a funeral to go to. But he did call me yesterday. He has talked to John Woodlock who's the counsel for the trustee from Palmer and Dodge. They looked at all the documentation. While they won't opine on the documents, they are comfortable with it and Scott as well has looked at them from the accounting side. That's the big issue. Obviously there were a lot of other issues.

We went through with the audit. We've got the document here. I think we've done a lot of work since we've seen it last year. The people in accounting should be confident. They worked a lot of long hours to get this thing done and Ann and her staff. I think it's a good product.

And with that, maybe I could

just have our accountant kind of just spend a couple of minutes walking very quickly through it. I know it's a long agenda, but obviously it's a very important thing for the Board.

MR. TRENHOLM: Good morning, my name again is Scott Trenholm. I'm the audit partner on the CRRA engagement this year from Carlin, Charron & Rosen. And I'd be happy to answer questions. And I will just hit a couple of highlights, if I can. Jim has covered the major issues in some detail.

Going back to our auditors' report, as Jim indicated, we have issued an unqualified opinion on the financial statements and taken responsibility for the audit as of the year ending June 30, 2003. You will note, if you look carefully, that there's a restatement to the June 30, 2002 audit. Based on some auditing procedures we applied, we determined that there should be an adjustment to the June 30, 2002 audit. And our opinion actually extends to those adjustments that were discovered in the course of our audit.

So our opinion is a little unusual in that it covers the June 30, 2003 year, but it also covers some restating adjustments made to June 30, 2002.

The other unusual aspect of the report, you may have noticed, is that my date is August 18, 2003, which is basically the date we concluded the field work except for a specific note 16 as to which the date is September 25, 2003. And this relates, again, to some action that will need to take place in connection with the subordination of the debt and allow the statements to classify that debt as current.

So the expectation is that the Board will take that action. John's here today to discuss that with you.

A couple of other issues in the audit that we took a long hard look at. One was the idea of a concept of going concern and continued existence. The Authority had a significant loss this year, and we carefully reviewed management's plans, the feasibility study that was done, in order to get a degree of comfort that management

was taking the appropriate action to ensure the Authority's continued existence beyond next year. And certainly we look at not only profitability but also cash flow matters and other aspects of the financial condition of the organization that give us the assurance that the Authority will continue in existence. Ultimately had the classification of the debt been short-term as opposed to long-term, that would have been a significant aspect of that consideration as well. Ultimately the statements reflect that debt as long term. It's primarily the Mid-Conn debt that we're speaking of.

I'd be happy to answer any specific questions you have in connection with the audit. Those were two, three specific items that I wanted to touch on in the course of meeting with you today. And I'll be happy to answer any questions you may have.

THE VICE CHAIRMAN: Questions by any board members?

Yes.

DIR. LATHROP: Just touching on a few things, and the most serious will be note 16, but I notice you have MBIA insurance. Credit enhancement is a very good way to describe that, and thank you for describing it thusly. That seems to raise the bond ratings from triple B to double A, if I look down the whole list and see the one that is missing and that is the double A bond. Are you satisfied and is the Board satisfied-- it has been years since I've looked at MBIA and its financial capacity-- but are you satisfied that MBIA has the appropriate financial strength to be a meaningful guarantor?

MR. TRENHOLM: John can comment on that, perhaps if you'd like, or Jim. But I will suggest that the extent we looked at MBIA was not as great as it would have been had the default ended up, in fact, being unremedied and not cured. Certainly to the extent that this debt was classified as current and the option was given to the bondholders or the trustee to actually call the debt, it certainly would have been a more significant issue to determine how the guarantee would have been fulfilled so far as

the audit is concerned.

MR. BOLDUC: MBIA actually stands behind the state. So first MBIA would only come into play is if the state were to default, so it's probably not as meaningful--

DIR. LATHROP: The only comment I'd make is given the problems we've had in the past assuming credit worthiness, that I think the question is an appropriate one and we should feel very comfortable with MBIA or not, as the case may be, but I think it does call for some-- I have a couple more, if the Chair would indulge me?

THE VICE CHAIRMAN: Yes, sure.

DIR. LATHROP: Obviously the operating loss, at least as I read this -- and I'm not used to reading balance sheets of quasi-government corporations -- but I see effectively an operating loss of \$640,000. Is this the appropriate time and place to raise that, or would you rather see that raised in a different part of today's meeting or--

MR. BOLDUC: No, we can talk about that now.

This is the book loss?

DIR. LATHROP: Yes, correct. Well, I would look to management to have a few sentences to say about how we can turn that around.

MR. TRENHOLM: My sense-- and that kind of goes back to one of our audit issues which was exactly that-- is the management took great care in terms of drafting note 16, specifically related to operations, and outlining what their plan will be so far as ensuring profitability, ensuring positive cash flow and so forth. And we're satisfied, based on the audit we did, that that plan was viable and in fact certain aspects of the plan already have been implemented and seem to be working effectively.

MR. LATHROP: Have you been able to run pro forma cash flows in terms of the remedy suggested in footnote 16 and their effect on the balance sheet?

MR. TRENHOLM: Management has run those.

DIR. LATHROP: And if you have, do those -- and I recognize pro formas are just that, pro formas -- do those seem to bring us into a at least a non-loss situation?

MR. TRENHOLM: I wouldn't go so far as to say that, because certainly the ability to borrow on the state loan is the key factor in bridging the gap in the short-term, at least.

MR. BOLDUC: You're at the heart of the issue of the indenture coverage. Test 716 triggered this whole thing.

Just first, quickly on that 640,000, that's a non-cash. That 640,000--

DIR. LATHROP: I recognize depreciation of a thousand things that are into it--

MR. BOLDUC: Right.

DIR. LATHROP: It's a plugged number.

MR. BOLDUC: Exactly. The interest coverage test is a cash test, not a book test. And the way that one works is really, as Scott said, basically kind of a work out here, and the state loan is the work out. And the thing we're going to -- the motion we'll talk about under item 2 is qualifying the state loan as a cash revenue source for the test, and that's really integral to making that work.

DIR. LATHROP: I couldn't agree more.

A third question, if the Chair will indulge me?

THE VICE CHAIRMAN: Yes.

DIR. LATHROP: And I will try not to add on here.

I was-- and, again, I am still being a newcomer. I'm still having problems seeing a direct link between tipping fees and the health of this organization. But I was quite astounded by the tipping fees

of the four that are listed on-- what page is it-- page 10. And, again, I may be off base here in terms of the financial health of SCRRRA. But as I look at the record of tipping fees, you know, there are disparities there that make me wonder, particularly with mid continent being the basic problem that we all assemble around, do you have any comment on that or would management have any comment on that?

MR. BOLDUC: A couple of things: I think if we were to go back in time I'm sure-- and Jerry Tyminski is herefrom Southeast -- you would find higher numbers for some of those projects in time when they've had their problems and worked themselves out. Tom could, I'm sure, amplify, but this is where we are at this point. I think looking forward really goes to the heart of the going concern question that Scott was talking about before relative to how do we work our way out. Obviously there's a whole basket of goods that we can throw in there, and the state loan being one, raising tipping fees and reducing costs, efficiency. There's a lot of different aspects to it to ultimately-- renegotiations of contracts and other contracts would be probably a refinancing of the existing debt for a longer maturity.

So all of those things have to be played out yet, and there's a lot of requirements.

The clear requirement though of the indenture is when this Board gets to the FY05 budget in the next several months-- I think it has to be approved by the Board in February-- the fundamental issue will be there. The actions of the Board will, again, invoke the need to look at the indenture coverage in 716. And basically that requires a coverage which means the cash requirement. The tipping fee has to be-- basically it solves the equation to get that one-to-one relationship. So whatever comes out of the other tools that go into the equation, the ultimate final number will be determined to make that number at least one-to-one otherwise we're in a default situation. And then under another section, another interest coverage-- another coverage requirement would mean that we do not set it that way under section 727. We would have to notify the trustee that we did not set it and we are

in default on a different one. So there's a lot of checks and balances here.

DIR. LATHROP: Thank you. That was very reassuring.

And finally, if I might, my final question, my observation more than a question, obviously footnote 16 on page 31 is the meat of other than ordinary interest in this audit report. And I'm particularly struck-- and I'm not being critical here. I'm struck by the last sentence, The Authority believes, and so forth, with the adoption of supplemental resolution has cured the noncompliance, the question occurred to me-- and I wrote it down before I heard the presentation here-- but is both management and particularly our bond counsel satisfied that they would back that statement?

MR. KIRK: The short answer is yes, that after significant amount of time and effort-- I think Jim alluded to it-- all parties are equally uncomfortable with the statement meaning--

DIR. LATHROP: That bothers me.

MR. KIRK: -- that there's a little bit of hesitancy, that it was carefully worded, carefully negotiated and each party's interests are protected by the statement. And I'd let John fill in the rest as our bond counsel.

MR. BOLDUC: Let me just say the uncomfortability isn't from the fact that any us are having problems signing anything. The uncomfortability is we're looking at a document that was written two decades ago, and the document doesn't have really a way to clean up the language. When we get all done I've already talked to Frank and John who are going to work with the trustee and his bond counsel to try to do some housekeeping of this 20-year-old document to try to make it cleaner because there's an interpretation there. But I have to sign a comfort letter with Tom today which I'll be signing to give to the auditors. Michael and Tom will be signing a comfort letter that goes to the trustees. And you've got a comfort letter that's written from the two bond counsel. So everybody is kind of in the same boat here. And we've also talked to the trustee and the bond counsel. So that's

about the only clean way we can get through it.

DIR. LATHROP: Just one final comment. I think it's very important that bond counsel, both ours and everybody else's along the road here, not only be comfortable but be seem to be throwing holy water on the arrangement. And we don't need another train wreck.

MR. STAFSTROM: We have spent a significant amount of time on this. The compliance certificate that Mike and Tom will sign today has been extensively reviewed and discussed with the auditors and with the trustees, with the trustee's counsel, and as Jim said, will be backed by an advice memo from Sidley and Austin to us as to the interpretations that are being given.

That being said, just to reiterate what Jim said, we will be at the finance committee to discuss this. We will be coming back to this Board in October/November to suggest amendments to the general bond resolution which, frankly, at this point in time is significantly outdated given the circumstances that we operate under.

DIR. LATHROP: Thank you very much.

THE VICE CHAIRMAN: Other questions? There is no action required. Thank you. I thank the committee.

I'd make a suggestion. Before the meeting Tom and I were talking. We are required to have two-thirds of the full Board for executive session. Because we changed the meeting from last week to this week, I know some people have to leave by quarter of 11:00 or 11:00 o'clock, so maybe we ought to go into executive session.

MR. BOLDUC: We also need two-thirds action on item 2.

THE VICE CHAIRMAN: All right. We've got 2 in front of us right now. Let's do the loan and then go into executive session. Does that make sense?

Number 2, Tom.

MR. KIRK: I'll let Jim kick this one off, subordinated indebtedness and the recent legislation coupled with our need to borrow a small amount of money through the rest of this year has prompted this in attachment 4.

Jim.

MR. BOLDUC: What we have in the booklets is the resolution. And, as I said before, what we need to do in order to qualify the proceeds of the state loan as a cash revenue source for the coverage test under section 716 was to recharacterize the state loan as a subordinated indebtedness, which under other provisions in the covenant the indenture allows that to qualify.

So, we've been working very closely with the State Treasurer's office and with the Office of Policy and Management, Marc Ryan's group, and his attorneys to make this happen. And they understand what the reasoning is and why we need to do it. John and Frank have been working very diligently to get that accomplished.

I'm going to just turn it over to John because it's a lot of legalese in terms of the documents. There's a document here we were able to get OPM to sign off on I guess about 9:00 o'clock last night, so that's the reason you didn't have your package before now.

MR. KIRK: This replaces attachment 4?

MR. BOLDUC: No, this is in addition. John, maybe you can just explain what the two documents are.

DIR. LAURETTI: Are there any changes? Yes, there are changes in the resolution.

MR. STAFSTROM: Just a little further background as to what Jim alluded to earlier, when we did the original loans that we needed, the original two other loans we took from the state of 2 million and 2.1 million, we did not structure those under the existing bond resolution. We actually kept them out of the existing bond resolution so that we didn't go through all the hoops we're

now having to go through.

In addition, we do not need to characterize -- although that money is subordinated to all of our bond indebtedness, we did not need to characterize this subordinated indebtedness under the existing bond resolution which covers all of the other bonds because we were given no security.

Interestingly, what came together at the time we had this discussion, as Jim just said, is it became clear that under the outdated resolution we're operating under we really needed to characterize future loans as subordinated indebtedness under the existing resolution characterizes them as bonds so that they then would be counted in a revenue covenant on a going-forward basis so we would not be out of compliance with the covenant.

And number two, as I think you're all aware, the state legislature passed in special session in August legislation dealing with the makeup of this Board and also with the state loan. One of the requirements of that provision is that for fiscal years 2003 and 2004 we can take down 22 million dollars of the loan and then we'll negotiate the other 93 that's allowed going forward. But the most important thing from our point of view on this is the previous legislation did not require any security for the loan. The new legislation says to the extent possible the state treasurer and OPM before they make the loan will get security if they can get security.

So interesting, we have a thing that comes together now where we both need to characterize the subordinated indebtedness to meet our revenue covenant. And by giving a pledge of our revenues subordinate to all of the existing bonded indebtedness and the way we've drafted this, all future bonded indebtedness, we will satisfy the requirements of the state law that the state take security and both the state treasurer and OPM are signed off on this structure as their security. So that's where we are today.

What you have before you is what you originally had in your book was a resolution authorizing the transaction in a similar fashion that we did before which is authorizing the transaction and a loan

substantially in accordance with the summary. What I've given you is a marked copy showing changes to that and to the exhibit B which are the loan terms.

And, in addition, there's a new document there which is exhibit A which is actually the exact supplement to the bond resolution, okay, that will allow this all to be subordinated indebtedness. And we apologize that it wasn't ready to go out with the Board book, but, as Jim said, it has been subject to -- that document has been subject to extensive review by the trustee and the trustee's counsel and OPM and its counsel and the State Treasurer's Office and all of those things.

The basic terms of the resolution are very similar to what this Board has previously adopted with the other two loans. What we are doing is taking the previous two loans and bringing them under the bond resolution and characterizing them on a going-forward basis as subordinated indebtedness on the same payment terms that we've had before. And they are authorizing the remainder of the 22 million which is some 17.8, 17.9 million dollars as a going-forward loan that the Authority will take down as advances as it needs. Again, we're limited to taking advances to just pay debt service. So that is the basic structure.

The difference from what we've done in the past is we are now characterizing the subordinated indebtedness under the indenture, under the existing bond resolution, and we are giving security. Security would be a subordinated pledge of the Authority's revenues only from the Mid-Conn project, limited to the Mid-Conn project, and those subordinated revenues would be subordinate to the existing pledge for the existing bonds as well as any future bonds. We wanted to preserve the ability for the Authority to go back into the market. One of the other provisions of the new statute is that the Authority shall begin to negotiate with the towns and cities in the Mid-Conn region for extension of the contracts. We can see some point out in the future, 2009, 2010, before the contracts expire in 2012, if you're going to have a continued operating system you may need to be back in the market to rehabilitate the existing facilities for things. We wanted to

reserve that right.

The other important provision in this, I think, and the one that caused us to be in discussions up until 9:00 o'clock last night with OPM is we've inserted a provision in this that a default under the state loan will not be a default under the general bond resolution until there's a 45-day sort of cooling off period. And the reason for that is we clearly would not want some issue with the subordinated state loan which we don't expect to happen to cause the whole waterfall effect of the other bonded indebtedness to be called. The state finally saw the light in that when they realized that on most of that indebtedness there's a special capital reserve fund backing that anyway. So those are the basic provisions of the agreement.

Again, document one of the package you have is actually the resolution authorizing the supplemental bond indenture and the loan, very similar to the form that we previously adopted. Document 2 is the actual supplemental resolution to the bond resolution.

I think I have covered most of the operative provisions in that.

THE CHAIRMAN: Just because it just came to the table, all right, why don't we start off with the first page. There are no additions or deletions, correct?

MR. STAFSTROM: Correct.

THE CHAIRMAN: Second page, we go down to the fourth or fifth whereas it says, "The Authority desires to pay a portion of the debt."

MR. STAFSTROM: We're just making it clear that we're --

THE CHAIRMAN: I just want the Board to see it, hear it and so to speak feel it.

MR. STAFSTROM: That's a clarification to make it clear that the subordinated indebtedness is considered an additional bond under the bond resolution and therefore it comes within the revenue

covenant.

THE CHAIRMAN: Okay.

Andy.

DIR. SULLIVAN: Yeah, I saw the earlier one. We did talk about it yesterday.

THE CHAIRMAN: I just want to walk through for the Board vote.

My car broke down on the highway. It's been one of those great days.

The last whereas on page 2 in addition, "Outstanding loans under the General Bond Resolution and any additional bonds," as you said, should go out; right?

MR. STAFSTROM: Yes.

THE CHAIRMAN: Page 3, we're down at the bottom, same change, "additional bonds."

Page 4, we're into section 7.

MR. STAFSTROM: Section 7 we just-- at the suggestion of the trustee we just clarified this to make it clear that these bonds are subordinate to all other -- subordinate to all other bonds and any additional bonds that might come-- that might be issued, any other additional debt that might be issued with the exception of the 93 million dollars that we have access to under the state law. That would be on parity with this as far as the revenue pledge. That's what this does.

THE CHAIRMAN: Sir.

DIR. MARTLAND: Are you saying in effect that if we subsequently authorize another bond this would be subordinate to that?

MR. STAFSTROM: Correct.

THE CHAIRMAN: What we are borrowing from the state is on the low table, so to speak.

MR. STAFSTROM: Their agreement does subordinate that to future

bonds, correct.

Again, Ted, the theory is that on a going-forward basis what we've got to do is keep this system operating. We may even be back in the market to borrow money from real bond holders, not the state, and they are clearly not going to want those bonds to be subordinate to a state loan.

DIR. MARTLAND: Okay. Thank you for explaining.

DIR. LATHROP: It's a debt financing basically, right?

MR. STAFSTROM: Close.

THE CHAIRMAN: The issue here before we get interesting on this, this is a loan from the state to try to give us a cash flow in order to keep Mid-Conn and the projects going. We always have to remind ourselves about the 220 million loss and the fight to hopefully get part of that back-- notice the word there is "part"-- and that would help us then take a look back at whether or not we pay off debt, we use it for reserves, or we move forward on a whole new business plan model that you've seen that I've given you the new management.

So this is a bridge loan for us to get from the disastrous point of the loss of money to a future move. I'm sorry.

John, on the next one it says "as amended and restated." Here is where we talk about the master loan agreement, correct?

MR. STAFSTROM: Right. We're just calling the master loan agreement amended and restated because we're leaving the other two existing loans under that.

THE CHAIRMAN: Anybody on the Board have questions with that part of the document?

DIR. SULLIVAN: Let me make a couple of comments to --

DIR. O'BRIEN: Mr. Chairman.

THE CHAIRMAN: Ray, go ahead.

DIR. O'BRIEN: The amount of this loan is 22 million and it's been that

all along. Is that going to be sufficient to cover some of the other surprises we got out of the legislature that are not in our tip fee?

MR. BOLDUC: Yeah, the 22 million was originally for the FY04 budget. I think we had put in like 18.9 million. We actually rounded it just to give us a little breathing room. We ended up with 22 million and incorporate the 2 million that we had in FY03 and maybe about a million -- you know 5 percent on the top. So that's how we got the 22 million.

Right now our cash flow looks like we're not going to require the 18 million for FY04 that will probably be coming somewhere south of that, so I think we've still got enough latitude. Our intent though is as soon as we get through this phase is to get back to the treasurer and OPM and finalize the remaining language in the loan agreement so that we have in place the 150. As you recall, OPM only wanted to put a document together for FY03 and FY04 basically, 13 months at the time this was voted. But we've got to get back around to them because we're going to be in the FY05 budget here in the next several months and so we've got to go kind of through this again in the next couple months so we get the balance of the 93 million loan in place.

MR. KIRK: Ray, this is Tom. The changes-- the surprises from the legislature, as significant as they are, don't take effect until October and our budget year started in July. And even with those significant changes they're still well under a million dollars, so I think we've got sufficient funds available on our credit line, if you will, to be able to handle those statutory changes.

DIR. O'BRIEN: My misunderstanding. I thought they were well over a million dollars. Okay.

MR. KIRK: Well, on a per-project basis they are. In total with the four projects you're correct they are over a million, but this is of course only for Mid-Conn.

DIR. O'BRIEN: Okay. Thank

you.

THE CHAIRMAN: Andy.

DIR. SULLIVAN: A couple of comments. To the issue of the budget with subordination, in keeping with what the new statutory scheme was-- I don't know whether we mentioned that before--

THE CHAIRMAN: Yes.

DIR. SULLIVAN: Okay. And also it becomes a part of our revenue stream for purposes of our bond indenture which then gets us to a better place. We spent a lot of time with that in the finance committee in the last --

THE CHAIRMAN: We're looking for a motion that includes two components, the change in part A and the supplemental resolution. We're looking for two separate motions.

MR. STAFSTROM: I think what you probably need to do is make a motion to amend what you've got in the book such as this and then a motion to approve that.

DIR. LAURETTI: I don't think a motion has been made yet so I would have to amend it.

THE VICE CHAIRMAN: To adopt the revised resolution draft 9/23/03.

DIR. SULLIVAN: Second.

THE CHAIRMAN: Which would be this document.

DIR. SULLIVAN: Substantially as discussed.

THE CHAIRMAN: We're only talking about the first component here that we've just had John walk us through.

DIR. LAURETTI: To include exhibit A.

MR. STAFSTROM: The first component, Mike, anticipates as exhibits the supplemental bond resolution and the term sheet for the loan, so you probably need to

adopt them all at once.

DIR. LAURETTI: Exhibit A and exhibit B to be included in the original motion.

MR. STAFSTROM: Maybe you want me to walk through it anyway.

DIR. MARTLAND: They haven't been modified.

THE CHAIRMAN: A is modify.

DIR. MARTLAND: A is to modify, so the exhibits wouldn't be in it.

MR. STAFSTROM: Exhibit A was never in your book. This has just been negotiated. This is a new document, so I'll be happy to go through that.

THE VICE CHAIRMAN: Let me clarify the motion just to be sure. The motion is to adopt the resolution by the Board of Directors of the Connecticut Resources Authority to authorize the issuance of subordinated indebtedness under the general bond resolution in the form of a loan from the State of Connecticut to benefit the Mid-Connecticut project, drafted September 23, 2003, with the addition of exhibit A, the Connecticut Resources Recovery resolution; and exhibit B, the 22 million dollar subordinated indebtedness.

DIR. LAURETTI: Second.

THE CHAIRMAN: I'd like you to walk through it.

MR. STAFSTROM: A is when the Authority first issued bonds back in 1985 for the benefit of the Mid-Conn project, they adopted what is called a general bond resolution. And every time the Authority issues additional bonds under that, which we're bringing this loan as subordinated indebtedness under that, there's a supplemental resolution to the general bond resolution. So this is what this is.

The first section are really the sort of boiler plate stuff, ratification of the existing resolution which we hope to change in October/November when we do some analysis. The definitions that we need, new definitions, including definition of the act which now picks up the revisions to the

original CRRA authorizing act authorizing the loan and a number of other definitions that we need to use to fit into what we have.

THE CHAIRMAN: Just to interrupt, can you take a look at page 2 you'll see 22 million shown up in three separate paragraphs.

MR. STAFSTROM: And the 22 million is drawn directly from the revised statute which splits the loan into two pieces. It allows you to take 22 million for fiscal year three and four, and then it says we have to go back for the other 93 million on a going-forward basis.

Two point one is the authorization for the loan. It authorizes the principal not to exceed 22 million for the Mid-Connecticut system and constitutes that as an additional bond and subordinated indebtedness under the indenture. B says that we're of the opinion that it's necessary to pay debt service. Again, we have to fit it within the indenture. The only way you can do this is to say this is in effect refunding debt service. That's also consistent with the state law that says you can only borrow to pay debt service. So, again, that comes together.

Two point two is the pledge/subordination, as we've discussed. This pledge is the revenues as a far down pledge in the system and then subordinates that pledge to the existing bond of indebtedness and any future bonded indebtedness.

THE CHAIRMAN: On that one there I looked acted 2.2 (b). That looked like a pretty clear understanding. So I just point that out to the Board.

MR. STAFSTROM: Two point two (c) is the provision I believe to be related to before that when we do access the additional 93 million that will not be subordinate to this. That will all have the same pledge. It's all the same loan from the state.

DIR. LAURETTI: So the subordination is only second to the existing debt?

MR. STAFSTROM: Existing debt and any future bonded indebtedness. If you, again, as I said before, if the Authority decides at some point in time it's got --

DIR. LAURETTI: Yes, but there's a specified purpose.

MR. STAFSTROM: A specified purpose would have to fit within the existing general resolution which, for example, allows additional indebtedness for maintenance repair, upgrading of the existing project, which you might need to do in the future in order to get towns to sign up past 2012. So we don't want to hamstring you by saying you had to go back to the state for authority to issue those bonds. They're giving their consent now by subordinating this.

MR. BOLDUC: I think, for example--

DIR. LAURETTI: But there's got to be some limitations to that, I guess is what my question is.

MR. STAFSTROM: I think the limitations are probably coming from the market, what the market would let you -- what they'll let you sell based on the stream of revenues.

MR. BOLDUC: For example, if we do a refinancing of the existing bonds and extend the insurance, I think their acquiescence in saying, yes, that makes sense. But you don't want them to come back and go through all these documents. I'm trying to avoid keeping the lawyers from getting too rich.

THE CHAIRMAN: John, on the details of the loan.

MR. STAFSTROM: Two point three. The purpose under (a), again, is to pay debt service. That's what (a) says. That ties back into the resolution. The maximum principal amount is 22 million. The maturity date, outside maturity date, is June 30, 2012. That again is set by the statute. If you recall, part of the debate we had over the summer with OPM is that we said if this was going to be effective we needed to extend that beyond 2012 in order to spread out the payments, and that's what was really meant,

and they kept saying no and they had that written into the statute, so the maturity date has to be 2012. You will have discussions about that going forward what that effect really has on tip fees and whether you need to be borrowing this money or increase the tip fees. Suffice it to say, the June 30, 2012 is written because of the new statute and provides you with certainly less flexibility in dealing with the tip fee on a going-forward basis.

We can prepay. We want to. The promissory note, they'll be three notes. As I stated before, we've already borrowed twice from the state, once on June 27th for 2 million dollars, once on July 24th for almost 2.2 million dollars. Those notes will stay in place according to their payment terms, although they will become subordinated indebtedness under this and then in addition we have an additional availability of 17,8 which we will draw down through an advance system as we need to do that.

The payments of principal and interest, as you might expect, they are on a monthly basis. The interest rate is set by the State Treasurer under the statute. The interest rate at this point is set at 25 bases points above the State Treasurer's short-term investment fund with a maximum cap of 6 percent. I think the interest rate now would be about 1.75. I haven't looked at -- it's about right.

MR. BOLDUC: Yes, that's right.

DIR. LAURETTI: And they won't let us lock that in.

DIR. MARTLAND: Shall we pay this like a bond, or do we pay this like a mortgage? In other words, you just said we pay once a month?

MR. STAFSTROM: We pay once a month.

DIR. MARTLAND: But on bonds you pay twice a year the principal?

MR. STAFSTROM: The state wanted to be paid back once a month. Which, Ted, to your point is a little bit crazy since we're in some cases going to be

borrowing the money to pay them.

DIR. MARTLAND: Okay.

THE CHAIRMAN: The interesting thing is-- this is not to be cutebut-- the state is not in much better shape than we are. So this is between two agencies really trying to work out the best of difficult times for both of us.

DIR. LAURETTI: Mr. Chairman, I take exception to that. I happen to think we're probably in better shape. There's a light at the end of the tunnel for us.

(Laughter.)

THE CHAIRMAN: We still live in the best piece of real estate in the country so it's all in science.

Ted, did you have another question on that?

DIR. MARTLAND: No.

THE CHAIRMAN: Was that answer okay?

DIR. MARTLAND: Yeah. When you use the word "bond" I think you pay differently. That's all. Okay.

MR. STAFSTROM: These are very subordinated bonds.

THE CHAIRMAN: The requisition as far as cash.

MR. STAFSTROM: Requisitions under (h) is the same we've used before. We'll tell them within five business days at the end of the month whether we need it. Again, we can only borrow for debt service, so we may not need it, and then they'll advance that money to us.

Execution and delivery, the statement there discusses how we've got to do this to fit within the general bond resolution. There are some certificates and other things that the CFO and the president will need to provide.

Article III. sets up the subordinated indebtedness loan repayment fund which, again, in the scheme of funds within

the bond resolution there's the operating fund and then there's the debt service fund and then there's debt service reserve fund and the subordinated loan fund is way down at the bottom of the tranch.

THE CHAIRMAN: It says here, "No subordinated indebtedness reserve fund shall be established."

MR. STAFSTROM: Right. There is a provision under the existing resolution that if you had subordinated indebtedness you could also fund a reserve fund for that. We're not doing that here. We're just funding the subordinated indebtedness repayment fund and we'll fund that on a monthly basis based on whatever revenues are left to pay that.

THE CHAIRMAN: Andy, all right?

DIR. SULLIVAN: Yes.

MR. STAFSTROM: Events of default. The events of default here, the main provision of this and why it's in the supplemental indenture is this is the provision that says that the state cannot invoke an event of default-- if you turn over to page 7 -- until the period of 45 days after notice and opportunity to cure it.

Again, the theory of this is a subordinated debtor. If they did think they needed to invoke a default we want them to give us notice and an ability to cure and an ability to work the problem out. We don't want the state loan to endanger a call on the existing 190 million dollars of other long-term bonded indebtedness.

Miscellaneous are the normal provisions that you would see. In all of these--

THE CHAIRMAN: Point out 5.4.

MR. STAFSTROM: Five point four basically says there's no recourse to the payment of principal and interest on the loan against any member or officer of the Authority for executing--

THE CHAIRMAN: I thought I would bring that up, gentleman.

MR. STAFSTROM: -- executing

the documents. There was some suggestion by OPM that we wanted to amend this, but we convinced them that it's pretty normal.

The amendment to the general bond resolution, we're not making any amendments with this. This is just reiterating the amendments that have been picked up in the other supplemental resolutions. And the resolution would take effect immediately from its adoption.

THE CHAIRMAN: Questions? Comments? Concerns? Other statements?

We do have an exhibit B that's also attached. Is there anything--

MR. STAFSTROM: Exhibit B, is as we have done before. This is the term sheet as to what the loan agreement will look like. Frankly, the loan agreement will look very similar to the ones that we've executed before and that you've approved before. Really the only changes here from the one that was in your book is, again, those dealing with the subordinated indebtedness and how deeply subordinated it is and also with the event of default not being able to be called.

And so other than that it's pretty much --

THE CHAIRMAN: There's a motion on the table. Not to reiterate the whole thing, it includes the resolution and exhibit A. Should the gentleman include exhibit B?

John? I would think so.

The gentleman is out of the table. Anybody know where Steve went?

DIR. LAURETTI: He included it, B?

THE CHAIRMAN: He did, all right.

DIR. SULLIVAN: And I seconded it.

THE CHAIRMAN: Okay, then all thosein --

MR. STAFSTROM: We have all directors present. Ray's on by phone.

THE CHAIRMAN: Is Ray still there?

MR. STAFSTROM: We need eight because we need two-thirds.

DIR. O'BRIEN: I had the mute on so you didn't pick up any background.

THE CHAIRMAN: Okay. We're about ready to vote on this, Ray. Are you all set? Do you have any questions?

DIR. O'BRIEN: No, they've all been answered quite well. Thank you.

THE CHAIRMAN: Does anyone know where Mr. Cassano is? He did make the motion. The Chair would prefer.

MR. STAFSTROM: While we're waiting, the plan then is to actually try to execute the loan document next week. The auditors need to be satisfied that you're adopting the resolution today and that OPM and the Treasurer's Office who are signed off on the resolution which I believe they are satisfied that that's occurred.

MR. KIRK: He's actually on a cell phone call.

THE CHAIRMAN: Is he coming in?

DIR. LAURETTI: Do we need him for the vote?

THE CHAIRMAN: He's part of the steering committee.

DIR. O'BRIEN: While you're getting him, I'd like to clarify was the amendment that just appended the attachments to the resolution?

MR. STAFSTROM: Yes.

THE CHAIRMAN: Yes.

DIR. O'BRIEN: Okay.

THE CHAIRMAN: Okay, Mr. Cassano is back. He was the maker of the

motion. All those in favor of the motion as stated and as of the discussion substantially presented? All those in favor?

Opposed?

Abstained?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: At this point do you want to go into executive session?

The Chair would entertain a motion to rearrange the order to go into executive session.

DIR. COHN: So moved.

THE VICE CHAIRMAN: Second.

(Whereupon, an executive session was held from 10:10 o'clock a.m. until 11:27 o'clock a.m.)

THE CHAIRMAN: The Board has come out of executive session. I've got 11:27.

Just for the record, there were no votes taken.

We'll move on to Roman numeral IV., number 3, Board action will be sought for dissolution of the Montville Landfill post-closure, attachment 5.

MR. BOLDUC: During the audit one of the adjustments that Scott had mentioned-- I didn't get the details-- but back a couple of years ago when dollars had been transferred, roughly 2 million dollars to SCRRA as a result of the Montville post-closure arrangement, those dollars ended up coming to CRRA. At the time they were recorded as revenues. In looking at the accounting for that, it really should have been booked as a contingent liability on our books and not a revenue item. Effectively what it means is a reversal in my parlance of retained earnings and in your parlance reduction in assets. The cash is still there. The cash hasn't moved. It's still restricted. But effectively it should have been recorded on the balance sheet as an accounts payable as opposed to a revenue item. So this is effectively-- the year-end audit reverses the original entry made back a

couple of years ago, and at that point the necessity for me changing the reserve as we had it set up is no longer required. So this is just a resolution to eliminate that reserve and move the dollars into an unrestricted Board designated fund.

THE CHAIRMAN: This had been discussed by the finance board. It comes here with the approval.

DIR. SULLIVAN: Yes.

DIR. MARTLAND: Second.

THE CHAIRMAN: Discussion.

DIR. O'BRIEN: Just a question. I couldn't hear Jim's last comments, but I hope what he was saying was that this is an accounting change and the record should reflect that it does not affect the assets available for post-closure of the Montville Landfill.

THE CHAIRMAN: Correct.

MR. BOLDUC: That is correct.

THE CHAIRMAN: All those in favor?

Opposed?

Abstained?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: Board action is sought regarding the use of the rolling stock reserve, attachment number 6.

MR. KIRK: Very straightforward. Previously the Board approved reconditioning two wheel loaders, a substantial savings over replacement of the machines. This resolution allows us to pay for that out of our rolling stock reserve which is the appropriate use for that.

DIR. SULLIVAN: That was the reclassification several months ago.

DIR. MARTLAND: So moved.

DIR. SULLIVAN: Second.

THE CHAIRMAN: Discussion.

DIR. SULLIVAN: Again, we did that at the finance committee meeting.

THE CHAIRMAN: Just for the record, it's the recommendation of the finance committee.

All those in favor?

Opposed?

Abstained?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: Board action sought regarding FY03 year-end budget transfer, attachment number 7.

Jim, will you speak to that?

MR. BOLDUC: Yes. Again, this is some more year-end housekeeping requirements. In the bylaws there's a reference to approval requirements for dollars associated with moving dollars and expenditures.

If you look at the attachment, we've broken down the transfers by each of the projects. The first one essentially we just needed approval to appropriate dollars for expenditures related to additional waste that was processed and the corresponding revenues.

Mid-Conn and the Southeast was expenditures associated with other expenses that had gone on through the year. As we close off the books for the year, we take a look at the original authorizations for the whole year. And under the bylaws we need to come back to the Board for actual transfers and utilizations of additional dollars so that we have actually the final Board authorizations. And we describe the reasons for the transfers in the right-hand column there.

DIR. COHN: Move the item.

DIR. MARTLAND: Second.

THE CHAIRMAN: Are there any comments? Are there any comments from our ad

hocs?

DIR. LOVEJOY: No.

THE CHAIRMAN: Any other  
comments?

All those in favor?

Opposed?

We do have an aye from the  
gentleman, ad hoc.

All right, so moved.

THE CHAIRMAN: Item under 6  
under finance. Board action sought regarding  
insurance renewal for commercial general  
liability, so on and so fourth, attachment  
number 8.

MR. KIRK: This is a Board  
resolution renewing a number of insurance  
policies that were discussed and examined in  
detail at the finance committee.

THE CHAIRMAN: You did make  
the change, correct, from the 40 million cap  
with only one exposure wright off, so to  
speak, to 20's?

MR. KIRK: Correct.

MR. BOLDUC: That's right.  
And subsequent to that we did get a \$50,000  
lower bid from Liberty on one of the  
policies, so that's reflected on here as  
well.

THE CHAIRMAN: So just for the  
Board, this was a lengthy discussion at the  
Board meeting, and we felt that the policy  
that we had before which dealt with these  
items but had a \$40,000 one-time event was  
broken down into smaller pieces.

DIR. SULLIVAN: Forty million.

THE CHAIRMAN: And there is a  
reduction in the premium cost from where we  
were at that time. We had to be renegotiated  
back through Marsh, correct?

MR. BOLDUC: . (Nodding head in  
the affirmative.)

THE CHAIRMAN: So those conversations were worthwhile then.

DIR. COHN: Move the item.

DIR. COOPER: Second.

THE CHAIRMAN: Discussion.

All those in favor?

Opposed.

Abstained.

DIR. MARTLAND: Abstained.

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: The next item, Board action sought regarding the establishment of recycling education reserve, attachment 9.

MR. KIRK: This is for-- Jim, why don't you take this one.

MR. BOLDUC: Again, in looking and doing more housekeeping with these reserves and some of the contracts, in looking at the City of Hartford contract for the pilot payment there was a provision in there that goes back probably ten years. It has to do with an educational fund that we provide \$100,000 a year. But in reading through the document it indicated that any residual funds that weren't drawn down by the city at the end of any particular year would roll into a balance sheet reserve, and that would be available in subsequent periods. We went back and did a reconciliation over the last-- 1993 I think it was when it started. And the reconciliation indicated we should have been rolling over during this whole period of time. It's indicated \$237,000. What the resolution does is to move the monies from unrestricted unBoard designated category assets to an unrestricted Board designated fund so it's in compliance with the contract.

And I thought-- I'm not even sure. Let me just double check. I don't think there's Board action required on this one because it's in fact a legal contractual arrangement.

DIR. LATHROP: You said that

at the finance committee.

MR. BOLDUC: Yes. And so we just-- that's how we want to transfer the dollars.

THE CHAIRMAN: Jim, the agenda calls for Board action.

DIR. SULLIVAN: We don't really need it.

DIR. O'BRIEN: I would move the Board endorse and approve management's recommendation with regard to education.

THE CHAIRMAN: Does the chairman of finance agree?

DIR. SULLIVAN: Second.

THE CHAIRMAN: All right. This is just a consensus of the Board that this is an appropriate procedure as recommended through the finance committee.

Seeing no objection, we'll move on.

Project reports.

MR. KIRK: Okay. First for Bridgeport we have a consent order for consideration between DEP and the CRRA regarding the Shelton Landfill, specifically the resolution of the 1999 off-site gas migration. Specifically the Board would resolve to make a \$330,500 SEP payment to the City of Shelton as part of this consent agreement.

And it would further resolve to take the money out of the future use account which was set up just for this purpose some years ago.

THE CHAIRMAN: So this is actual cash coming from--

MR. KIRK: This is cash going to the city and SEP is a --

DIR. LATHROP: Supplemental environmental project.

MR. KIRK: Which is use of money in lieu of a fine paid to the general

fund of the DEP. A fine is authorized and appropriated for beneficial environmental projects inside the-- in this case the City of Shelton. And there's a schedule of things that the city will be doing with this \$300,000 SEP.

THE CHAIRMAN: And this was the DEP approval?

MR. KIRK: Absolutely.

THE CHAIRMAN: So it closes out of the case?

MR. KIRK: Yes.

DIR. SULLIVAN: Move the item.

DIR. COOPER: Second.

THE CHAIRMAN: Any comment?

DIR. MARTLAND: I'd rather see Shelton get it from DEP.

THE CHAIRMAN: Any comments?  
All those in favor?

Opposed?

All right, the Mid-Conn project.

MR. KIRK: Mid-Conn project reports. We're seeking Board action to direct the management to enter into a contract with DEP for reimbursement of our stack testing expenses. As you know, we pay a substantial amount of money to the DEP in the form of what we call the dioxin tax. It's actually a solid waste assessment. It's millions of dollars, but that allows us to recoup back about \$70,000 for each stack test at each plant, 70,000 to 90,000, depending on the scope of the test. This resolution will allow us to enter into a contract with the DEP to reclaim that amount of money.

DIR. MARTLAND: I'd recommend that.

THE COURT: Is there a second?

DIR. SULLIVAN: Second.

THE CHAIRMAN: All those in

favor?

Opposed?

So moved.

DIR. LOVEJOY: Abstained.

MR. KIRK: The next item under Mid-Connecticut is a resolution providing for management to enter into agreements with Bloomfield/Windsor Landfill and the Lisbon Resources Recovery facility in the event we need additional capacity to unload excess garbage. At the moment we typically send it out of state to Bridgeport. We'd like the additional capability and flexibility of going to two other instate capacity providers.

DIR. MARTLAND: So moved.

DIR. COHN: Second.

THE CHAIRMAN: Does anybody want to further comment on that? None.

MR. KIRK: And the third--

THE CHAIRMAN: All those in favor?

Opposed?

So moved.

DIR. LOVEJOY: Abstained.

MR. KIRK: And the Southeast issue, very straightforward. Board action is required regarding the sale of some nitrogen oxide emission reduction credits. There's actually three products involved here. But suffice it to say, this is a fair market price that Peter negotiates with American Ref-Fuel and we'd like the Board's resolution.

DIR. SULLIVAN: Moved.

THE CHAIRMAN: Is there a second?

DIR. MARTLAND: Second.

MR. KIRK: Average price is about \$630 per ton, but there's three different products priced three different

ways.

THE CHAIRMAN: This is a not-to-exceed 100,000, correct?

MR. KIRK: Correct.

THE CHAIRMAN: The Board clear on that?

All those in favor?

Opposed?

Abstained?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: So moved.

We did the executive session. We'll go on to communication. There's Board action, a request for Attorney General, attachment 13, and I'll read it-- 14.

"Resolved: That the President through his staff is hereby authorized to request a formal opinion from the Attorney General regarding certain issues surrounding the March 16, 1998, agreement between Connecticut Resources Recovery Authority and the National Geographic Society Education Foundation establishing the Connecticut Geography Education Fund."

This was the \$500,000 that was transported into a fund. It had been criticized when we first took office. It was done by the previous board. We've been researching it for about a year. And just for the record, last year was one of the first times when Ted Martland, as our assignee, to see that grant given to the tune of \$120,000 to various teachers in the school system throughout Connecticut who had applied.

So our initial effort was to see if it was possible to resecure the 500,000, but the second component was to make sure that if our money has been placed in this trust that our state got the advantage of it.

DIR. MARTLAND: So moved.

DIR. SULLIVAN: Second.

DIR. O'BRIEN: Question.

THE CHAIRMAN: Yes.

DIR. O'BRIEN: What are the certain issues we're asking the AG to look at?

THE CHAIRMAN: What would be the mechanism, if any, for recovery of the money.

DIR. O'BRIEN: Thank you.

THE CHAIRMAN: All right. Any further questions? Comments?

All those in favor?

Opposed?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: Thank you.

The next item is Board action sought regarding legislative action, attachment 15, authorization for legislative action.

"Resolved: That the President is hereby authorized to seek whatever legislative amendments or revisions to CRRA's enabling statute as the President, in his best judgment, believes necessary to enhance the flexibility, efficiency and effectiveness of CRRA operations pertaining to meetings of its Board of directors, staffing levels, and enhancements to future operations."

Just so the Board knows that we are obligated to meet every month if we have some issues, particularly in August with vacations and other things, so to have the flexibility to call our meetings when needed. It does not mean we will not have them.

The other thing is staffing levels. We are taking a look at reorganizing functions here, we have a limit on staffing, we're taking a look at that from the President's office, and enhancement of future operations, is a collective number of items that we will seek further as we further develop our business plan, business model in

the future.

DIR. SULLIVAN: I would move the adoption of the resolution.

DIR. COHN: Second.

THE CHAIRMAN: Discussion.

DIR. O'BRIEN: I would like to amend that motion to place "seek whatever legislative action" rather than-- replace that with "to seek legislative amendments or revisions," substantially as discussed during the meeting.

THE CHAIRMAN: Well, the Chair didn't go into all the details, but I can understand your comment of limitation.

MR. KIRK: I think I have enough direction from your comments to be able to implement what we --

THE CHAIRMAN: Yes. When we talk about the business plan with the business model, if the Board feels that that's broad enough or restrictive enough that's fine with me. But we know we are developing a new business model and business plan.

DIR. MARTLAND: Let's stay with the motion.

DIR. SULLIVAN: Yes.

DIR. MARTLAND: If he's offering an amendment, he has to have a second. Did it?

THE CHAIRMAN: Ray, we don't have a second, okay, but we appreciate your comment.

Then all those in favor?  
Opposed?

DIR. O'BRIEN: O'Brien nay.

THE CHAIRMAN: All right.

DIR. LOVEJOY: I say nay.

DIR. MARTLAND: Hang in there, Ray.

THE CHAIRMAN: Tremendous

asset to the Board.

Under legal, Board action is sought regarding acceptance of a potential settlement. This would be under 16.

"That the Board hereby gives the Attorney General and Pepe and Hazard the authority to accept a settlement in the mediation in the amount of not less than that approved by the Board and President as determined at this meeting"-- which was done in -- we had discussed in executive session-- "to settle the Authority's claims against the financial institutions sued to recover monies in the Enron matter."

DIR. SULLIVAN: Move the adoption of the resolution.

DIR. COHN: Second.

DIR. FRANCIS: I would think as an amendment to that that we'd want to say that "of not less than that 'discussed' by the Board" at present because we didn't take an action.

THE CHAIRMAN: There were no actions. Thank you.

DIR. MARTLAND: Thank you.

THE CHAIRMAN: Would the gentleman restate that again?

DIR. FRANCIS: I just substitute the word in the third line there, "approved" with 'as discussed' "by the Board and President."

DIR. MARTLAND: I think that would be a violation of the executive session--

THE CHAIRMAN: Let me get the gentleman's words. "As discussed--

DIR. FRANCIS: Right.

THE CHAIRMAN: -- by the Board and President." Just put in "as discussed." So we would strike the word "approved" and use the word "as discussed."

DIR. COHN: Does that satisfy what Ted was describing as a necessity for

the tables down there?

THE CHAIRMAN: I think the gist of it, it gives the Attorney General the authority.

MR. KIRK: Yes. The actual authority would be a letter from me to the AG.

DIR. COHN: Of not less than the amount would take that flexibility away.

DIR. LATHROP: It wouldn't have flexibility. The idea of it was to satisfy our court requirement.

THE CHAIRMAN: He needed the authority to go there and that's what we're giving him.

MR. KIRK: And I think the Board's point is they don't want to see that number any lower than what was discussed.

THE CHAIRMAN: And we haven't approved that. Good point.

Further discussion? So we have to vote on the amendment first.

Was there a second to his amendment?

DIR. SULLIVAN: I'll second it.

THE CHAIRMAN: Then we'll call for a vote on the amendment to strike the word "approved" and put in "as discussed."

All those in favor?

Opposed?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: Now on the motion as amended. All those in favor?

Opposed?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: Okay, the motion succeeds.

Next, Board action sought regarding legal request for services, attachment number 18.

DIR. COHN: I move the item.

DIR. MARTLAND: Second.  
That's Pepe we're talking about, right?

DIR. SULLIVAN: Seventeen,  
Pepe.

THE CHAIRMAN: The Board  
authorizes the First Amendment.

Any comment?

Motion to move and seconded.  
All those in favor?

Opposed?

So moved.

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: Let's go to  
Chairman's reports, policy and procurement.  
Bud.

DIR. COHN: We have a couple  
more.

THE CHAIRMAN: The Chair  
apologizes. He's using off his own scrap  
notes which was from the preliminaries.  
Legal request for services,  
attachment 18.

MR. KIRK: The second one is  
the contingency agreement, tab 17.

DIR. MARTLAND: Now we're on  
18.

MR. KIRK: If you go back to  
number 17, we have a resolution authorizing  
-- asking the Board to authorize an  
amendment.

DIR. MARTLAND: We did that.

MR. KIRK: Sorry.

MR. BOLDUC: Eighteen.

THE CHAIRMAN: So the Chair  
retracts his apology. He wasn't wrong.  
(Laughter.)

THE CHAIRMAN: We're now on

the resolution legal request for services.

MR. KIRK: I apologize, Ann is not here. She is in court today but tells me this is a relatively routine updating of our continuing authorization for payments to our attorneys. Pullman and Comley is our bond attorney, Cummings & Lockwood, there's a number of issues, not the latest of which was the MDC mediation, and our litigation attorney. So this is in keeping with our procurement procedures to refresh our RFSSs.

DIR. SULLIVAN: Move the adoption of the resolution regarding legal request for services.

DIR. COHN: Second.

THE CHAIRMAN: Any discussion? Comment? There's a number value attached. All those in favor?

Opposed?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: So moved.

Bud, do you want to--

DIR. COHN: This will be very brief, as usual. We met and discussed two items. One was we did some brainstorming on the potential structure and content of a retreat for the Board to discuss long-term issues of the Authority and offer the staff some guidance. That's probably enough said on that one.

Number two, we received a report on the slow but ongoing negotiations over CRRA's office space. The space that had been offered by Capital Properties was at 250 Constitution Plaza and not particularly desirable. The discussion has moved on to a different floor in this building which is much more desirable because it has the same footprint we have presently and would be less expensive both because the move is less distant and our systems furniture would fit right in without expensive rework. And hopefully some day this will come to fruition.

There are two other items that are farther down on the agenda. I'll speak

to them when we get to them.

THE CHAIRMAN: Organizational synergy, human resources.

MR. KIRK: We did meet this morning but no Board action is required as a result of this.

DIR. MARTLAND: We have a resolution here.

THE CHAIRMAN: Then we'll move on to additional Board actions.

MR. KIRK: Attachment 19 is asking the Board to endorse and approve restated bylaws. I think Bud will speak to a few items in here, but essentially this is a reflection of 2002 changes that were made by the legislature recently.

Bud.

DIR. COHN: I'd like to move the item to the table.

DIR. MARTLAND: Second.

DIR. COHN: Actually there's a little more to say. You saw this in draft before, and I think we have made it now entirely consistent with the act and clarified some certain areas that might have been otherwise fuzzy such as telephonic meetings of the Board and committees.

MR. KIRK: There's one other point worth mentioning. On page 4 these bylaws have changed. Clarify quorum requirements for committees such that a quorum is now identified to be 50 percent of the committee. So some of our committees now have four members. So a legitimate quorum will be two of those members. In no case will less than two make up a quorum.

THE CHAIRMAN: And just for the record, we had larger numbers because we had Cathy Boone and John Mengacci involved in the boards and they are no longer on the Board. So it had to be recounted.

DIR. COHN: According to the statute John Mengacci was never here.

THE CHAIRMAN: Okay. Motion

on the table. Seconded. New bylaws.

All those in favor?

Opposed?

DIR. LOVEJOY: Abstained.

THE CHAIRMAN: So moved.

MR. KIRK: And the final resolution is the ethics policy. I'll let Bud do it.

DIR. COHN: This reflects an overdue updating that covers a lot of changes that have occurred in the ethics law since the Board last adopted-- the prior Board last adopted an ethics policy. It was done in conjunction with the State Ethics Commission in accordance with their review. I'd like to move it's adoption.

DIR. FRANCIS: Second.

THE CHAIRMAN: Comment.

DIR. MARTLAND: I just want to say we're a little bit stricter in our ethics than the ethics guidelines for the legislature.

MR. KIRK: We actually follow ours.

(Laughter.)

THE CHAIRMAN: Okay. Any other comments? All those in favor?

Opposed?

So moved.

I don't think you want to abstain.

DIR. LOVEJOY: No.

THE CHAIRMAN: That would not be good.

I don't know of any further business to come to the Board. We're meeting again in three weeks. Sorry to put you out in the hallway during that long executive

session.

DIR. SULLIVAN: Move to  
adjourn.

DIR. FRANCIS: Second.

THE CHAIRMAN: So moved.

(Whereupon, the above  
proceedings adjourned at 12:00 o'clock p.m.)

**TAB 2**



# CARLIN, CHARRON & ROSEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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To the Board of Directors of the  
Connecticut Resources Recovery Authority  
Hartford, Connecticut

In planning and performing our audit of the financial statements of the Connecticut Resources Recovery Authority (the "Authority") as of and for the year ended June 30, 2003, we considered the Authority's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. During our audit we became aware of several matters that represent opportunities for strengthening internal controls and improving operating efficiency. These matters do not represent material weaknesses and, therefore, were not included in our audit report.

## INTERNAL CONTROL MATTERS

### Accounting for Fixed Assets

Based on our audit procedures over fixed assets, we noted that the Authority was not able to produce one comprehensive fixed asset report showing all cost and depreciation by asset. In addition, it was brought to our attention that periodically, the calculations in the current fixed asset system are incorrect and need to be manually verified and corrected.

We recommend that the Authority consider obtaining a new, comprehensive fixed asset accounting system that will be capable of tracking all fixed assets and providing management with accurate reports and measurements of fixed asset values.

### Monitoring of Inventory

During our audit, it was noted that the Authority is not monitoring its inventory held at three separate locations on a consistent basis. It is reasonably possible that the inventory reported to the Authority by the operators is unreliable and for this reason, should be verified on a regular basis by the Authority. It was specifically noted that the Metropolitan District Commission, who operates the Mid- Connecticut project, changed the valuation methodology for a significant portion of the spare parts inventory without notification and approval, and without providing pre and post valuation reports that could be reviewed and reconciled to Authority records.

We recommend that the Authority provide detailed instructions to all responsible parties regarding the methodologies used for valuation, the purchase and utilization of inventory, and physical counting of inventory at year end. In addition, we recommend that the Authority participate in the year end physical count, reconciling the amounts provided by the operators to recorded amounts. In addition, we recommend that the Authority give authorization to responsible parties prior to any changes in valuation methodologies.

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CCR Retirement Plan Services, LLP; CCR Wealth Management, LLC; CCR Technology Services; CCR Turnaround Management; CCR Outsourcing & Recruitment  
A Founding Member of the Leading Edge Alliance

### **Monitoring of Bond Covenants**

It does not appear that the Authority is monitoring compliance with the covenants on each of its bond issues. This lack of monitoring puts the Authority at risk of not identifying covenant noncompliance which could constitute an event of default under the bond indentures.

We recommend that the Authority undertake a comprehensive review of debt covenants, including development of a checklist, to determine the extent of the Authority's compliance and identify any possible violations. Further, we recommend that key financial covenants be identified and monitored quarterly to provide early identification of potential noncompliance and that all major financial decisions be made having determined the debt covenant impact.

### **Accounts Receivable Management**

In connection with our audit procedures over accounts receivable, we noted that the Southeast project accounts receivable balance increased substantially during fiscal year 2003. The increase is due to an apparent lack of timely remittance from the operator to the Authority, possibly due to slower billing practices by the operator.

We recommend that management formalize the process to monitor collections for the all projects and communicate with the operator to ensure that all efforts are made to bill and collect on a timely basis, to ensure that remittances are made to the Authority according to contract requirements.

### **Minimum Commitment Billing – Mid-Connecticut Project**

During the course of our audit, we noted that, although allowable under the municipal contract agreements, the Authority has not been billing municipalities for the difference between the amounts dumped and the minimum commitments, provided that the municipalities do not dump an amount equal to their minimum commitment.

We recommend that the Authority implement a policy and procedure for dealing with any discrepancies between their minimum commitment and the actual amounts dumped.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

### **Personnel Policies**

During our testing of compliance with laws and regulations, we noted that certain policies contained in the Authority's personnel manual have not been followed. We noted that the employees in the "Leadership Group" were not given performance evaluations in the current year. We also noted that training offered and given to employees was not monitored or tracked and there did not appear to be formal documentation for all staff development.

We recommend that the Authority implement procedures to ensure adherence to Authority policies as prescribed by management.

### **Auditors of Public Accounts Draft Report**

We are in receipt of the draft report prepared by the Auditors of Public Accounts dated September 3, 2003, which contained certain findings regarding internal controls and compliance with Connecticut General Statutes. We believe the Authority should give immediate attention to this report, resolve findings, implement recommendations and comply with existing Authority policies and procedures as identified in the report.

We would like to take this opportunity to thank the accounting staff of the Authority for their assistance and courtesies extended to us during the course of our audit. The contents of this letter have been discussed with management and, if you have questions relative to the matters discussed herein or the implementation of any of the above, we shall be pleased to discuss them with you.

This report is intended solely for the information and use of the board of directors, management and others within the Authority and the State of Connecticut, Office of the Comptroller.

*Carlin, Charon & Rosen, LLP*

Glastonbury, Connecticut  
August 18, 2003

# CRRR REPORT AND RESPONSE SUMMARY TO FY03 AUDIT COMMENTS

Auditors' Finding	Auditors' Recommendation	CRRR Response
<b>INTERNAL CONTROL MATTERS</b>		
<p><b>Accounting for Fixed Assets</b> - Based on our audit procedures over fixed assets, we noted that the Authority was not able to produce one comprehensive fixed asset report showing all cost and depreciation by asset. In addition, it was brought to our attention that periodically, the calculations in the current fixed asset system are incorrect and need to be manually verified and corrected.</p> <p><b>Monitoring of Inventory</b> - During our audit, it was noted that the Authority is not monitoring its inventory held at three separate locations on a consistent basis. It is reasonably possible that the inventory reported to the Authority by the operators is unreliable and for this reason, should be verified on a regular basis by the Authority. It was specifically noted that the Metropolitan District Commission, who operates the Mid-Connecticut project, changed the valuation methodology for a significant portion of the spare parts inventory without notification and approval, and without providing pre and post valuation reports that could be reviewed and reconciled to Authority records.</p>	<p>We recommend that the Authority consider obtaining a new, comprehensive fixed asset accounting system that will be capable of tracking all fixed assets and providing management with accurate reports and measurements of fixed asset values.</p> <p>We recommend that the Authority provide detailed instructions to all responsible parties regarding the methodologies used for valuation, the purchase and utilization of inventory, and physical counting of inventory at year end. In addition, we recommend that the Authority participate in the year end physical count, reconciling the amounts provided by the operators to recorded amounts. In addition, we recommend that the Authority give authorization to responsible parties prior to any changes in valuation methodologies.</p>	<p>Management will review and evaluate its accounting software in fiscal year 2004 including the fixed asset accounting system.</p> <p>Policies and procedures will be implemented to improve and maintain better controls and accountability of the Authority's spare parts inventory. The Authority will remind the Metropolitan District Commission of Authority approval(s) prior to any future changes in systems that affect the accounting records.</p>

# CRRA REPORT AND RESPONSE SUMMARY TO FY03 AUDIT COMMENTS

Auditors' Finding	Auditors' Recommendation	CRRA Response
<p><b>Monitoring of Bond Covenants</b> - It does not appear that the Authority is monitoring compliance with the covenants on each of its bond issues. This lack of monitoring puts the Authority at risk of not identifying covenant noncompliance which could constitute an event of default under the bond indentures.</p>	<p>We recommend that the Authority undertake a comprehensive review of debt covenants, including development of a checklist, to determine the extent of the Authority's compliance and identify any possible violations. Further, we recommend that key financial covenants be identified and monitored quarterly to provide early identification of potential noncompliance and that all major financial decisions be made having determined the debt covenant impact.</p>	<p>Management has compiled a preliminary External Reporting Schedule for the majority of its requirements under the bond covenants. Bill No. 2002, which passed in August 2003, has added more requirements to our reporting obligations with regard to the Mid-Connecticut project. Management will revise this schedule and, in addition, finalize a comprehensive list of the bond covenant requirements for the three other projects as well. It is envisioned that an electronic notification system can be developed to alert management when reports are due in a time sufficient to adequately prepare and successfully avoid any noncompliance issues.</p>
<p><b>Accounts Receivable Management</b> - In connection with our audit procedures over accounts receivable, we noted that the Southeast project accounts receivable balance increased substantially during fiscal year 2003. The increase is due to an apparent lack of timely remittance from the operator to the Authority, possibly due to slower billing practices by the operator.</p>	<p>We recommend that management formalize the process to monitor collections for the all projects and communicate with the operator to ensure that all efforts are made to bill and collect on a timely basis, to ensure that remittances are made to the Authority according to contract requirements.</p>	<p>We agree and recognize that the operator has an issue with its internal billing practice, which it has communicated to the Authority. The Authority's Operations Department is meeting with the Southeast project operator to review and agree on a billing schedule in accordance with contract requirements. Once determined, the Authority's Accounting Department will be notified of the schedule in order to monitor billings and payment cycles.</p>

**CRRA REPORT AND RESPONSE SUMMARY TO  
FY03 AUDIT COMMENTS**

<b>Auditors' Finding</b>	<b>Auditors' Recommendation</b>	<b>CRRA Response</b>
<p><b>Minimum Commitment Billing – Mid-Connecticut Project</b> - During the course of our audit, we noted that, although allowable under the municipal contract agreements, the Authority has not been billing municipalities for the difference between the amounts dumped and the minimum commitments, provided that the municipalities do not dump an amount equal to their minimum commitment.</p>	<p>We recommend that the Authority implement a policy and procedure for dealing with any discrepancies between their minimum commitment and the actual amounts dumped.</p>	<p>The Authority will review the individual member town contracts and previous operating practices and develop the appropriate policy and procedure.</p>
<p align="center"><b>COMPLIANCE WITH LAWS AND REGULATIONS</b></p>		
<p><b>Personnel Policies</b> - During our testing of compliance with laws and regulations, we noted that certain policies contained in the Authority's personnel manual have not been followed. We noted that the employees in the "Leadership Group" were not given performance evaluations in the current year. We also noted that training offered and given to employees was not monitored or tracked and there did not appear to be formal documentation for all staff development.</p>	<p>We recommend that the Authority implement procedures to ensure adherence to Authority policies as prescribed by management.</p>	<p>The issue of no performance evaluations being given to the "Leadership Group" is being addressed by CRRA President.</p>

**CRRA REPORT AND RESPONSE SUMMARY TO  
FY03 AUDIT COMMENTS**

<b>Auditors' Finding</b>	<b>Auditors' Recommendation</b>	<b>CRRA Response</b>
<p><b>Auditors of Public Accounts Draft Report -</b> We are in receipt of the draft report prepared by the Auditors of Public Accounts dated September 3, 2003, which contained certain findings regarding internal controls and compliance with Connecticut General Statutes. We believe the Authority should give immediate attention to this report, resolve findings, implement recommendations and comply with existing Authority policies and procedures as identified in the report.</p>		<p>The Authority concurs with the finding and will establish a schedule for implementing responses to the recommendations as articulated in the Authority's responses to the Auditor's of Public Accounts' Audit Report.</p>

**TAB 3**

## **RESOLUTION REGARDING CHANGES TO CERTAIN PROJECT RESERVE ACCOUNTS**

**RESOLVED:** That the Health Fund be renamed the Benefit Fund in General Administration.

**FURTHER RESOLVED:** That the Hartford Landfill Closure/Postclosure Reserve be split into two separate reserves (balance as of August 31, 2003 was \$7,109,905.17) and that \$500,000 of these funds be designated for the Hartford Postclosure Reserve and the remaining fund balance be designated for the Hartford Landfill Closure Reserve.

**FURTHER RESOVLED:** That the Ellington Landfill Closure/Postclosure Reserve be renamed the Ellington Postclosure Reserve.

**FURTHER RESOLVED:** That the Waterbury Landfill Closure/Postclosure Reserve be renamed the Waterbury Closure Reserve.

# Connecticut Resources Recovery Authority Reserve Analysis

*October 3, 2003*

The following is the annual analysis of CRRA reserve accounts and resolution presented and approved by the Finance Committee meeting at their October 2003 meeting.

The purpose of this analysis is to ensure that the existing reserves being held continue to meet the objectives for which they were initially created and highlight those reserves whose balances will be reviewed in the upcoming budget process.

The following are attached as part of this analysis:

- Schedule Of Short Term Investment Funds as of August 30, 2003 (Attachment A)
- Individual Reserve Summaries

This analysis includes only those reserves held in the Short Term Investment Fund (STIF) and does not include the accounts held by the Trustee or any other bank accounts. These reserve funds are aggregated into the one CRRA STIF account. Although all transactions (deposits and withdrawals) flow through this one STIF account, accounting maintains records to track individual reserves for reporting purposes.

CRRA currently has twenty (20) reserves comprised of the following:

- Fourteen (14) Unrestricted Board Designated reserves (Resolution or Budget Process) (For Specific Purpose)
- Six (6) Restricted reserves (Contract, Arbitration Decision, Trustee, DEP Consent, etc.)

Management is seeking a recommendation to submit the attached resolution to the CRRA Board of Directors for adoption at the October 2003 meeting. The following summarizes the changes in the resolution:

- Rename the Health Fund to the Benefit Fund. Modify the purpose to exclude reimbursement for the wellness program, which is now being funded through the General Administration budget.
- Split the Hartford Landfill Closure / Postclosure Reserve into two separate reserves and designate \$500,000 for the Hartford Landfill Postclosure Reserve and the cash balance designated for the Hartford Landfill Closure Reserve. The Postclosure reserve is being established to meet current permit requirements.
- Rename the Ellington Landfill Closure / Postclosure Reserve to the Ellington Postclosure Reserve.
- Rename the Waterbury Landfill Closure / Postclosure Reserve to the Waterbury Closure Reserve. A postclosure reserve will have to be established during the upcoming budget process.

**EXHIBIT A**  
**Connecticut Resources Recovery Authority**  
**Schedule of Short Term Investment Funds (Includes Proposed Recommendations)**  
**As Of August 31, 2003**

Account	General Administration	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeastern Project	Total
<b>Restricted</b>						
Regional Recycling Center Equipment (Container)		\$510,547 <sup>(2)</sup>				\$510,547
Recycling Education Fund		\$0 <sup>(3)</sup>				\$0
Tip Fee Stabilization Account				\$6,840,823 <sup>(18)</sup>		\$6,840,823
Landfill Post-Closure					\$2,136,547 <sup>(20)</sup>	\$2,136,547
Jets / EGF Operating Fund		\$20,037,972 <sup>(4)</sup>				\$20,037,972
MDC Arbitration Escrow		\$3,388,883 <sup>(5)</sup>				\$3,388,883
Total Restricted	\$0	\$23,937,402	\$0	\$6,840,823	\$2,136,547	\$32,914,772
<b>Unrestricted</b>						
<u>Designated</u>						
Board						
Recycling Reserve		\$1,764,225 <sup>(6)</sup>				\$1,764,225
Landfill Closure		\$6,609,905 <sup>(7)</sup>	\$200,438 <sup>(13)</sup>			\$6,810,344
Landfill Post-Closure		\$500,000 <sup>(8)</sup>	\$2,331,971 <sup>(14)</sup>	\$4,647,124 <sup>(19)</sup>		\$7,479,095
Landfill Post-Closure (Ellington)		\$1,259,738 <sup>(9)</sup>				\$1,259,738
Risk Fund		\$4,780,910 <sup>(10)</sup>	\$2,543,653 <sup>(10)</sup>	\$1,047,107 <sup>(10)</sup>	\$251,972 <sup>(10)</sup>	\$8,623,641
Waste Processing Facility Modification Reserve		\$3,472,924 <sup>(11)</sup>				\$3,472,924
Rolling Stock Reserve		\$2,567,691 <sup>(12)</sup>				\$2,567,691
Landfill Replacement						\$0
Future Use Reserve			\$633,012 <sup>(15)</sup>			\$633,012
Benefit Fund (Health)	\$77,245 <sup>(1)</sup>		\$50,000 <sup>(16)</sup>			\$77,245
Recycling Trust						\$50,000
Budget Process						
Municipal Replacement Reserve			\$134,717 <sup>(17)</sup>			\$134,717
Total Unrestricted	\$77,245	\$20,955,393	\$5,893,791	\$5,694,231	\$251,972	\$32,872,631
<b>Undesignated</b>						
Operating	(\$406,131)	\$2,401,648	(\$630,502)	\$13,958,835	\$2,846,804	\$18,170,654
Operating (Jets/EGF)		\$2,028,587				\$2,028,587
Total	(\$328,886)	\$49,323,029	\$5,263,289	\$26,493,889	\$5,235,323	\$85,986,643

## **Connecticut Resources Recovery Authority Table of Contents**

1. Benefit (Health) Fund
2. Regional Recycling Center Equipment Replacement Reserve (Container)
3. Recycling Education Reserve
4. Jets/EGF Reserve
5. MDC Arbitration Escrow
6. Recycling Reserve
7. Hartford Landfill Closure (Hartford Landfill Closure / Postclosure)
8. Hartford Landfill Postclosure (Hartford Landfill Closure / Postclosure)
9. Ellington Landfill Post-Closure
10. Risk Funds
11. Waste Processing Facility Modification Reserve
12. Rolling Stock Reserve
13. Waterbury Closure
14. Shelton Landfill Post-Closure
15. Shelton Landfill Future Use
16. Bridgeport Recycling Trust
17. Municipal Replacement Reserve
18. Tip Fee Stabilization Fund
19. Wallingford Post-Closure
20. Montville Post-Closure

# Connecticut Resources Recovery Authority

October 3, 2003

(1) **Account:** BENEFIT FUND (Health Fund)

**Project:** General Administration

**Purpose:** To provide funding for various means of controlling the costs of health insurance premiums, including, but not limited to, ~~employee~~ "wellness" programs, funding of rate increases, and funding of premium payments.

**Fund Basis:** Information as to how the initial fund balance was determined could not be found.

**Fund Source:** Initial funding of \$179,000 was from excess reserve available as a refund from Blue Cross & Blue Shield of Connecticut policies.

**Fund Amount As Of August 31, 2003:** \$77,245

## **Supporting Documentation:**

Approved by CRRA Board of Directors on April 20, 1995. The following are the minutes from the April 1995 Board meeting:

Director Phillips said enclosed in the Board's package is a report that CRRA is receiving a reserve fund from Blue Cross and Blue Shield amounting to \$179,000. He said the Finance Committee approved a resolution which is attached to the package establishing a health fund which would be used primarily as a wellness program for employees. He said the Personnel Committee reviewed this matter this morning.

The motion was made by Director Phillips to approve the resolution establishing a health fund attached to the minutes as Exhibit A. Vice Chairman Selden seconded the motion and it was unanimously voted.

Director Berliner asked if the \$179,000 is meant to be strictly for wellness. Director Phillips said only \$20,000. Director Berliner asked if you could use this to underwrite any yearly increases with Blue Cross Blue Shield. Director Phillips said it could be. Director Berliner said it should not be "could be" but it "should be" since CRRA is not self-insured so to set this money aside in order to do that we need to underwrite future year increases as they come. Chairman Fay said staff wants to report the money in this reserve and will come back later to the Board with the disposition of the money and recommendation on how it should be spent. Director Berliner said that it is nice that CRRA had good years but we all know there are great variations and there will be some bad years. Chairman Fay said absolutely. Mr. Guidone said that is the primary purpose for creating the fund, to put those dollars aside, and to commit some to a wellness program, but the main purpose would be to avoid future spikes or address future spike issues.

## **Recommendation:**

Rename the reserve the Benefit Fund. Evaluate risk exposure during the annual insurance review and then fund the reserve to an appropriate balance.

## Connecticut Resources Recovery Authority

October 3, 2003

(2) **Account:** REGIONAL RECYCLING CENTER EQUIPMENT  
REPLACEMENT RESERVE (CONTAINER)

**Project:** Mid-Connecticut

**Purpose:** To reserve funds necessary for possible capital repair or replacement.

**Fund Basis:** Contract states that CRRA shall contribute \$50,880 on an annual basis to this reserve. Information as to how the total fund balance was determined could not be found.

**Fund Source:** All documentation found indicates that funding of this reserve has occurred through the operating budget.

**Fund Amount As Of August 31, 2003:** \$510,547

**Supporting Documentation:**

Fund required under an existing agreement with FCR Redemption Inc. dated February 22, 1997. Contract extended through May 21, 2004 (with a one-year extension). The CRRA Board of Directors approved the contract and amendment on February 20, 1997 and March 20, 2003, respectively. Complete minutes available in the reserve backup file. The following is Section 3.11 of the agreement:

Section 3.11 Capital Repair and Replacement Fund

- A. CRRA shall maintain an account for the purpose of reserving the funds necessary for possible capital repair or replacement. Deposits into this account shall be made annually by CRRA in the amount of Fifty Thousand Eight Hundred Eight Dollars (\$50,880.00).
- B. During any term of this Agreement, the Company shall be entitled to draw upon such account in accordance with generally accepted accounting principles upon ten (10) calendar days prior written request to CRRA of such withdrawal and CRRA's written consent of the same, which consent shall not be unreasonably withheld. Such written request shall include the following, at a minimum: items to be replaced and repaired, the cause of equipment failure, cost of replacement or repair, including Cost Substantiation, the new useful life of the replaced or repaired item, CRRA shall be entitled to draw upon such account upon ten (10) calendar days written notice to the Company to make reasonable expenditures for the renewal, repair or replacement of any and all stationary or immobile equipment purchased and installed at the Facility. For purposes of this Section, a capital repair or replacement shall be deemed to be a repair or replacement, either singularly or in the aggregate associated with the same piece of equipment an greater than Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) in value, to a capital asset which either extends or enhances the useful life of the asset in accordance with generally accepted accounting principles. Upon termination or expiration of this Agreement, all funds remaining in the account shall revert to CRRA.

**Recommendation:**

Continue to maintain reserve as required by contract.

## Connecticut Resources Recovery Authority

October 3, 2003

(3) **Account:** RECYCLING EDUCATION RESERVE

**Project:** Mid-Connecticut

**Purpose:** To reimburse the City of Hartford for expenses incurred solely for its recycling education program.

**Fund Basis:** Per the PILOT Agreement CRRA shall contribute \$100,000 on an annual basis to this reserve. Information as to how the contribution amount was determined could not be found.

**Fund Source:** This reserve is to be funded through the operating budget.

**Fund Amount As Of August 31, 2003:** \$0

**Term:** The requirement to fund this reserve will terminate upon the final maturity of all bonds and satisfaction of all obligations with respect thereto, which term shall be consistent with the provisions as to expiration contained in the Municipal Solid Waste Management Service Contract by and between the CRRA and the City, dated June 30, 1982, or any amendment thereto.

### **Supporting Documentation:**

The following language is from the Agreement For Payments In Lieu Of Taxes between CRRA and the City of Hartford.

#### Paragraph 9 Recycling Education Fund

Commencing July 1, 1990 and for each year that the Authority owns and operates the Recycling Center the Authority hereby agrees to maintain an account and provide funding for the same in an amount not to exceed One Hundred Thousand (\$100,000.00) Dollars per year, which funds may be used by the City solely for the benefit of its recycling education program. Any funds remaining in the account at the end of each fiscal year shall be rolled over and added to the One Hundred Thousand (\$100,000.00) Dollars that the Authority is required to provide for the next succeeding year.

### **Recommendation:**

Continue to maintain the reserve as required by contract.

## Connecticut Resources Recovery Authority

October 3, 2003

(4) **Account:** JETS / ENERGY GENERATING FACILITY RESERVE

**Project:** Mid-Connecticut

**Purpose:** To cover the future Energy Generating Facility (EGF) operating costs.

**Fund Basis:** The initial reserve estimate projected anticipated electricity revenues from the Jets less operating and maintenance costs of the Jets and Energy Generating Facility (EGF) to determine what level of reserves was required to cover future costs of the EGF.

**Fund Source:** Received \$20M as part of the CL&P and Enron Power Marketing, Inc agreement.

**Fund Amount As Of August 31, 2003:** \$20,037,972

### **Supporting Documentation:**

In addition to the letter to State Street Bank and Trust dated December 28, 2000, the CRRA Board of Directors minutes and resolutions from the November and December 2000 Board meetings imply that the intent of the prior CRRA Board of Directors was to set aside these funds to cover future costs of the EGF.

Furthermore, although there is no specific resolution in regards to this reserve, it is management's opinion that this reserve was set-aside for the specific purpose stated above to satisfy the Trustee.

### **Recommendation:**

Perform a comprehensive review of this reserve and present it as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(5) **Account:** MDC ARBRITRATION ESCROW

**Project:** Mid-Connecticut

**Purpose:** To meet the requirements set by the Arbitration Panel regarding the indirect cost matter in the CRRA versus MDC dispute.

**Fund Basis:** Information as to how the total fund balance was determined could not be found.

**Fund Source:** This amount of 25% of the total indirect costs claimed the MDC is set aside monthly based upon actual MDC billings. Costs are projected on an annual basis in the operating budget.

**Fund Amount As Of August 31, 2003:** \$3,388,883

### **Supporting Documentation:**

The following language is from the Arbitration Panel decision in regards to the matter of CRRA versus the MDC dated April 19, 2000. A complete copy of the arbitration decision is available in the reserve file.

“...we direct that CRRA pay 75% of the total amount owed to MDC within 14 days of this decision and that the balance be placed in an interest bearing escrow account pending the further determinations of this panel.”

### **Recommendation:**

Continue to maintain the reserve as required by arbitration ruling. Use results of the mediation/arbitration to implement a new indirect cost allocation methodology.

## Connecticut Resources Recovery Authority

October 3, 2003

(6) **Account:** RECYCLING RESERVE

**Project:** Mid-Connecticut

**Purpose:** To reserve funds necessary for future capital repairs and/or replacements or any other recycling activities the Authority may pursue.

**Fund Basis:** An adequate fund balance will be determined during the October reserve review.

**Fund Source:** Transfer entire balance from the Regional Recycling Center Paper Equipment Reserve. Fund balance as of June 30, 2003 was \$1,739,925.

**Fund Amount As Of August 31, 2003:** \$1,764,225

**Supporting Documentation:** Perform a comprehensive review of this reserve and present it as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(7) **Account:** HARTFORD LANDFILL CLOSURE (Hartford Landfill Closure /  
Posclosure)

**Project:** Mid-Connecticut

**Purpose:** To cover the anticipated expenditures associated with the closure of the Bulky Waste and Ash Residue areas of the Hartford Landfill.

**Fund Basis:** Updated annually during the budget process by the Environmental Division. Current cost estimate in real dollars to close the landfill in FY06 and FY08 is \$7,038,003.

West slope closure complete in FY06 (24 acres closed FY05, and 32 acres closed FY06). These closure cost estimates are based on a cost of \$75,000 per acre, as specified under the existing permit. DEP has recently suggested to CRRA that they may require the permit to be modified to specify closure with a synthetic cap, at an estimated cost of approximately \$110,000 per acre.

**Fund Source:** Transfer of funds from the Mid-Connecticut Retained Earnings and annual contributions from the operating budgets.

**Fund Amount As Of August 31, 2003:** \$7,109,905

### Supporting Documentation:

The CRRA Board of Directors approved a transfer of funds in the amount of \$1,650,000 to this reserve on May 18, 2000. The following are the minutes from the May 2000 Board meeting. Complete minutes available in the reserve backup file.

Chairman Ellef requested a motion on the reference topic. Director Bzdyra made the following motion:

RESOLVED: That the FY00-FY05 Capital Improvement Budget be adopted, substantially as presented at this meeting.

FURTHER RESOLVED: That \$5,700,000 of Mid-Connecticut Project Earnings be designated to the capital reserves as outline below:

Waste Processing Facility Modification Reserve	\$3,925,000
Hartford Landfill Closure/Post Closure Reserve	\$1,650,000
Clean Air Act Reserve	<u>\$ 125,000</u>
Total	\$5,700,000

The motion previously made and seconded was passed unanimously.

### Recommendation:

Rename the Hartford Landfill Closure Reserve. Perform a comprehensive review of this reserve and present it as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(8) **Account:** HARTFORD LANDFILL POSTCLOSURE

**Project:** Mid-Connecticut

**Purpose:** To cover the costs associated with the monitoring and maintenance of the landfill for five years after the certified closure of the landfill. Required by existing permit.

**Fund Basis:** Updated annually during the budget process by the Environmental Division.

**Fund Source:** Initial funding of \$500,000 to come for the Hartford Landfill Closure / Postclosure Reserve.

**Fund Amount As Of August 31, 2003:** \$0

**Supporting Documentation:**

Presented at the October Finance Committee meeting.

**Recommendation:**

Evaluate the contract to determine the party responsible for post closure cost. Maintain this reserve to satisfy current permit requirements and update as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(9) **Account:** ELLINGTON LANDFILL POSTCLOSURE

**Project:** Mid-Connecticut

**Purpose:** To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

**Fund Basis:** Updated annually during the budget process by the Environmental Division. Current cost estimate in real dollars to monitor and maintain the landfill is \$3,629,943.

**Fund Source:** All documentation found indicates that funding of this reserve has occurred through the operating budget.

**Fund Amount As Of August 31, 2002:** \$1,259,738

**Supporting Documentation:**

Approved by the CRRA Board of Directors during the annual budget process.

**Recommendation:**

Perform a comprehensive review of this reserve and present it as part of the annual budget process.

# Connecticut Resources Recovery Authority

October 3, 2003

(10) **Account:** RISK FUNDS

**Project:** Currently shown in General Administration. Accounts are established for each of the four projects (Bridgeport, Mid-Connecticut, Southeast, and Wallingford).

**Purpose:** To protect CRRA projects against catastrophic losses.

**Fund Basis:** Information as to how the total fund balance was determined could not be found.

**Fund Source:** All documentation found indicates that funding of this reserve has occurred through the operating budget.

<b>Fund Amounts As Of August 31, 2003:</b>	Bridgeport	\$2,543,653
	Mid-Connecticut	\$4,780,910
	Southeast	\$ 251,972
	Wallingford	<u>\$1,047,107</u>
	Total	\$8,623,641

## **Supporting Documentation:**

The CRRA Board of Directors approved the Policy Establishing the Risk Financing Plan, which included the Risk Fund on September 18, 1990. On December 19, 1996 the CRRA Board of Directors approved a modification to the CRRA Risk Fund Policy. The resolutions and minutes are voluminous. Complete minutes are available in the reserve backup file.

## **Recommendation:**

Perform a comprehensive review to determine more precise definition of catastrophic losses and the relationship to existing insurance coverage, levels of self insurance required, and overall enterprise risk evaluation. Prepare a recommendation as part of the annual insurance review process.

## Connecticut Resources Recovery Authority

October 3, 2003

(11) **Account:** WASTE PROCESSING FACILITY MODIFICATION

**Project:** Mid-Connecticut

**Purpose:** To cover capital expenditures associated with the Waste Processing Facility.

**Fund Basis:** Information as to how the total fund balance was determined could not be found.

**Fund Source:** Transfer of funds from retained earnings and contributions from the operating budget.

**Fund Amount As Of August 31, 2003:** \$3,472,924

### **Supporting Documentation:**

Minutes found suggest the CRRA Board of Directors approved this reserve in the past. As part of the capital improvement program the Board approved a resolution on June 18, 1991 to transfer \$8,624,000 from retained earnings for WPF improvements. The CRRA Board of Directors adopted resolutions to designate Mid-Connecticut retained earnings to the WPF Modification reserve in the amounts of \$4,490,000 and \$3,925,000 on June 17, 1999 and May 18, 2000 respectively.

Complete minutes are available in the reserve backup file.

### **Recommendation:**

Perform a comprehensive review of this reserve and its relationship to the long-term capital improvement and prepare a recommendation for the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(12) **Account:** ROLLING STOCK

**Project:** Mid-Connecticut

**Purpose:** To cover costs associated with the purchase of new and/or rebuilds of equipment such as tractors, trailers, loaders, containers, sweepers, etc.

**Fund Basis:** Information as to how the total fund balance was determined could not be found.

**Fund Source:** Transfer of funds from retained earnings and contributions from the operating budget.

<b>Fund Amount As Of August 31, 2003:</b>	\$2,567,691
<b>Funds Appropriated By CRRA Board*</b>	<u>\$ 376,000</u>
<b>Available Funds</b>	<u>\$2,191,691</u>

### **Supporting Documentation:**

Minutes found suggest the CRRA Board of Directors approved this reserve in the past. On June 17, 1999 the Board approved a resolution to transfer \$680,000 from retained earnings to this reserve.

Complete minutes are available in the reserve backup file.

### **Recommendation:**

Perform a comprehensive review of this reserve and its relationship to the long-term capital improvement and prepare a recommendation for the annual budget review process.

\* Loader rebuilds.

## Connecticut Resources Recovery Authority

October 3, 2003

(13) **Account:** WATERBURY CLOSURE

**Project:** Bridgeport

**Purpose:** To pay for anticipated expenditures associated with the closure of the landfill.

**Fund Basis:** Updated annually during the budget process by the Environmental Division. Current cost estimate in real dollars to close the landfill in FY05 is \$300,000.

**Fund Source:** Initial findings indicate that the funds came from contributions made through the annual operating budget.

**Fund Amount As Of August 31, 2003:** \$200,438

**Supporting Documentation:**

The minutes indicate that this account was first established in July 1991. The Board of Directors has been approving contributions to this account as part of the annual budget process.

**Recommendation:**

Perform a comprehensive review of this reserve and present it as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(14) **Account:** SHELTON LANDFILL POSTCLOSURE

**Project:** Bridgeport

**Purpose:** To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

**Fund Basis:** Updated annually during the budget process by the Environmental Division. Current cost estimate in real dollars to monitor and maintain the landfill is \$11,579,668.

**Fund Source:** Initial findings indicate that the funds came from contributions made through the annual operating budget since pre 1990.

**Fund Amount As Of August 31, 2003:** \$2,331,971

### **Supporting Documentation:**

The board minutes suggest that the CRRA Board of Directors approved the creation of the Shelton Landfill reserve. As part of the capital improvement program the Board approved a resolution on June 17, 1999 to transfer \$2,734,000 from retained earnings to the post-closure reserve. In addition, the Board through adoption of the annual budget has been authorizing annual contributions into this reserve.

Complete minutes are available in the reserve backup file.

### **Recommendation:**

Perform a comprehensive review of this reserve and present it as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(15) **Account:** SHELTON LANDFILL FUTURE USE

**Project:** Bridgeport

**Purpose:** To set aside funds in anticipation of expenditures associated with a DEP Consent Order and to cover a portion of the costs associated with permit requirements relating to future use options of the landfill.

**Fund Basis:** Amounts based upon the amount due as stated on the DEP Consent Order (\$230k) and a portion of the preliminary estimates of the cost to implement the future use options at the landfill (\$430k).

**Fund Source:** Funded from the FY03 operating budget.

**Fund Amount As Of August 31, 2003:** \$633,012

### **Supporting Documentation:**

The following is the resolution approved by the CRRA Board of Directors January 16, 2003 and the January 2003 minutes:

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 from the 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 the FY03 Operating Budget of the Bridgeport Project.

Chairman Pace requested a motion on the reference 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 from the 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 the FY03 Operating Budget of the Bridgeport Project.

Director Sullivan seconded the motion.

The motion previously made and seconded was approved unanimously.

### **Recommendation:**

Perform a comprehensive review of this reserve and present it as part of the annual budget process.

**Connecticut Resources Recovery Authority**

October 3, 2003

(16) **Account:** BRIDGEPORT RECYCLING TRUST

**Project:** Bridgeport

**Purpose:** Currently unknown.

**Fund Basis:** Information as to how the total fund balance was determined could not be found.

**Fund Source:** Funded from the FY96 operating budget.

**Fund Amount As Of August 31, 2003:** \$50,000

**Supporting Documentation:**

Research is on going. Currently recalling journal entry backup from storage.

**Recommendation:**

Continue searching for supporting documentation.

## Connecticut Resources Recovery Authority

October 3, 2003

(17) **Account:** MUNICIPAL REPLACEMENT RESERVE

**Project:** Bridgeport

**Purpose:** To set aside funds to mitigate the loss of the Municipal Fund.

**Fund Basis:** Updated annually during the budget process by the Finance Division. Current estimate required to stabilize tip fees in nominal dollars is \$3,518,600.

**Fund Source:** Funded from the annual operating budget.

**Fund Amount As Of August 31, 2003:** \$134,717

**Supporting Documentation:**

The CRRA Board of Directors adopted this reserve as part of the annual operating budget on December 20, 2001.

**Recommendation:**

Perform a comprehensive review of this reserve and present it as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(18) **Account:** TIP FEE STABILIZATION

**Project:** Wallingford

**Purpose:** Fund established per the municipal solid waste agreements with the towns for the purpose of paying all or a portion of system costs for any contract year.

**Fund Basis:** The municipal service contracts stipulate that any surpluses or deficits are to be deposited or withdrawn from this reserve.

**Fund Source:** Per the agreement all surpluses or deficits are to flow through this account. These deposits and withdrawals require approval from the Wallingford Policy Board.

**Fund Amount As Of August 31, 2003:** \$6,840,823

### **Supporting Documentation:**

Below is the contract language in Section 6.03 in reference to this account, otherwise known as the Municipal Disposal Fee Stabilization Fund. The entire section pertaining to this Fund is available in the reserve folder.

At least one hundred fifty (150) days prior to the beginning of each Contract Year, the Municipal Disposal Fee will be calculated as follows:

System Cost and System Revenue for each Contract Years shall be estimated. The estimated System Cost shall be (i) increased by that amount, if any, which the Policy Board and the Authority determine is to be deposited in the Municipal Disposal Fee Stabilization Fund, or (ii) decreased by that amount, if any, which the Policy Board and the Authority determine is to be withdrawn from the Municipal Disposal Fee Stabilization Fund and applied against System Costs.

### **Recommendation:**

Continue to maintain account as required by contract.

## Connecticut Resources Recovery Authority

October 3, 2003

(19) **Account:** WALLINGFORD POST-CLOSURE

**Project:** Wallingford

**Purpose:** To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

**Fund Basis:** Updated annually during the budget process by the Environmental Division. Current cost estimate in real dollars to monitor and maintain the landfill is \$12,169,624.

**Fund Source:** Contributions have been approved through the annual operating budget.

**Fund Amount As Of August 31, 2003:** \$4,647,124

### **Supporting Documentation:**

Below is Section 5.12 of the Amended and Restated Municipal Solid Waste Delivery And Disposal Contract between CRRA and the Town of Wallingford in reference to this account. The entire section of the contract pertaining to this reserve is available in the reserve folder.

The Authority, with the approval of the Policy Board, shall establish a fund intended to meet any and all costs and expenses related to the Facility, the Site and/or the Residue Disposal Site(s), including but not limited to environmental clean-up costs and post-closure monitoring costs, which may result from the use of the Facility, The Site and/or the Residue Disposal Site(s) pursuant to this Agreement but which are not quantified or do not arise until after this Agreement otherwise ends.

In addition, the following language is from Section 6.12 of the Lease Agreement between CRRA and the Town of Wallingford.

The Authority shall provide all post-closure maintenance and monitoring of the Demised Property required by then applicable DEP regulations. The provisions of this Section 6.12 shall survive the term of this lease.

### **Recommendation:**

Perform a comprehensive review of this reserve and present it as part of the annual budget process.

## Connecticut Resources Recovery Authority

October 3, 2003

(20) **Account:** MONTVILLE POST-CLOSURE

**Project:** Southeast

**Purpose:** To cover the costs associated with the monitoring and maintenance of the landfill for thirty years after the certified closure of the landfill.

**Fund Basis:** Updated annually during the budget process by the Environmental Division. Current cost estimate in real dollars to monitor and maintain the landfill is \$2,889,941.

**Fund Source:** Payment of \$2 million from the Mohegan Properties, LLC pursuant to Section 4.5.4 of the Ground Lease Between Southeastern Connecticut Resources Regional Recovery Authority and Mohegan Properties.

**Fund Amount As Of August 31, 2003:** \$2,136,547

### **Supporting Documentation:**

The CRRRA Board of Directors approved the following resolution on October 21, 1999:

Chairman Ellef requested a motion on the reference topic. Director Winkler made the following motion:

RESOLVED: That \$2,000,000 received by the Authority from Mohegan Properties, LLC, pursuant to Section 4.5.4 of the Ground Lease Between Southeastern Connecticut Resources Regional Recovery Authority and Mohegan Properties, LLC (the "Ground Lease") be deposited into the Montville Landfill Postclosure Reserve as required by the Ground Lease.

FURTHER RESOLVED: That \$990,000 of existing funds in the Montville Landfill Postclosure Reserve be de-designated for application to other project purposes.

Director Tansi seconded the motion which was approved unanimously.

### **Recommendation:**

Continue to maintain the account as required by contract.

**TAB 4**

**RESOLUTION REGARDING DELIVERY OF COVER SOILS  
TO THE HARTFORD LANDFILL**

**RESOLVED:** That the President is hereby authorized to enter into a contract with TRC Environmental, Inc. for delivery of contaminated soil to be used as daily cover, and as approved by the Connecticut Department of Environmental Protection, substantially as discussed and presented at this meeting.

**Connecticut Resources Recovery Authority**  
**Contract Summary for Contract**  
**entitled**

**Special Waste Cover Soils Letter Agreement**

Presented to the CRRA Board on: October 16, 2003

Vendor/ Contractor(s): TRC Environmental, Inc.

Effective date: September 30, 2003

Contract Type/Subject matter: Letter Agreement. Delivery of DEP approved contaminated soil to the Hartford Landfill to be used as daily cover.

Facility (ies) Affected: Hartford Landfill

Original Contract: This is the original contract

Term: Until specified quantity is delivered

Contract Dollar Value: \$225,000.00 (15,000 tons at \$15.00 per ton)

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: Delivery of DEP approved contaminated soil to the Hartford Landfill to be used as daily cover.

Other Pertinent Provisions: None

# **Connecticut Resources Recovery Authority Hartford Landfill Delivery of Cover Soil**

*October 16, 2003*

## **Executive Summary**

CRRA has contracted with TRC Environmental, Inc. ("TRC") to deliver approximately 15,000 tons of contaminated soil generated at CRRA's South Meadows site in Hartford, CT, to the Hartford Landfill for use as daily cover.

In accordance with Article V, Section 11 (Market Driven Purchases and Sales) of CRRA's Procurement Policies and Procedures, effective November 21, 2002, this is to report to the CRRA Board of Directors that CRRA has entered into this market driven transaction, and to seek Board approval of the transaction.

## **Discussion**

The Solid Waste Operating Permit for the Hartford Landfill requires that all of the solid waste deposited at the landfill each day is to be covered with soil, or other approved material, at the end of the day. Historically, CRRA has purchased virgin soil to be used for this purpose.

During summer 2003, CRRA staff began an initiative to identify sources of contaminated soil that could be used to satisfy the requirement for the landfill's daily cover needs, and for which a delivery charge could be assessed to the generator or deliverer of the soil. CRRA staff contacted environmental remediation companies, and environmental and engineering consulting firms, to determine if there were sources of this soil that would be amenable for use as daily cover. CRRA staff also contacted other landfills and soil treatment facilities to determine the disposal market price for this type of contaminated soil.

In consultation with the Policy and Procurement Committee, CRRA staff developed a procedure to be used in negotiating prices for receipt of daily cover soil at the Hartford Landfill. In summary, CRRA staff has developed a list of approximately 35 companies (consultants, remediation companies, etc.) that have advised CRRA that they have, or may have, sources of contaminated soil amenable for use as daily cover. CRRA staff periodically contact these companies to determine if they have quantities of soil for shipment to the landfill. CRRA also periodically receives inquiries from firms that have potential sources of cover soil.

Based on quantity, the estimated delivery time frame, receipt of CTDEP approval of the soil for use as daily cover, and the Mid-Connecticut Project Permitting, Disposal and Billing Procedures, CRRA staff negotiate a delivery price with the generator or their representative.

Based on this procedure, CRRA staff negotiated a price of \$15.00 per ton for 15,000 tons of soil generated at the CRRA's South Meadows site in Hartford, Connecticut. TRC is conducting a remediation of the site in accordance with the Exit Strategy Contract between CRRA and TRC. (Although CRRA owns this site, all remediation costs, including transportation and disposal costs, for materials that are removed from the site pursuant to the Exit Strategy Contract, are the responsibility of TRC.)

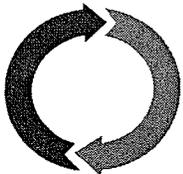
Based on prices negotiated with other generators of contaminated soil during the past three months, and based on CRRA's quantity needs for daily cover material, CRRA staff believe that this price represents a satisfactory market price for contaminated soil that is to be used as daily cover, and that acceptance of this soil is in the best interest of the member communities of the CRRA Mid-Connecticut Project.

### **Financial Summary**

This will provide \$225,000.00 in revenues to the Mid-Connecticut project (15,000 tons at \$15.00 per ton).

**TAB 5**

**Connecticut Resources Recovery Authority**  
**Affirmative Action Program**  
*Fiscal Year 2003 - Status Report*  
**June 30, 2003**



**CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY**

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## **I. Equal Employment Opportunity and Affirmative Action Statement**

The CRRA is an equal opportunity and affirmative action employer, dedicated to a policy of nondiscrimination in employment on any basis prohibited by law. It is the CRRA's policy to provide equal employment and advancement opportunities to all individuals without regard to age, sex, race, color, religion, national origin, marital status, veteran status, disability, sexual orientation or any other legally protected status, and to maintain an environment free from discrimination or harassment based upon these grounds.

The CRRA is committed to providing equal opportunities in terms of its recruiting and hiring practices, including without limitation, by notifying its recruitment sources of the CRRA's nondiscrimination policies and by placing "help-wanted" advertisements containing the phrase "An Equal Opportunity Employer." The CRRA is also committed to providing equal opportunities to its employees in all of its employment practices, including but not limited to compensation, training, transfers, promotions and disciplinary procedures, and in the provision of all of its employee benefit programs. Personnel decisions will be made on the basis of the needs of the CRRA and an individual's job-related skills, ability and merit.

The CRRA further pledges its strong commitment to ensure that all contractors and subcontractors who do business with the CRRA provide equal opportunities in employment to all qualified persons solely on the basis of job-related skills, ability and merit. The participation of minority business enterprises meeting qualifications established by applicable regulations shall further be solicited and encouraged.

The CRRA shall include an equal opportunity clause in all of its contracts and shall not enter into any contract with any person, agency or organization if it has knowledge that such person, agency or organization engages in unlawful discriminatory practices.

The CRRA further pledges that all CRRA-sponsored training and social and recreational programs will be administered without regard to any legally protected status.

As part of its commitment to equal opportunities, the CRRA expects all of its employees to adhere to this policy of nondiscrimination. The CRRA will take prompt action upon the receipt of a complaint of unlawful discrimination and will take appropriate corrective action, including disciplinary measures if necessary, to remedy any discriminatory conduct. Complaints should be referred to the Personnel Officer, who is the CRRA's designated Equal Employment Opportunity (EEO) Officer. Alternatively, employees may submit complaints to the President of the CRRA or to any manager or supervisor.

**The day-to-day responsibility for administering and complying with this policy is delegated to the various department heads with respect to the employees within their respective departments. The President and the Board of Directors will provide necessary procedural guidance in the coordination and application of the policy and any changes or modifications to the policy as may be required.**

**Pursuant to Conn. Gen. Stat. § 1-123, the following report provides a description of the composition of the CRRA's workforce by race, sex and occupation, and a description of the CRRA's equal employment and affirmative action efforts for the fiscal- year ending June 30, 2003 ("FY '03").**

## II. FY '03 Profile of the CRRA Workforce

At the end of FY '03, the CRRA employed \_\_\_\_\_ individuals. Of these employees, \_\_\_\_\_ were Caucasians, \_\_\_\_\_ were African-Americans, \_\_\_\_\_ were Asian/Pacific Islanders, \_\_\_\_\_ were Hispanics and \_\_\_\_\_ were Native Americans.

Of the \_\_\_\_\_ employees employed by CRRA, \_\_\_\_\_ were male and \_\_\_\_\_ were female.

\_\_\_\_\_ employees were executives or managers, \_\_\_\_\_ were professionals and \_\_\_\_\_ were clerical or operations staff. These employment groups are further examined below. See also Employment Statistics as of June 30, 2003, attached.

### Executive/Managerial

This group includes employees with executive and/or line management (supervisory) responsibilities.

Of the \_\_\_\_\_ employees in this group at the end of FY '03, \_\_\_\_\_ were Caucasian males, \_\_\_\_\_ were Caucasian females, \_\_\_\_\_ were Asian/Pacific Islander females.

### Professional

This group includes professional staff such as Engineers, Part-Time Educators and Staff Accountants.

Of the \_\_\_\_\_ employees in this group at the end of FY '03, \_\_\_\_\_ were Caucasian males, \_\_\_\_\_ were Caucasian females, and \_\_\_\_\_ was an Asian/Pacific Islander female.

### Clerical/Operations

This group includes clerical and operations staff such as Secretaries, Accounting Assistants and Customer Service Specialists.

Of the \_\_\_\_\_ employees in this group at the end of FY '03, \_\_\_\_\_ were Caucasian males, \_\_\_\_\_ was a Caucasian female, \_\_\_\_\_ were African-American males, \_\_\_\_\_ were African-American females and \_\_\_\_\_ was an Asian female.

### **III. CRRA'S FY '03 Equal Employment And Affirmative Action Efforts**

1. CRRA attempted to hire qualified female candidates for each vacancy that occurred during FY '03 in its total workforce. To that end, CRRA hired \_\_\_\_\_ females to its \_\_\_\_\_ group and \_\_\_\_\_ females to its \_\_\_\_\_ group during FY '03.
2. CRRA attempted to promote qualified female candidates for each vacancy that occurred during FY '03 in its Executive/Managerial and Professional groups. To that end, CRRA promoted \_\_\_\_\_ female from its \_\_\_\_\_ group to its \_\_\_\_\_ group during FY '03.
3. CRRA attempted to hire qualified minority candidates for each vacancy that occurred during FY '03 in its total workforce. To that end, CRRA hired \_\_\_\_\_ to its \_\_\_\_\_ group and \_\_\_\_\_ to its \_\_\_\_\_ group during FY '03.
4. CRRA attempted to promote qualified minority candidates for each vacancy that occurred during FY '03 in its Executive/Managerial and Professional groups. To that end, CRRA promoted \_\_\_\_\_ from its \_\_\_\_\_ group to its \_\_\_\_\_ group during FY '03.
5. CRRA continued its effort to reach a greater number and diversity of representative groups to notify them of employment opportunities with CRRA. Wherever possible, CRRA targeted the Hispanic, African-American, Asian Pacific/Islander and Native American communities. CRRA contacted such organizations such as the Urban Leagues of Greater Hartford and Southwestern Connecticut, the Latino & Puerto-Rican Affairs Commission, as well as the Teikyo Post University, the Central and Southern Connecticut State Universities, and the Universities of Connecticut, Hartford, and New Haven whenever vacancies occurred.
6. During FY '03, CRRA took the following steps to ensure that all applicants and employees were aware that CRRA is an equal opportunity employer and of CRRA's affirmative action recruitment efforts:
  - a. Publicized the Equal Employment Opportunity Statement and Affirmative Action policy in the CRRA Personnel Policy Manual and posted the same on CRRA bulletin boards.
  - b. Publicized the accomplishments and/or promotions of minorities and females internally.
  - c. Assessed the equal opportunity and affirmative action efforts and achievements prior to the promotion of employees or the execution of discretionary salary increases.

- d. Conducted meetings to discuss equal employment opportunity policies and responsibilities with CRRA employees, including during employee orientation and training sessions.
- e. Advised all recruiting sources of CRRA's Equal Employment Opportunity Statement and Affirmative Action policy.
- f. Notified all bidders, contractors, and suppliers of CRRA's Equal Employment Opportunity Statement and Affirmative Action policy.
- g. Ensured that all contracts for services and materials included a statement in which the contractor agrees to abide by affirmative action and fair employment principles.
- h. Continued to encourage participation of minority business enterprises and not to contract with any entity debarred from participation in state or federal contract programs.
- i. Notified minority and women's organizations, community organizations, state and local employment security and vocational rehabilitation agencies, schools and colleges of CRRA's Equal Employment Opportunity Statement and Affirmative Action policy.
- j. Placed advertisements for employees containing the phrase "CRRA is an Affirmative Action/Equal Opportunity Employer" within the appropriate classified section of the newspaper holding the largest distribution and closest proximity to the location of the vacancy being filled. Further advertised on web sites such as *Monster.com* and *CTnow.com* and in local minority newspapers such as the Northeast Minority News.
- k. Sent outreach letters, job postings and job descriptions to various minority organizations throughout the state including: the Latino & Puerto-Rican Affairs Commission, Vietnamese Mutual Assistance Association and the Urban Leagues of Hartford and Southwestern Connecticut to increase awareness of employment opportunities at CRRA in the region's minority communities.
- l. Conducted outreach meetings via telephone with minority organizations during the year to maintain and improve the lines of communication between CRRA and these organizations as well as increase the awareness of CRRA's affirmative action efforts throughout the state's minority communities.

#### **IV. CRRA'S FY '04 Equal Employment And Affirmative Action Plan**

1. Attempt to hire and promote qualified female and minority candidates through efforts to increase the number of highly qualified female and minority applicants for each vacancy, with the ultimate goal that CRRA's workforce will mirror the diversity of the labor pool.
2. Continued effort to reach a greater number and diversity of representative groups to notify them of employment opportunities with CRRA. Wherever possible, target the Hispanic, African-American, Asian Pacific/Islander and Native American communities. Contact such organizations such as the Urban Leagues of Greater Hartford and Southwestern Connecticut, the Latino & Puerto-Rican Affairs Commission, as well as the Teikyo Post University, the Central and Southern Connecticut State Universities, and the Universities of Connecticut, Hartford, and New Haven whenever vacancies occur.
3. Explore the creation of an internship program to create interest among minority students in career opportunities at CRRA.
4. Take the following steps to ensure that all applicants and employees are aware that CRRA is an equal opportunity employer and of CRRA's affirmative action recruitment efforts:

Publicize the Equal Employment Opportunity Statement and Affirmative Action policy in the CRRA Personnel Policy Manual and post the same on CRRA bulletin boards.

Publicize the accomplishments and/or promotions of minorities and females internally.

Assess the equal opportunity and affirmative action efforts and achievements prior to the promotion of employees or the execution of discretionary salary increases.

Conduct meetings to discuss equal employment opportunity policies and responsibilities with CRRA employees, including during employee orientation and training sessions.

Advise all recruiting sources of CRRA's Equal Employment Opportunity Statement and Affirmative Action policy.

Notify all bidders, contractors, and suppliers of CRRA's Equal Employment Opportunity Statement and Affirmative Action policy.

Ensure that all contracts for services and materials include a statement in which the contractor agrees to abide by affirmative action and fair employment principles.

Attend job fairs where the potential for exposure to potential female and minority applicants is high.

Continue to encourage participation of minority business enterprises and not to contract with any entity debarred from participation in state or federal contract programs.

Notify minority and women's organizations, community organizations, state and local employment security and vocational rehabilitation agencies, schools and colleges of CRRA's Equal Employment Opportunity Statement and Affirmative Action policy.

Place advertisements for employees containing the phrase "CRRA is an Affirmative Action/Equal Opportunity Employer" within the appropriate classified section of the newspaper holding the largest distribution and closest proximity to the location of the vacancy being filled. Further advertise on web sites such as *Monster.com* and *CTnow.com* and in local minority newspapers such as the Northeast Minority News.

Send outreach letters, job postings and job descriptions to various minority organizations throughout the state including: the Latino & Puerto-Rican Affairs Commission, Vietnamese Mutual Assistance Association and the Urban Leagues of Hartford and Southwestern Connecticut to increase awareness of employment opportunities at CRRA in the region's minority communities.

Conduct outreach meetings via telephone with minority organizations during the year to maintain and improve the lines of communication between CRRA and these organizations as well as increase the awareness of CRRA's affirmative action efforts throughout the state's minority communities.