

**CRRA  
BOARD MEETING  
NOVEMBER 20, 2003**



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

November 14, 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, November 20, 2003 at 9:30 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**

November 20, 2003

9:30 AM

I. Pledge of Allegiance

II. Public Portion

A public portion from 9:30 to 10:00 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 October 16, 2003 Regular Board Meeting Minutes (Attachment 1).

IV. Finance

1. Board Action will be sought regarding the General Fund Operating and Capital Budgets for FY 05 (Attachment 2).
2. Board Action will be sought regarding Disposition of Authority-Owned Stock (Attachment 3).
3. Board Action will be sought regarding the Approval of a Lease and Obtaining a Loan to Finance Relocation Costs and Creation of a Capital Improvement Reserve and General Budget Modifications (Attachment 4).
4. Board Action will be sought regarding a Three-Year Contract for Economic Advisor (Attachment 5).
5. Board Action will be sought regarding Investment Policy (Attachment 6).

V. Project Reports

A. Mid-Connecticut

1. Board Action will be sought regarding Waste Export Hauling and Disposal Services for Mid-Connecticut and Wallingford Projects (Attachment 7).
2. Board Action will be sought regarding Rolling Stock Consulting Services (Attachment 8).
3. Board Action will be sought regarding Annual Stack Testing for Calendar Years 2004 and 2005 (Attachment 9).

VI. Legal

1. Board Action will be sought with respect to Hiring Outside General Counsel (Attachment 10).

VII. Executive Session

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

VIII. Chairman's and Committee Reports

1. The Organizational Synergy & Human Resources Committee will report on its November 13, 2003 meeting.
2. The Policy & Procurement Committee will report on its November 6, 2003 meeting.

IX. Additional Items

1. President to Inform Board of Emergency Award of Contract for Expert Accounting Services for MDC Mediation.

**TAB 1**

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**THREE HUNDRED SIXTY-THIRD MEETING**

**OCTOBER 16, 2003**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, October 16, 2003 at 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael Pace

Directors: Stephen Cassano, Vice Chairman  
Andrew Sullivan  
Mark Lauretti  
Theodore Martland  
James Francis  
Mark Cooper  
Ray O'Brien  
Alex Knopp  
Jeff Hedberg (ad hoc for Southeast)  
Sherwood Lovejoy (ad hoc for Bridgeport)

Director Cohn and ad hoc members Griswold and Lathrop did not attend.

Present from the CRRA staff:

James Bolduc, Chief Financial Officer  
Thomas Kirk, President  
Stephannie Rice, Administrative Assistant

Others in attendance were: Jerry Tyminski of SCRRA; Dominick DiGangi of MDC; and William Bright of C&L.

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

**PUBLIC PORTION**

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

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

**APPROVAL OF THE MINUTES OF THE SEPTEMBER 25, 2003 REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the September 25, 2003 regular Board meeting. The motion to accept made by Director Francis and seconded by Director Sullivan was approved. Director Knopp abstained from the vote as he was not present at the meeting and noted that had the September meeting been held on its regularly scheduled date, he would have been able to attend.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Stephen Cassano	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Laretti	X		
Theodore Martland	X		
James Francis	X		
Alex Knopp			X
<b>Non Eligible Voters</b>			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**FINANCE**

**REVIEW OF THE AUDITOR’S MANAGEMENT LETTER AND MANAGEMENT RESPONSE**

Director Sullivan and Mr. Bolduc gave the Board a review of the referenced item (refer to pages 5-42 of transcript).

**AUTHORIZATION REGARDING CHANGES TO CERTAIN PROJECT RESERVE ACCOUNTS**

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

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

**FURTHER RESOLVED:** That the Hartford Landfill Closure/Postclosure Reserve be split in 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 Closure Reserve.

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

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

Director O'Brien seconded the motion which was approved unanimously (refer to pages 43-52 of transcript).

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Alex Knopp	X		
<b>Non Eligible Voters</b>			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**PROJECT REPORTS**

**MID-CONNECTICUT**

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

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

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

Director O'Brien offered an amendment to the motion to add "or his designee" after the word "President" in the interest of efficiency. Director Sullivan seconded the amendment which was approved unanimously.

The motion previously made and amended and seconded by Director Sullivan was approved unanimously (refer to pages 52-56 of transcript).

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Stephen Cassano	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Alex Knopp	X		
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
<b>Non Eligible Voters</b>			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

**ADDITIONAL BOARD ACTIONS**

**AUTHORIZATION REGARDING APPROVAL OF THE AFFIRMATIVE ACTION PLAN OF THE CONNECTICUT RESOURCES RECOVERY AUTHORITY**

Chairman Pace requested a motion on the referenced item. After a lengthy discussion, Director Knopp made a motion to accept Items 1 and 4 as the policy, and Items 2 and 3 as the substance for the annual report. Director Knopp added that the plan would be referred to the Organizational Synergy & Human Resources Committee (OS&HR Committee) for supervision and authorization be given to advertise it based on the OS&HR Committee's redrafting, subsequently as discussed at the meeting.

Director O'Brien seconded the motion which was approved unanimously (refer to pages 56-93 of transcript).

Director O'Brien offered a motion to direct the President and staff to implement the plan, substantially as discussed at the meeting. 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		
Stephen Cassano	X		
Mark Cooper	X		
Ray O'Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Theodore Martland	X		
James Francis	X		
Alex Knopp	X		
<b>Non Eligible Voters</b>			
Jeffrey Hedberg, Ad Hoc - Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc - Bridgeport			

## **FINANCE (CON'T)**

### **MID-CONNECTICUT SOURCE AND USE OF FUNDS ANALYSIS**

Director Sullivan distributed a revised copy and gave the Board an update on the referenced item (refer to pages 95-99 of transcript).

### **CHAIRMAN'S REPORT**

Chairman Pace said that the Board retreat was still being planned and that the President and Steering Committee were working on the new Business Plan to be brought forward to the Board.

Chairman Pace said that as part of a report to the Legislature to be filed in December, the President was going to secure a document that would evaluate the chairmanship of CRRA in the past year and a half regarding several issues including involvement of the Board, moving the agenda and taking care of issues. The evaluation would be done anonymously, he said. (refer to pages 99-105 for the short discussion).

### **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 Cooper made the motion which was seconded by Director Sullivan. Chairman Pace requested that Messrs. Kirk and Bolduc remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 10:47 a.m.

The Executive Session concluded at 12:07 p.m.

Chairman Pace reconvened the Board meeting at 12:08 p.m.

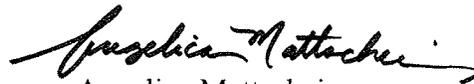
Chairman Pace noted that no votes were taken in Executive Session.

**ADJOURNMENT**

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 12:10 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Angelica Mattschei". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Angelica Mattschei  
Corporate Secretary to the Board

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**EXECUTIVE SESSION**

**OCTOBER 16, 2003**

An Executive Session called for the purposes of discussing litigation, pending litigation, contractual negotiations and personnel matters, was convened at 10:47 a.m.

**DIRECTORS**

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

**STAFF**

Tom Kirk  
James Bolduc

No votes were taken in Executive Session.

The Executive Session was adjourned at 12:07 p.m.

1 CONNECTICUT RESOURCES RECOVERY AUTHORITY

2 BOARD MEETING

3

4

5

6 October 16, 2003

7

8

9

10 Held At:

11 100 Constitution Plaza

12 Hartford, Connecticut

13

14 H e l d B e f o r e :

15 MICHAEL A. PACE, Chairperson

16

17

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21

22

23

24

Page 2

1 **A p p e a r a n c e s :**  
 2 **Directors:**  
 3 **MARK COOPER**  
 4 **JAMES FRANCIS**  
 5 **JEFF HEDBERG**  
 6 **ALEX KNOPP**  
 7 **MARK LAURETTI**  
 8 **SHERWOOD LOVEJOY**  
 9 **THEODORE MARTLAND**  
 10 **RAY O'BRIEN**  
 11 **ANDREW SULLIVAN**  
 12  
 13 **Present from CRRA:**  
 14 **JAMES BOLDOC**  
 15 **THOMAS KIRK**  
 16  
 17 **In attendance:**  
 18 **JERRY TYMINSKI**  
 19 **SCRRRA**  
 20 **DOMINICK DIGANGI**  
 21 **MDC**  
 22 **WILLIAM BRIGHT, ESQ.**  
 23 **Cummings & Lockwood**  
 24

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1 **DIR. KNOPP:** Mr. Chairman,  
 2 I'm going to abstain because I was  
 3 not present. I'd just like the  
 4 record to indicate that the  
 5 meeting in September was not held  
 6 on our regular date. And had it  
 7 been held on our regular date, I  
 8 would have been able to attend.  
 9 But I was not able to attend on  
 10 the changed date.  
 11 **THE CHAIRMAN:** Sure. Would  
 12 you include that for us, please?  
 13 **The Chair**  
 14 recognizes with everybody's other  
 15 commitments attendance -- but  
 16 made an effort to try to attend.  
 17 **Any other comments**  
 18 **on the minutes? Corrections?**  
 19 **Errors? You'll notice that there**  
 20 **is a verbatim as well.**  
 21 **All those in favor**  
 22 **of acceptance?**  
 23 **Opposed?**  
 24 **Abstained?**

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1 **9:15 O'CLOCK A.M.**  
 2 **THE CHAIRMAN:** I'll call the  
 3 meeting of CRRA for October 16th  
 4 to order.  
 5 **The first item on**  
 6 **the agenda is the pledge of**  
 7 **allegiance.**  
 8 **(Whereupon, the**  
 9 **pledge of allegiance was recited.)**  
 10 **THE CHAIRMAN:** Thank you.  
 11 **All right, we'll**  
 12 **open it up to the public portion.**  
 13 **Would anybody like to address the**  
 14 **Board?**  
 15 **(No response.)**  
 16 **THE CHAIRMAN:** Okay. Minutes,  
 17 seeking Board action for the  
 18 minutes of September 25th. I'd  
 19 entertain a motion to put it on  
 20 the table.  
 21 **DIR. FRANCIS:** So moved.  
 22 **DIR. SULLIVAN:** Second.  
 23 **THE CHAIRMAN:** Any  
 24 discussion?

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1 **One Abstention?**  
 2 **DIR. KNOPP:** One.  
 3 **THE CHAIRMAN:** Finance  
 4 committee. We have an auditor's  
 5 management letter and management  
 6 response.  
 7 **Andy, would you**  
 8 **present that?**  
 9 **DIR. SULLIVAN:** Yes. And I'd  
 10 ask Jim to chime in. We went  
 11 through this in some detail last  
 12 week at the finance committee  
 13 meeting. We also have extra  
 14 copies of the auditor's report for  
 15 the year ended -- and the process  
 16 had been, as you know, we  
 17 approved the financial statements  
 18 prior to our last Board meeting so  
 19 that it could be done on a timely  
 20 basis and submitted to the state  
 21 under the requirement to be in by  
 22 September 30th.  
 23 **One of the**  
 24 **by-products of an audit always is**

Page 6

1 the auditor's firm's assessment of  
 2 what we call "internal controls,"  
 3 in other words, what's the  
 4 strengths and weaknesses that are  
 5 involved in our processing of our  
 6 financial data, and that is the  
 7 item that is in tab 2. Hopefully,  
 8 if you've have had an opportunity  
 9 to read through the commentary on  
 10 it and there's nothing -- and  
 11 Scott Trenholm is our audit  
 12 partner. The engagement was clear  
 13 on this -- there was nothing in  
 14 this letter that gives them any  
 15 concern with respect to the  
 16 fairness of the presentation of  
 17 financial statements. So I want  
 18 to preface it with that remark.  
 19 And one of the requirements of an  
 20 audit process is that management  
 21 has to respond to the particular  
 22 findings, if you will, that the  
 23 auditors have come up with.  
 24 I'll take one. If

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1 what was involved in that from Jim  
 2 Bolduc.  
 3 Jim, I'd ask you,  
 4 if you would, at this point to  
 5 perhaps deal with the next pages.  
 6 We have the auditors' finding,  
 7 the auditors' recommendation and  
 8 then the CRRR response to each one  
 9 of the auditors', if you will,  
 10 comments that are in the letter.  
 11 So I'll kick it  
 12 over to you, Jim, to go through  
 13 the response section.  
 14 MR. BOLDUC: Sure. Thanks,  
 15 Andy. As Andy mentioned, first  
 16 there is in addition to doing the  
 17 financial audit that was computed  
 18 by Carlin, we also, subject to  
 19 the biannual audit by the state  
 20 auditors, they have just concluded  
 21 the '00 and '01 audit. So some of  
 22 the comments that will come out of  
 23 that precedes the formation of  
 24 this Board and this management.

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1 you look at page 2 for a moment at  
 2 the very bottom of the page, it  
 3 makes reference to "Auditors of  
 4 Public Accounts Draft Report."  
 5 And I'll ask Jim to talk to that  
 6 too. We had a little discussion  
 7 on that item as well. As you  
 8 recall, the Auditors of Public  
 9 Accounts are a state agency, and  
 10 they were looking at our records  
 11 as of, I think, correct me if I'm  
 12 wrong, they were 2001 and not the  
 13 2003 year end that Carlin, Rosen  
 14 was mentioning. But that report  
 15 is still, as we speak today,  
 16 still in draft form so there's no  
 17 necessity of doing that. I think  
 18 it was important to at least  
 19 mention it in the context of this  
 20 meeting and we did it in the  
 21 finance committee meeting.  
 22 Because it is in the letter, I  
 23 think we ought to have some at  
 24 least minimal discussion as to

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1 Their focus is really less on a  
 2 financial basis. Their focus is  
 3 really more on kind of an  
 4 operational regulatory  
 5 compliance-type of a review. So  
 6 there will be things in there  
 7 that clearly will indicate that  
 8 over the last couple of years when  
 9 they were auditing there were  
 10 reports that were not filed either  
 11 on a timely basis or at all.  
 12 My general  
 13 impression of these reports --  
 14 there are a lot of quarterly  
 15 reports to different agencies -- I  
 16 don't think they are substantive  
 17 in the sense that there's any  
 18 major financial disclosure  
 19 issues. I think they are just  
 20 reports that in the past had been  
 21 mandated by some state statute to  
 22 be complied with. And we just  
 23 completed this year kind of a  
 24 complete matrix of all the various

Page 10

1 reports we have to file to various  
 2 state agencies and various  
 3 authorities and trustees and so  
 4 forth. And I must confess, having  
 5 spent 30 years in a regulated  
 6 utility this agency far surpasses  
 7 the amount of reports we have to  
 8 file. And the real challenge is  
 9 is that probably 80 percent of the  
 10 reports are redundant.

11 And so I'm going to  
 12 take a look at what we can do to  
 13 kind of streamline that because a  
 14 lot of accounting effort goes  
 15 into complying with these reports,  
 16 but we need to clearly file them  
 17 as long as they are part of the  
 18 statutory regulatory requirement.  
 19 So that audit report will be  
 20 coming out.

21 I did talk to the  
 22 state auditors. They preferred  
 23 not to release it yet because  
 24 they were still tweaking it. Once

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1 it's tweaked we provide our  
 2 responses and a copy will come  
 3 through the finance committee in  
 4 similar form to what is seen in  
 5 the management letter and then  
 6 come up through the Board, but  
 7 there really shouldn't be any  
 8 major surprises when we get it.  
 9 But suffice it to say, that one is  
 10 completed as well this year.

11 Turning to the  
 12 management letter from our  
 13 external finance auditors, this  
 14 is, again, focused on the FY03  
 15 financial audit. The number of  
 16 comments they made were I don't  
 17 think anything, again, material in  
 18 terms of the financial statements.  
 19 Some of them are related to  
 20 internal controls. I think they  
 21 are fair comments. And as you can  
 22 see, we're going to follow up on  
 23 them. Some of them we've already  
 24 completed the, I think, necessary

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1 steps.

2 For example, on  
 3 monitoring the bond covenants,  
 4 there was an issue that we ran  
 5 into very early on in this year's  
 6 audit that lead us into a  
 7 full-fledged effort to take a look  
 8 at all the bond covenants under  
 9 the resolution in the indentures.  
 10 It became obvious that there was  
 11 not a systematic process in the  
 12 past that one would be able to  
 13 just on an annual basis take off  
 14 the various provisions of the  
 15 covenants that we have to provide  
 16 a certificate of compliance with  
 17 the trustee. We have completed  
 18 that, and that's in place now. We  
 19 use that as part of the year-end  
 20 compliance letter to the trustee  
 21 and so I think that's well on its  
 22 way. And it will be codified and  
 23 therefore be available as we go  
 24 forward in future years, so I

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1 think that one is well in place.

2 The accounts  
 3 receivable management, I've talked  
 4 to Jerry Tyminski at Southeast.  
 5 There's a couple of little areas  
 6 in there that the auditors had  
 7 focused on relative to the  
 8 Southeast project in terms of the  
 9 way the billing -- and the timing  
 10 of the billing. I'll be following  
 11 up with the Southeast director and  
 12 we'll get a better controlled  
 13 system in place on that.

14 But more  
 15 importantly, I think the whole  
 16 issue of accounts receivable and  
 17 aging reports, in my view, and I  
 18 don't want to limit this just to  
 19 the Southeast project, I think we  
 20 need to have a whole broader  
 21 system for accounts receivable  
 22 aging and in terms of the way the  
 23 distribution works and the way the  
 24 reviews are completed. We're

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1 very fortunate in the way we have  
 2 this guarantee of payment that  
 3 our exposure right now is fairly  
 4 limited, but I think as we move  
 5 ahead in the next few years with  
 6 regard to escalating fees on the  
 7 tip fees, there may be an  
 8 opportunity for the timing of the  
 9 cash to start lagging and it's  
 10 something we've got to have in  
 11 place on the front to make sure  
 12 that that doesn't come to fruition  
 13 and we're on top of it. So I  
 14 think a whole general review of  
 15 the AR system we'll be taking a  
 16 look at.

17 The other couple of  
 18 comments, on minimum commitments  
 19 that's an issue that we talked  
 20 about at the finance committee.  
 21 It's been an issue with regard to  
 22 the Bridgeport project. There are  
 23 provisions in the contracts that  
 24 talk about the minimum contract

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1 deliveries. Just to put that in  
 2 perspective, for Mid-Conn the  
 3 minimum contract requirements are  
 4 about 500,000 tons a year. We  
 5 bring in 800,000 to 900,000 tons.  
 6 So on an aggregate basis it has  
 7 been an issue, but there is a  
 8 difference between what the  
 9 contract may say and what past  
 10 practice in the administration has  
 11 been. We need to take a look at  
 12 that and develop as a board what  
 13 our policy wants to be for the two  
 14 or three towns that haven't been  
 15 meeting the minimum commitment  
 16 even though we have been meeting  
 17 in the aggregate.

18 So I think it's a  
 19 policy question as to what we do  
 20 with those towns. Past practice  
 21 has been, I guess, an agreement  
 22 that as long as in the aggregate  
 23 we would not go after the  
 24 individual towns for the minimum

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1 amount, but that's something that  
 2 hasn't been codified. So we need  
 3 to take a look at bringing it back  
 4 to the Board for recommendations  
 5 on how we should handle that for  
 6 the Mid-Conn project. The  
 7 Bridgeport project is addressing  
 8 it in their own way.

9 Personnel policies.  
 10 This is an area that we were  
 11 fairly lax on. We are in the  
 12 process right now with the HR  
 13 committee to put into place  
 14 processes and procedures that will  
 15 codify what should be done on an  
 16 annual basis so that the employees  
 17 will have very specific and clear  
 18 understandings of what our  
 19 programs are going to be and what  
 20 the policies are. And those will  
 21 be available to them in written  
 22 form on our internet so that the  
 23 ambiguities of the past will not  
 24 be there. Obviously it's a work

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1 in progress, but clearly an  
 2 important feature that needs to be  
 3 done.

4 THE CHAIRMAN: That was  
 5 started about nine months ago?  
 6 MR. BOLDUC: Yes. And we've  
 7 made some good progress on it, but  
 8 there's still a lot of work to be  
 9 done.

10 THE CHAIRMAN: And on the  
 11 evaluation component we talked  
 12 about the leadership group. I  
 13 think the Board realized that we  
 14 changed leadership in nearly every  
 15 department, president, CFO,  
 16 accounting, operations are still  
 17 vacant, HR, administration. So  
 18 just, you know, what the document  
 19 says and I think as the Board  
 20 knows is that we've completely  
 21 revamped our leadership.

22 DIR. SULLIVAN: I wanted to  
 23 just focus on one other item.  
 24 It's on page 1 of this. It

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1 involves inventory. In terms of  
 2 our total assets, inventory is not  
 3 a huge percentage of our total  
 4 assets. The fact of the matter  
 5 is, the Mid-Conn inventory is  
 6 really not controlled by us; it's  
 7 primarily controlled by MDC on the  
 8 fore. And MDC had gone into a  
 9 changed accounting system that  
 10 then lead them to change the  
 11 valuation of our inventory. And  
 12 what the comment was and was  
 13 dealing with is that we cannot be  
 14 held to a standard of measuring --  
 15 and the inventory is on our books,  
 16 so we have to have some interface  
 17 at least in the decision making  
 18 when our vendor makes decisions to  
 19 change the value of our inventory.  
 20 So that is a process that comes  
 21 through some ongoing discussions  
 22 with MDC and then the possibility  
 23 of, you know, continuing  
 24 possibility of a mediation

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1 financials the auditors did write  
 2 that up under page 19, item G on  
 3 the inventory.  
 4 The situation  
 5 really is we had a first interest  
 6 FIFO method. The vendor  
 7 unilaterally changed their  
 8 operational system, started going  
 9 to a weighted average system,  
 10 which in and of itself I don't  
 11 have a disagreement with because I  
 12 think it probably represents a  
 13 better inventory valuation. I  
 14 think the process broke down with  
 15 in concept of what a vendor views  
 16 its role is and what it's not. It  
 17 would be synonymous with if  
 18 Boeing bought an engine from Pratt  
 19 & Whitney and Boeing is keeping  
 20 the records on their books of the  
 21 engine value but Pratt changed  
 22 the system in the middle of it and  
 23 didn't bother telling anybody.  
 24 That's the kind of situation here

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1 process that is ongoing.  
 2 THE CHAIRMAN: A comment on  
 3 that. One of the things we talked  
 4 about about a year and a half ago  
 5 is that at least it was the  
 6 Chair's feeling that too much of  
 7 our business was in the ownership  
 8 of people who contract for us, and  
 9 this is part of that piece.  
 10 DIR. SULLIVAN: Right.  
 11 THE CHAIRMAN: So all of that  
 12 needs to be brought back into our  
 13 control that these contractors  
 14 work for us and not vice versa.  
 15 Any kind of a policy, any kind of  
 16 a change needs to be through us by  
 17 us and for our purposes of either  
 18 the books or benefit --  
 19 MR. BOLDUC: Andy, do you  
 20 mind if I could just amplify that?  
 21 Yes, that was an important feature  
 22 because that also was in addition  
 23 to being the management audit. In  
 24 the footnotes through the

Page 21

1 in terms of the operating folks  
 2 changing the system. But the  
 3 accounting system is not theirs to  
 4 change, it's our system. We just  
 5 buy a service. And so what we  
 6 have now is an inventory that's  
 7 half valued under FIFO, half  
 8 valued under weighted average and  
 9 we still don't have a clear answer  
 10 on when they are going to  
 11 complete that process. Typically  
 12 you don't make a transition and  
 13 kind of have it half in and half  
 14 out. You make it very clean and  
 15 you footnote it. Those things are  
 16 very sensitive to the accounting  
 17 people as they're changes.  
 18 Typically those are identified as  
 19 change in accounting. And in the  
 20 past, particularly private  
 21 businesses, there's a lot of games  
 22 being played with valuations of  
 23 inventory, either to jack up  
 24 earnings or bring them down and so

1 forth. So the accounting people  
 2 were sensitive to valuations of  
 3 inventory. And so when someone  
 4 does that it obviously raises the  
 5 specter. So that was a good  
 6 point.

7         The other thing  
 8 about inventory, this was the  
 9 first inventory we had actually  
 10 conducted in 20 years here, so  
 11 that was another problem. And we  
 12 will get on an annual cycle of  
 13 doing inventories. We've got a  
 14 couple more to do -- we couldn't  
 15 do them all in one year -- but we  
 16 will be on an ongoing basis  
 17 actually monitoring the various  
 18 inventories. This particular run  
 19 has about a 2 and a half million  
 20 dollar value inventory, but  
 21 there's other related issues in  
 22 terms of turnovers, what items  
 23 should be in stock and so forth.  
 24 So we're getting better at it.

1 and our assets, and when we were  
 2 looking for what our assets were,  
 3 we found that they were not  
 4 brought up to date and nobody  
 5 could tell us really what our  
 6 assets were including what was  
 7 turned over to us when the CL&P  
 8 deal came through. So the  
 9 steering committee had asked staff  
 10 to start working on that. What  
 11 you see in here is a reflection of  
 12 those concerns that we had about a  
 13 year ago, and Jim has been  
 14 following up on it.

15         DIR. SULLIVAN: Yes. In  
 16 fact, that's another good point.  
 17 The only fixed asset inventory  
 18 that I've ever seen in the year  
 19 and a half that we've been  
 20 involved in this is the one that's  
 21 prepared by the insurance people  
 22 and that's a fair value, and  
 23 that's really not what we would  
 24 call GAAP or recorded cost

1 It's just going to take some time  
 2 obviously.

3         THE CHAIRMAN: I think what  
 4 Jim just mentioned is this has  
 5 been something that's been going  
 6 on for a while. If we go back to  
 7 a year ago this past June when we  
 8 first came on board, there were a  
 9 couple of things I think I brought  
 10 to the Board's attention. One was  
 11 that we could not find a complete  
 12 document that listed all of our  
 13 properties and what the payment  
 14 would be in taxes. As you might  
 15 have noticed in the latest  
 16 legislation, there's a new bill  
 17 that was introduced that mandates  
 18 us paying taxes for our property.  
 19 And I had refused to send out a  
 20 check unless I had the paperwork.  
 21 So we're still working through  
 22 that.

23         Another thing was  
 24 there's a tax bill for Hartford,

1 whatever accumulated -- we look  
 2 at book value. Fair value and  
 3 book value are sometimes wide  
 4 apart. And for insurance purposes  
 5 we're doing one thing, but when I  
 6 looked at it we can't find a trail  
 7 that gets us back to what are our  
 8 real recorded costs. So that  
 9 process is going to continue.

10         THE CHAIRMAN: Just for the  
 11 Board, some of this stuff, if you  
 12 go back and remember what thick  
 13 books we used to get, you're going  
 14 to see this stuff and how the  
 15 steering committee in working with  
 16 new management has been trying to  
 17 address those things over the last  
 18 12 months.

19         DIR. SULLIVAN: Recollect  
 20 that we didn't have anybody until  
 21 we got Tom in the beginning of  
 22 December and Jim in January.

23         THE CHAIRMAN: Don't remind  
 24 me, please.

1 DIR. SULLIVAN: You know, you  
 2 can identify problems, but you  
 3 need to have a team here to help  
 4 you solve them -- and I think  
 5 that's what's been happening -- to  
 6 move forward.

7 THE CHAIRMAN: Ray.

8 DIR. O'BRIEN: Another thing  
 9 that we went over in the finance  
 10 committee was on minimum  
 11 commitment building. A first  
 12 step, even before we get to  
 13 policy, would be a timely  
 14 notification of all the  
 15 communities of Mid-Conn of where  
 16 they are and their seasonally  
 17 adjusted expectation. And this is  
 18 important so that they get an  
 19 early heads up if they have a  
 20 problem, but also as far as  
 21 setting them up to see where they  
 22 are going to go in the future.

23 The other part of  
 24 that is seeing if you can do

1 they are in the fiscal year in  
 2 terms of meeting their minimum  
 3 commitment. But we'll codify that  
 4 and make sure that each town is  
 5 well aware of both where they are  
 6 in terms of their minimum  
 7 commitment deliveries and what  
 8 they have to continue to deliver  
 9 to meet that minimum. As for  
 10 recycling, there are no minimum  
 11 commitments with recycling, but we  
 12 are very concerned, particularly  
 13 in the Bridgeport project, about  
 14 high value commodities bypassing  
 15 the RTC and being sold outside the  
 16 project by the member towns.  
 17 That's an issue of concern for us  
 18 and under active investigation  
 19 under the direction of the SWAB  
 20 board, the Solid Waste Authority  
 21 Board, in the Bridgeport project.

22 DIR. MARTLAND: Well, when we  
 23 were down in Bridgeport, we  
 24 noticed and I called some of the

1 something similar on recyclables  
 2 as far as notifying them of where  
 3 they are because some recyclables  
 4 are valuable ones, particularly  
 5 bypassing our system but also down  
 6 in Bridgeport bypassing the  
 7 system.

8 MR. KIRK: I can speak to  
 9 that a little bit. The committee  
 10 did mention their concern that  
 11 towns and members that are missing  
 12 their minimum commitment -- in the  
 13 Mid-Conn project there are four or  
 14 five, Bridgeport is another story  
 15 altogether, of course -- that they  
 16 be given sufficient notice. This  
 17 year we gave about a three-month  
 18 notice to the towns that were  
 19 potentially short, but there is  
 20 also available on our web site and  
 21 in the Board supplementary minutes  
 22 each month a town-by-town  
 23 reporting of what they've  
 24 delivered and, of course, where

1 allocations of waste real goofy.  
 2 I mean, they were done many years  
 3 ago and they weren't corrected.  
 4 So are we in the process of  
 5 correcting what is near to what is  
 6 in fact what the town can deliver?  
 7 MR. KIRK: Unfortunately we  
 8 can't correct them because they  
 9 are codified in the contract. But  
 10 you're absolutely right, goofy is  
 11 probably the best accounting term  
 12 I can come up with for some of the  
 13 numbers that were picked,  
 14 particularly in the Bridgeport  
 15 project.

16 DIR. LAURETTI: I have a  
 17 better one.

18 DIR. SULLIVAN: Is goofy an  
 19 accepted accounting principal? Is  
 20 that the new GAAP?

21 (Laughter.)

22 DIR. LAURETTI: Yes, something  
 23 like GASB 34.

24 THE CHAIRMAN: These are good

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1 editorial comments, but let the  
 2 gentleman address his point.  
 3 You were saying,  
 4 Ted.  
 5 DIR. MARTLAND: Well, we have  
 6 to bring them up to date somehow.  
 7 I don't see, for example, I don't  
 8 recall the numbers, but the ones  
 9 for Bridgeport were way out of  
 10 line. So somehow you have to  
 11 bring those two numbers together.  
 12 DIR. LAURETTI: It will all  
 13 get corrected in '08, trust me.  
 14 MR. KIRK: I think our  
 15 opportunity to correct this is in  
 16 '08. And I think if I were a town  
 17 in the project I wouldn't be  
 18 interested in any minimum  
 19 commitment at all given the pain  
 20 associated with not meeting it in  
 21 the last 20 years. And I expect  
 22 that would be the focus of the  
 23 SWAB group, and CRRRA's job, I  
 24 think, is to help them recreate a

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1 project around a contract that  
 2 will not require minimum  
 3 commitments. I think everyone  
 4 would be most comfortable with  
 5 that. But as to changing them  
 6 now, in our cursory review of it,  
 7 we just don't think it's possible  
 8 because the bonds were written and  
 9 accepted based on a minimum  
 10 commitment. And if the remedy  
 11 associated with that minimum  
 12 commitment, if we could get  
 13 Bridgeport's number adjusted  
 14 downward, and it's nearly a 50  
 15 percent adjustment, to be  
 16 accurate, we would necessarily  
 17 have to get someone else to  
 18 update or increase their minimum  
 19 commitment by a similar amount  
 20 which is a mission impossible, I'm  
 21 afraid.  
 22 Regardless, the  
 23 Bridgeport project has found a way  
 24 to manage around the minimum

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1 commitment numbers. Our Mid-Conn  
 2 project has a much less severe  
 3 problem. There are about four  
 4 towns that are on the cusp of not  
 5 meeting their minimum commitment.  
 6 There's one town that has what I'd  
 7 call a goofy number associated  
 8 with it and routinely cannot meet  
 9 their commitment.  
 10 In the aggregate  
 11 we've always comfortably met the  
 12 commitment which was not the case  
 13 with Bridgeport, and that was a  
 14 painful resolution to fix that  
 15 problem.  
 16 DIR. O'BRIEN: As I was  
 17 asking Woody, I believe that's a  
 18 part of their study that they  
 19 initiated last spring, and I don't  
 20 know what the status of that study  
 21 is, but to take a look at what  
 22 towns are in fact delivering  
 23 against what they should be and  
 24 against what the expectation in

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1 the future might be.  
 2 DIR. LOVEJOY: We're not through  
 3 with that study yet. And you get  
 4 into some strange habits. Some  
 5 towns are charging administration  
 6 fees on top of the base fee, and  
 7 some towns, like Bridgeport, have  
 8 never changed the fee of \$89.  
 9 They are still charging that now.  
 10 We're way over our minimum  
 11 commitment right now because  
 12 that's where our rubbish is coming  
 13 from, Bridgeport and Stratford.  
 14 It's just up the street and they  
 15 don't have to wait.  
 16 DIR. O'BRIEN: They only have  
 17 to pay 70.  
 18 DIR. LOVEJOY: I just raised  
 19 it to \$70.60 a ton.  
 20 MR. KIRK: It's probably  
 21 worth mentioning that at the time  
 22 these minimum commitments were  
 23 generated it was a different world  
 24 in the waste industry. It was pre

1 Carbone decision. So towns  
 2 believed incorrectly, it turns  
 3 out, that they could control both  
 4 residential and commercial waste  
 5 inside their borders. They could  
 6 steer waste where it needed to go.  
 7 The number for Bridgeport is not  
 8 goofy in terms of total waste, but  
 9 it's unfortunately not clearly  
 10 under the control of the city and  
 11 they can't steer it where it needs  
 12 to go. But at the time the  
 13 numbers were chosen it was a  
 14 different world in terms of how  
 15 much waste the cities could  
 16 control.

17 DIR. LOVEJOY: We've got two  
 18 instances where it's going  
 19 completely out of state. In  
 20 Danbury they are shipping it out  
 21 by freight car, and in Stratford  
 22 they're shipping it direct through  
 23 Pennsylvania by truck. We have no  
 24 control of that.

1 everybody, and for the record the  
 2 municipal governing authorities,  
 3 to understand that in our, what,  
 4 70 some odd towns?

5 DIR. KNOPP: Tom, do you  
 6 think it's possible to produce a  
 7 brief summary for each of the  
 8 project's towns?

9 MR. KIRK: Showing where each  
 10 town is?

11 DIR. KNOPP: Yes, the minimum  
 12 and the aggregate for each project  
 13 as well.

14 MR. KIRK: Sure. It's a  
 15 pretty easy process from the  
 16 monthly reports we do here.

17 THE CHAIRMAN: It's my  
 18 recollection that the contracts  
 19 for each individual town, is the  
 20 minimum is forgiven if the  
 21 aggregate stays there.

22 MR. KIRK: That's past  
 23 practice.

24 DIR. LAURETTI: I suggested

1 DIR. LAURETTI: Well, if you  
 2 could control it, the Feds stepped  
 3 in and took all that away so where  
 4 you're going with flow control --

5 DIR. SULLIVAN: But I do want  
 6 to commend Tom and the rest of the  
 7 management for this communication  
 8 process. I recollect Mark  
 9 Lauretti at the meeting indicated,  
 10 and those of you who run municipal  
 11 governments will be sensitive to  
 12 this too, that if you find out  
 13 you're not meeting your minimum  
 14 and you've only got two or three  
 15 months to go, then getting bad  
 16 news at that point in time is  
 17 saying, okay, the barn door is  
 18 open and the horse is gone. I  
 19 don't have the kind of  
 20 opportunity that I would have had  
 21 had I known this earlier in the  
 22 game. And that's the whole  
 23 exercise that Tom has just alluded  
 24 to, and I think it's important for

1 at the finance committee meeting  
 2 that it would be most helpful for  
 3 the municipal officials to receive  
 4 this data on a biweekly or monthly  
 5 basis so that you see there is --  
 6 that would be a built-in  
 7 accounting system for what goes to  
 8 the plant every week.

9 THE CHAIRMAN: So this could  
 10 be shocking news.

11 DIR. LAURETTI: Not to me  
 12 because I follow it, I know where  
 13 it is, but it does give you a form  
 14 of check and balance in terms of  
 15 documentation as to what's  
 16 actually going there. I don't  
 17 need a consultant to tell me where  
 18 we're going with garbage in the  
 19 future. We've got a 20-year  
 20 history already that we're working  
 21 off of.

22 MR. KIRK: As Mark mentioned,  
 23 it's not a surprise to anyone in  
 24 the Bridgeport project because

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1 this has been a contentious issue  
 2 for many many years. It's  
 3 critical that we have the  
 4 communications process in place  
 5 working before fiscal year '05,  
 6 because with our anticipated  
 7 change in tip fees for the  
 8 Mid-Conn project we may be in a  
 9 position where we don't have an  
 10 aggregate total to allow our past  
 11 practice of forgiving the  
 12 individual towns for missing  
 13 their minimum commitment.  
 14 DIR. MARTLAND: A quick  
 15 question. Waterbury. I always  
 16 was under the illusion or  
 17 impression that it went up to  
 18 Mid-Conn, but I think it goes down  
 19 to Bridgeport now. So where is it  
 20 going?  
 21 MR. KIRK: The answer is  
 22 both. Waterbury, of course, is a  
 23 Mid-Conn town, but there are times  
 24 when we have excess tonnage. And

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1 rather than have it delivered from  
 2 Waterbury to Mid-Conn only to be  
 3 loaded on a truck and sent to  
 4 Chicopee or wherever we're  
 5 exporting our excess to, we  
 6 routinely will send transfer  
 7 trailers from Watertown or  
 8 Torrington down to Bridgeport.  
 9 DIR. MARTLAND: Thank you.  
 10 DIR. SULLIVAN: That's a  
 11 business decision that gets made.  
 12 MR. KIRK: Correct. It saves  
 13 a little bit of money so we go  
 14 that way.  
 15 THE CHAIRMAN: Flow control  
 16 you call it?  
 17 MR. KIRK: Flow control.  
 18 DIR. LAURETTI: Different  
 19 form, a more realistic form.  
 20 (Laughter.)  
 21 THE CHAIRMAN: One thing I asked  
 22 Andy in the previous audit  
 23 reports, I'm not passing any  
 24 judgment, but there is some

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1 things in here that were or were  
 2 not in the previous audit reports  
 3 such as inventory and fixed  
 4 assets?  
 5 DIR. SULLIVAN: I'm not sure  
 6 whether it was in last year's  
 7 letter or not. Inventory  
 8 definitely not. Fixed assets,  
 9 Jim, you can correct me, was that  
 10 in Scillia, Dowling's?  
 11 MR. BOLDUC: We're putting a  
 12 summary together for the next  
 13 finance committee meeting to kind  
 14 of summarize all the  
 15 outstanding --  
 16 DIR. SULLIVAN: I'm talking  
 17 about Scillia, Dowling from last  
 18 year.  
 19 MR. BOLDUC: I think between  
 20 the two I can't exactly --  
 21 DIR. O'BRIEN: The question,  
 22 I think, was items that were in  
 23 this audit report that had been  
 24 there for a while but weren't in

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1 the previous audit reports.  
 2 MR. BOLDUC: I don't recall  
 3 any specific ones. I think there  
 4 may be some ones in the past  
 5 but --  
 6 DIR. SULLIVAN: They're not  
 7 the same as these. Inventory was  
 8 not, am I correct?  
 9 MR. BOLDUC: Inventory  
 10 clearly was not one.  
 11 THE CHAIRMAN: Okay. Any  
 12 other comments, questions on this?  
 13 So we'll move on to  
 14 the next item.  
 15 DIR. O'BRIEN: One other  
 16 comment. I think we got a good  
 17 job from the auditors --  
 18 DIR. SULLIVAN: Oh,  
 19 absolutely.  
 20 DIR. O'BRIEN: --  
 21 particularly considering it was  
 22 their first shot at it and they  
 23 were very complimentary of staff.  
 24 Again, with their unfamiliarity

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1 with the system and so forth,  
 2 staff they said did an  
 3 outstanding job of making their  
 4 life easier.  
 5 DIR. SULLIVAN: Just for your  
 6 awareness, we did meet with the  
 7 finance committee in the executive  
 8 session with the partner of  
 9 engagement. And the purpose of  
 10 that really was, one, to have a  
 11 complete frank discussion with  
 12 management not in the room.  
 13 That's a good business practice  
 14 recognizing that the finance  
 15 committee serves as both finance  
 16 and an audit committee. So that  
 17 was kind of the approach. And Ray  
 18 is right, they were very  
 19 complimentary. They've come a  
 20 long way in a short time.  
 21 THE CHAIRMAN: The next item,  
 22 finance, actually has similar  
 23 components to it, correct, Andy?  
 24 DIR. SULLIVAN: Yes.

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1 "Further resolved: That the  
 2 Hartford/Landfill  
 3 Closure/Postclosure Reserve be  
 4 split into two separate reserves  
 5 (balance as of August 31, 2003 was  
 6 \$7,109,905.17) and that \$500,000  
 7 of these funds be designated for  
 8 the Hartford Postclosure Reserve  
 9 and the remaining fund balance be  
 10 designated for the Hartford  
 11 Landfill Closure Reserve.  
 12 "Further resolved: That the  
 13 Ellington Landfill  
 14 Closure/Postclosure Reserve be  
 15 renamed the Ellington Postclosure  
 16 Reserve.  
 17 "Further resolved: That the  
 18 Waterbury Landfill  
 19 Closure/Postclosure Reserve be  
 20 renamed the Waterbury Closure  
 21 Reserve."  
 22 These are just the  
 23 nomenclature changes. Just to  
 24 briefly discuss, the benefit fund,

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1 THE CHAIRMAN: Now, as a  
 2 whole you're looking for the  
 3 acceptance of several changes,  
 4 correct?  
 5 DIR. SULLIVAN: Correct.  
 6 DIR. KNOPP: I move approval  
 7 of this resolution.  
 8 DIR. O'BRIEN: Second.  
 9 THE CHAIRMAN: So, if the Board  
 10 feels comfortable with this, we'll  
 11 have Andy go through this in total  
 12 asking individual questions as he  
 13 goes through. And then if the  
 14 Board feels comfortable we can  
 15 act on it as a whole or we can  
 16 exclude a piece if the Board feels  
 17 it needs more information as a  
 18 whole.  
 19 Andy.  
 20 DIR. SULLIVAN: First is the  
 21 project reserve account.  
 22 "Resolved: That the Health  
 23 Fund be renamed the Benefit Fund  
 24 In General Administration.

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1 instead of health fund, the  
 2 benefit fund, it sort of covers  
 3 all aspects of whatever benefits  
 4 to the organization.  
 5 The Hartford  
 6 Landfill, the reason to redefine  
 7 this is because there is a  
 8 requirement that the City of  
 9 Hartford take responsibility for  
 10 the postclosure reserve. And so  
 11 by leaving -- and we felt that --  
 12 and I think Jim can tell you if  
 13 I'm incorrect, but we felt that  
 14 the 500,000 seemed to be enough in  
 15 terms of our sort of self-insuring  
 16 that portion of the postclosure  
 17 reserve, and that's the reason for  
 18 bifurcating the two items. The  
 19 aggregate number doesn't change.  
 20 It's just set in two tranches.  
 21 And then the other two are simply  
 22 instead of calling it two things  
 23 it really represents postclosure  
 24 reserve. And the same thing with

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1 Waterbury, Waterbury is the  
 2 closure reserve. These are as our  
 3 finance group has gone through and  
 4 looked at the various segments of  
 5 what our reserves represent and  
 6 then drilled down to see exactly  
 7 what the legal requirements are  
 8 and that is in working together  
 9 with Peter Egan, our environmental  
 10 management group member, to make  
 11 sure that we've got the thing set  
 12 in the appropriate fashion in our  
 13 internal records and that the  
 14 Board recognizes that in the form  
 15 of this resolution.  
 16 DIR. O'BRIEN: Fortunately  
 17 Peter is one part of the  
 18 leadership that hasn't changed.  
 19 MR. KIRK: I'm very thankful  
 20 for that.  
 21 DIR. SULLIVAN: Right. He's  
 22 got, what do you call that, he  
 23 knows where all the bodies are  
 24 buried. But he does have the

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1 institutional memory, that's  
 2 right.  
 3 So are there any  
 4 questions that anyone might have  
 5 or comments that any other member  
 6 of the finance committee would  
 7 like to --  
 8 MR. BOLDUC: Andy, just a  
 9 couple of things, the sheet that I  
 10 handed out, that's a replacement  
 11 for the one that was in the book.  
 12 This is the current version. The  
 13 one that was in the book was  
 14 outdated. This is what was  
 15 previously approved and that's the  
 16 Montville postclosure summary.  
 17 And the only thing  
 18 else I would mention on the  
 19 health, that did go through the  
 20 human resources committee. And  
 21 as part of that change we had also  
 22 recommended that rather than  
 23 making the health and welfare  
 24 program of the employees be kind

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1 of subject to a vote at the end of  
 2 every year as to whether there was  
 3 something going on in the fund, we  
 4 recommend the committee approve  
 5 part of the normal benefit  
 6 program be built into that budget  
 7 so the employees know what they  
 8 can do during the year. And we're  
 9 putting that into the budget and  
 10 putting the policy together. That  
 11 articulates what the health and  
 12 welfare program is. It's capped  
 13 at \$300 an employee for health  
 14 facilities. Some of this stuff in  
 15 the past might have been a little  
 16 bit beyond -- so it was done in  
 17 conjunction with the HR committee.  
 18 THE CHAIRMAN: Comments?  
 19 DIR. O'BRIEN: If I remember  
 20 correctly, also Andy and Jim, this  
 21 is only the first step and the  
 22 full reserve analysis will be  
 23 presented in the spring?  
 24 MR. BOLDUC: Right.

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1 DIR. O'BRIEN: Of all reserve  
 2 accounts.  
 3 MR. BOLDUC: We're always  
 4 constantly looking at them. What  
 5 we've tried to do is at least  
 6 earmark in the finance committee,  
 7 at least at the October meeting,  
 8 every month that will catch up.  
 9 So as we identify new things -- as  
 10 we do the budget, for example,  
 11 we're going to be taking a look  
 12 at the -- Peter Egan will be  
 13 looking at the  
 14 closure/postclosure calculations,  
 15 so we need to be tweaking it. But  
 16 I think the purpose of this is  
 17 just to kind of keep refining this  
 18 thing so it's very clear as to  
 19 what's in these things is not as  
 20 ambiguous, and the Board has  
 21 clearly identified what is a  
 22 designated restricted reserve and  
 23 what's not, and so the dollars are  
 24 in a big pot. But the answer is

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1 yes, that will be continuing.  
 2 THE CHAIRMAN: For the  
 3 Board's redundant awareness is the  
 4 fact that we're taking a look at  
 5 every aspect of those books, if  
 6 you've will. We need to work to  
 7 deconstruct and reconstruct what  
 8 makes sense in terms of the  
 9 business model.  
 10 DIR. SULLIVAN: Necessity is  
 11 the mother of all invention. And  
 12 part of it got into this whole  
 13 process of when we had to enter  
 14 into a loan agreement with the  
 15 State of Connecticut we also had  
 16 to go back and look and see what  
 17 other reserves do we have prior  
 18 to actually drawing on that, what  
 19 available reserves did we have in  
 20 order to be able to fund our  
 21 operations. And so it seemed to  
 22 be a logical continuing extension  
 23 to -- and Jim is terrific in being  
 24 able to get his team doing that,

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1 All those in favor?  
 2 Opposed?  
 3 So moved.  
 4 DIR. O'BRIEN: I would move  
 5 the resolution regarding the cover  
 6 soils at the Hartford Landfill.  
 7 MR. KIRK: Very  
 8 straightforward --  
 9 DIR. O'BRIEN: I would like  
 10 to offer an amendment to that. I  
 11 would like to insert after  
 12 "President," "or his designee" as  
 13 an amendment unless there's some  
 14 structural reason we can't do  
 15 that. That's in the interest of  
 16 efficiency and also the burden of  
 17 administering the contract.  
 18 MR. KIRK: I appreciate that.  
 19 DIR. SULLIVAN: Second.  
 20 MR. KIRK: This is a very  
 21 straightforward business  
 22 transaction. As the Board is well  
 23 aware, we now instead of  
 24 purchasing our landfill cover at a

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1 get in there and say, okay, what  
 2 is it that we really, really,  
 3 really need to have on our books  
 4 to make sure that we've got all of  
 5 our various ultimate contingencies  
 6 covered.  
 7 THE CHAIRMAN: The Chair  
 8 would just say I think this not  
 9 having been done for many years,  
 10 for whatever reason, also gives  
 11 some of our contractors  
 12 opportunity.  
 13 DIR. SULLIVAN: Right.  
 14 THE CHAIRMAN: It may not be  
 15 in our best interest. It gives us  
 16 a cleaner insight as to what our  
 17 business is really all about and  
 18 what our future liabilities are,  
 19 obligations are as well as, as we  
 20 saw before, what our assets are.  
 21 DIR. LAURETTI: I would move  
 22 the question.  
 23 THE CHAIRMAN: My next  
 24 statement.

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1 significant cost, we now through  
 2 the efforts of Peter Egan and his  
 3 staff have found a revenue source.  
 4 We get paid \$15 per ton for the  
 5 cover requirements we have. We  
 6 use very mildly contaminated soil  
 7 from excavation and construction  
 8 projects throughout the state. At  
 9 this point in time the price is  
 10 about \$15 per ton delivered. That  
 11 is a market rate. And according  
 12 to our purchasing and policies  
 13 procedures, a market sensitive  
 14 transaction like that is done by  
 15 staff and approved subsequently by  
 16 the Board. And that's what we're  
 17 asking today.  
 18 THE CHAIRMAN: It shows that  
 19 the origination of this soil is  
 20 coming from our CRRR South Meadows  
 21 site, so it's coming from our own  
 22 properties, correct?  
 23 MR. KIRK: Correct. Its  
 24 disposal responsibility is with

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1 the contractor TRC, so it need not  
 2 come to us. But in this case  
 3 we're happy to have it at \$15 per  
 4 ton.  
 5 DIR. MARTLAND: If it's  
 6 coming from us then we get paid  
 7 for it?  
 8 MR. KIRK: Yes.  
 9 THE CHAIRMAN: Because we  
 10 have a contract with TRC. It's  
 11 \$15 a ton.  
 12 DIR. MARTLAND: No, it's 15  
 13 delivered. But what is it when --  
 14 DIR. SULLIVAN: Twenty-five.  
 15 DIR. MARTLAND: Thank you.  
 16 THE CHAIRMAN: And that's the  
 17 revenue side. There's a cost side  
 18 to buy the cover.  
 19 MR. KIRK: That's a  
 20 turnaround on the books. Of over  
 21 a million dollars, we were  
 22 spending 700 some odd thousand  
 23 dollars per year in costs for  
 24 landfill cover. Now that it's

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1 actually a revenue source we're  
 2 making money as well as saving  
 3 three-quarters of a million  
 4 dollars.  
 5 DIR. O'BRIEN: Well, we're  
 6 also recovering some of the money  
 7 we've already committed to TRC as  
 8 part of our contract, right?  
 9 MR. KIRK: You can look at it  
 10 that way. I love talking about  
 11 this. It's one of the brighter  
 12 things.  
 13 THE CHAIRMAN: Let's put the  
 14 resolution on the table as  
 15 amended. So the resolution would  
 16 read: "That the President or his  
 17 designee" and the rest of the  
 18 language. The Chair will make  
 19 that motion with the amendment  
 20 that's in the packet.  
 21 Is there a second  
 22 to that?  
 23 DIR. SULLIVAN: Second.  
 24 THE CHAIRMAN: Any further

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1 discussion? Questions? Comments?  
 2 All those in favor?  
 3 Opposed?  
 4 So moved.  
 5 And tab 5. Jim,  
 6 are you going to address this or  
 7 Ted?  
 8 MR. KIRK: Change the  
 9 executive session.  
 10 THE CHAIRMAN: Yes, the Chair  
 11 is just going to take the  
 12 prerogative and put the executive  
 13 session at the end so we can move  
 14 through.  
 15 DIR. MARTLAND: Is this the  
 16 equal employment, 5?  
 17 THE CHAIRMAN: It's the  
 18 affirmative action program.  
 19 DIR. MARTLAND: Yes, that was  
 20 done by personnel.  
 21 THE CHAIRMAN: It was my  
 22 understanding that you wanted to  
 23 make comment on this?  
 24 DIR. MARTLAND: I sure do.

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1 THE CHAIRMAN: That's why the  
 2 Chair directed it to you, Ted.  
 3 MR. KIRK: Let me just  
 4 provide a little bit of  
 5 background. The human resources  
 6 committee had identified a number  
 7 of different policies that existed  
 8 much like many of our human  
 9 resources policies and  
 10 procedures. There were a number  
 11 of them out there, and they were  
 12 interested in codifying a policy  
 13 and a program for the Authority.  
 14 They asked Scalara  
 15 (phonetic), our HR attorneys, to  
 16 research what was done in  
 17 quasi-publics throughout the state  
 18 and to propose a policy slash  
 19 program. There was some  
 20 discussion at the committee  
 21 meeting on the benefits of a  
 22 policy versus a program, and the  
 23 end result of the policy was the  
 24 consideration of the attached AA

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1 procedure, it's called, or policy  
 2 and procedure.  
 3 Ted had called me  
 4 yesterday with some questions and  
 5 comments on the policy.  
 6 DIR. MARTLAND: Mr. Chairman,  
 7 the policy I could live with. I  
 8 don't have any disagreement with  
 9 it. I think it's properly  
 10 written. But what I do have is a  
 11 real problem with the Roman  
 12 numeral II., "Profile of the CRRA  
 13 Workforce," and then even more so  
 14 equal employment and affirmative  
 15 action efforts.  
 16 Let me just -- as  
 17 you know, I went through that I'll  
 18 call it that hell in Waterbury  
 19 where we were challenged by the  
 20 Feds and we went through all this  
 21 kind of thing. And Alex may be  
 22 more sensitive to this than me. I  
 23 think the more words you use, the  
 24 higher the probability you can get

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1 know any engineers that go to  
 2 Western Connecticut.  
 3 DIR. O'BRIEN: They don't  
 4 have an engineering program at  
 5 Western Connecticut.  
 6 DIR. MARTLAND: No. Well,  
 7 why put Western Connecticut in and  
 8 leave out the engineering school  
 9 here in Hartford that's a  
 10 subsidiary of a university over in  
 11 New York?  
 12 DIR. O'BRIEN: Well, we're  
 13 not hiring only engineers, are we?  
 14 DIR. MARTLAND: No. But I'm  
 15 just using it as an example. Why  
 16 pick Western and Southern and  
 17 Central maybe and leave out the  
 18 University of Bridgeport? I  
 19 think it needs a lot more work,  
 20 and I think it's just --  
 21 THE CHAIRMAN: Is the  
 22 gentleman talking about page 4?  
 23 DIR. MARTLAND: Three, four  
 24 and five.

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1 into mischief like making things  
 2 so explicit and having, what, five  
 3 or six pages on divvying up people  
 4 by whatever classification you  
 5 want and saying we're going to  
 6 make certain efforts at what. The  
 7 kind of people this agency  
 8 probably retains are people who  
 9 gravitate toward professional  
 10 degrees in a very narrow field.  
 11 And the probability of being able  
 12 to have the balances in all of  
 13 these kinds of things that you  
 14 want to have, I think we conform  
 15 to the statute, but I see this as  
 16 labor intensive and costly. And  
 17 I'd like to recommend doing the  
 18 policy and accepting the policy  
 19 but send this profile thing back  
 20 to somebody and try to -- for  
 21 example, they name colleges. They  
 22 leave out more of the colleges in  
 23 the area than they include. And I  
 24 mean Western Connecticut, I don't

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1 THE CHAIRMAN: Just for a  
 2 power point discussion, I looked  
 3 at the profile as just a means of  
 4 transparency for the organization,  
 5 just stating, in fact, what the  
 6 profile of our workforce was.  
 7 It's just a mere transparency.  
 8 It's a fill in the block.  
 9 The other thing is  
 10 when we get to that section, Ted,  
 11 that you were just talking about,  
 12 colleges, it talked about CRRA  
 13 continued, past tense, in its  
 14 effort to reach a greater number  
 15 of diversity representatives. I  
 16 took that as an example of just a  
 17 statement of example that the  
 18 company reaches out. Am I  
 19 incorrect?  
 20 MR. KIRK: That's correct.  
 21 Roman Numeral III. Is essentially  
 22 the report card, if you will, or  
 23 the results of our fiscal '03  
 24 employment and affirmative action

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1 efforts. Keep in mind that this  
 2 -- so this is what we have done,  
 3 numbers 5 and 6, are what we have  
 4 done to promote our affirmative  
 5 action goals. Keeping in mind  
 6 that we did extraordinarily little  
 7 hiring this year for obvious  
 8 reasons. But routinely we will  
 9 target these groups and colleges  
 10 with our vacancies in the hopes  
 11 that they can help us improve our  
 12 diversity numbers in the  
 13 organization.  
 14 It's worth  
 15 mentioning that in the committee's  
 16 discussions with Miguel Scalara  
 17 (phonetic), he said putting aside  
 18 all of the pros and cons of having  
 19 a policy or a program or a strict  
 20 or lenient program, if you're  
 21 interesting in increasing the  
 22 diversity of your workplace and  
 23 having it better reflect your  
 24 customer base and your community,

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1 which is our goal here, the most  
 2 effective way to do that is to  
 3 make sure you put all your efforts  
 4 into distributing your job  
 5 openings, reach out as far and  
 6 wide as possible with your notice  
 7 of opportunities so that you reach  
 8 those folks who are presently not  
 9 well represented in the workforce.  
 10 That is the focus of our efforts  
 11 moving forward irrespective of  
 12 what we adopt in this policy. Our  
 13 staff's goal is to increase the  
 14 diversity of our workforce, and  
 15 our experts are telling us the  
 16 best and most effective way to do  
 17 that is to cast the widest  
 18 possible net in our efforts to  
 19 recruit.  
 20 DIR. MARTLAND: But why can't  
 21 you just simply say that instead  
 22 of going through multiple pages?  
 23 I notice when we interview  
 24 attorneys they always commit to

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1 equal employment efforts to gain  
 2 diversity or whatever; however,  
 3 they always give themselves a nice  
 4 little escape clause saying that  
 5 first the qualifications of the  
 6 individual are primary depending  
 7 on what our needs are.  
 8 THE CHAIRMAN: I think we've  
 9 got a different situation here.  
 10 We're a public agency. We really  
 11 are held to a higher standard of  
 12 enactment to make sure that we  
 13 make those efforts moving forward.  
 14 On page 3 let's  
 15 take a look at pieces of this, the  
 16 profile. And I hear comment from  
 17 the Board. This particularly is  
 18 just that, it's a transparency  
 19 document, in my mind, showing what  
 20 in fact is in place, if you will,  
 21 by the employees we have.  
 22 Jim, you're in that  
 23 field. Would you comment to that?  
 24 DIR. FRANCIS: Yes. I mean,

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1 that's all page 3 is, what exists  
 2 at the end of '03 for the  
 3 organization.  
 4 THE CHAIRMAN: And page 4,  
 5 equal opportunity efforts, again,  
 6 everything I saw here was past  
 7 tense.  
 8 MR. KIRK: Page 4 is  
 9 essentially a report card on what  
 10 we did to try and improve the  
 11 numbers seen on page 3.  
 12 THE CHAIRMAN: You might  
 13 recall that because of merit we  
 14 did promote several people,  
 15 particularly in the finance  
 16 department. They were of a  
 17 specialized category, so to speak,  
 18 but that was done by merit as  
 19 well.  
 20 DIR. MARTLAND: My contention  
 21 is that puts you in a quota game  
 22 and it allows an antagonist to  
 23 say, okay, after I look at this  
 24 thing and I do that and I look at

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1 your page 4 and it doesn't match  
 2 up and you didn't do this, it just  
 3 -- I don't see why you walk into  
 4 it. The game the Feds play is  
 5 they want you to write a very  
 6 specific policy and then they want  
 7 you to analyze everything, and  
 8 then a year later they look at it  
 9 and they criticize you for not  
 10 doing it. And you fed them your  
 11 own information. And I think the  
 12 simpler and the least -- the  
 13 fewest number of words you use the  
 14 better off you are, because we are  
 15 quasi-public. People are going to  
 16 criticize us regardless of what  
 17 we do.  
 18 THE CHAIRMAN: This is an  
 19 important area for us so let's --  
 20 on page 4, item number 6, all  
 21 right, during FY03, took the  
 22 following steps to ensure that all  
 23 applicants and employees were  
 24 aware that CRRA is an equal

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1 opportunity employer and  
 2 affirmative action efforts; it  
 3 talks about publicized;  
 4 publicized; assessed equal  
 5 opportunity and affirmative action  
 6 efforts prior to promotion of  
 7 employees; conduct meetings and  
 8 discuss with the employees;  
 9 advised all recruiting sources;  
 10 notify all bidders. These are all  
 11 things we're mandated to do,  
 12 ensure that all contracts for  
 13 services and materials included a  
 14 statement.  
 15 As I looked at  
 16 this, and I'm going to refer to  
 17 Jim, okay, I see everything in  
 18 here of what is mandated for us to  
 19 do, one by law, and the other one  
 20 just by quasi-public conscious, if  
 21 you will. Am I incorrect on that?  
 22 DIR. FRANCIS: No. Again, 4  
 23 and 5 are supposed to be a brief  
 24 description of what actually went

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1 on in the last fiscal year with  
 2 efforts which, as you say, would  
 3 either be mandated efforts or  
 4 efforts that we took and it was an  
 5 intent to document what we had.  
 6 We have to produce this stuff.  
 7 DIR. O'BRIEN: That's one of  
 8 my questions is we did a lot of  
 9 things and we say we're going to  
 10 do them. First off, can Tom and  
 11 staff live with that; and  
 12 secondly, as we make these phone  
 13 calls, as we send this information  
 14 out, are we establishing a  
 15 tracking file so that if we are  
 16 asked to produce, as Ted's concern  
 17 is, against this to say yes, this  
 18 is what we said we were going to  
 19 do, this is what we actually did  
 20 to fill the five vacancies we had  
 21 in the past fiscal year, and you  
 22 have the documents to prove that,  
 23 records of who you called and  
 24 spoke to, et cetera, et cetera?

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1 MR. KIRK: To answer your  
 2 question, we are in progress. One  
 3 of the initiatives being  
 4 undertaken is a posting policy and  
 5 a standardization of the hiring  
 6 process. In the past every  
 7 position was handled differently.  
 8 We've directed Marian Hubbard, our  
 9 human resources administrator,  
 10 under the guidance of our  
 11 consultant to develop a posting  
 12 program that will codify the steps  
 13 that are taken for every single  
 14 position from mine right down to  
 15 every position in the organization  
 16 so that we can assure that our net  
 17 is cast as wide as we intend and  
 18 as wide as possible and that each  
 19 of these steps that we've  
 20 identified on page 3 and 4 takes  
 21 place for each and every  
 22 opportunity. That has not been  
 23 the case in the past. In fact, in  
 24 the past there were some positions

<p style="text-align: right;">Page 70</p> <p>1 that were never even advertised.  2 That was obviously incorrect and  3 will not be the case moving  4 forward.  5 DIR. O'BRIEN: Will you also  6 establish when these steps are  7 taken we will document that they  8 were?  9 MR. KIRK: Yes, that will be  10 part of the policy. Part of the  11 procedure will be the plan calls  12 for every position to be put in  13 Monster.com, sent to these 16  14 agencies, posted here and put on  15 our web site and each Marian will  16 document each step for every  17 vacancy and obviously the results  18 of filling that vacancy.  19 THE CHAIRMAN: The document  20 has to be active, not just past  21 tense. And I think if we take a  22 look at page 6, we now go from  23 past tense to present and future.  24 And with this basically you take</p>	<p style="text-align: right;">Page 72</p> <p>1 We don't have a workforce that  2 reflects the community and our  3 customers. I don't believe so but  4 that's a subjective.  5 DIR. HEDBERG: You list all  6 the different classifications but  7 there's no number behind them?  8 THE CHAIRMAN: We haven't  9 filled the numbers.  10 Ray.  11 DIR. O'BRIEN: There's one  12 piece that on page 6, the last  13 one, that seems to be a feel good  14 insertion that we're going to  15 notify bidders and suppliers.  16 What do we do about it if they're  17 not adhering to our policy? And  18 that's an area that somebody could  19 say, well, this is your policy so  20 you notify them. But what did you  21 do to verify that they were living  22 up to your policy or why did you  23 bother notifying them?  24 MR. KIRK: It is an</p>
<p style="text-align: right;">Page 71</p> <p>1 the past tense off all the items  2 in number 4 and make them  3 present. The issue will go back  4 to Dr. Martland's comment about  5 the colleges in number 2 where it  6 says, "Contact such organizations  7 such as." I guess I would ask  8 this just for clarification. The  9 listing there is given as an  10 example, not as an exclusive list,  11 correct?  12 DIR. FRANCIS: That's my  13 understanding.  14 THE CHAIRMAN: So if we want  15 to put that language in so that  16 it's as an example and not an  17 exclusive list so that the reach  18 out can go far beyond that.  19 Sir.  20 DIR. HEDBERG: Just as a  21 newcomer, is there a diversity  22 issue right now? Is there a  23 diverse workforce?  24 MR. KIRK: I would say no.</p>	<p style="text-align: right;">Page 73</p> <p>1 enforcement issue, but I would  2 suggest that our contract  3 requires. So to the extent it  4 becomes a contract enforcement  5 issue, it would be difficult to  6 take each of our contracts and do  7 audits obviously on all of our  8 contractors to assure that they're  9 meeting our equal opportunity and  10 affirmative action policy, but it  11 is required and there is a section  12 in our contract that all of our  13 contractors have to meet that.  14 DIR. O'BRIEN: But does it  15 enhance CRRA's affirmative action  16 program in any way because they  17 are not our employees, they are  18 our contractors? I believe with  19 having it in the contract.  20 MR. KIRK: I don't know for  21 sure, but I believe that may be a  22 statutory requirement that we  23 require that of our contractors.  24 MR. BOLDUC: It's a</p>

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1 requirement and we have to file a  
 2 report, and that's one of the  
 3 criticisms that when we seek a  
 4 state audit report we haven't been  
 5 filing reports. But it's a state  
 6 policy that all quasias do, but  
 7 there is nothing that I  
 8 understand, you put it in there,  
 9 you file the reports, but there's  
 10 no punitive --  
 11 DIR. O'BRIEN: If the  
 12 requirement is that we --  
 13 MR. BOLDOC: File a report  
 14 and say what we've done.  
 15 DIR. O'BRIEN: If there's a  
 16 requirement that we put it in our  
 17 contract, then that's what this  
 18 should say instead of simply  
 19 notify.  
 20 DIR. SULLIVAN: I agree with  
 21 what Ted Martland is saying.  
 22 There's an open door there that  
 23 says, look, okay, we notified  
 24 them, and then the response is so

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1 get to all three, the better off  
 2 you are.  
 3 DIR. O'BRIEN: If it's  
 4 required, let's put it in there.  
 5 If it's not, let's take it out.  
 6 THE CHAIRMAN: The Chair  
 7 would bring up page 7.  
 8 DIR. SULLIVAN: First, I want  
 9 to just make one comment. Item 3  
 10 I think is a minimal approach  
 11 here, the internship program. I  
 12 found in my years of experience  
 13 running a tax practice at one of  
 14 the major four accounting firms  
 15 that to get qualified interns in  
 16 you really get a good -- there's  
 17 two things that happen. One is  
 18 you get a good opportunity to  
 19 assess the performance of an  
 20 intern on board; and secondly,  
 21 that intern gets a very good  
 22 opportunity to evaluate whether  
 23 this is an employer that he or she  
 24 would like to come to work for.

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1 what. That's not good. That's  
 2 not a good statement to have in  
 3 there. So I would confer with a  
 4 change in that rather than  
 5 "notify," just some language --  
 6 DIR. O'BRIEN: Incorporated  
 7 into our contracts.  
 8 DIR. SULLIVAN: Right.  
 9 DIR. MARTLAND: My experience  
 10 with the construction trades is  
 11 they're probably more diverse than  
 12 anybody. The construction trades  
 13 are really --  
 14 DIR. SULLIVAN: But we have  
 15 more than just construction.  
 16 DIR. MARTLAND: Truckers.  
 17 So, you know, you have some groups  
 18 that are. But I'm going to use  
 19 the old saying, there's three  
 20 interpretations of the word, the  
 21 one that you intended, the one  
 22 that says so just in the print,  
 23 and the way an adversary wants to  
 24 reinterpret it. So the closer you

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1 So there's a double -- and that  
 2 can occur if you set them up  
 3 appropriately with various  
 4 educational institutions. So I  
 5 think that's a very commendable  
 6 step. Let's make sure we  
 7 implement that.  
 8 DIR. O'BRIEN: Maybe even  
 9 enhance the statement with a time  
 10 line on that, in other words, you  
 11 will report back to the Board by  
 12 the end of the fiscal year.  
 13 THE CHAIRMAN: But these are  
 14 your reports.  
 15 DIR. SULLIVAN: Then I think  
 16 it's a win/win for both the  
 17 interns -- qualified interns and  
 18 for us as this institution.  
 19 THE CHAIRMAN: I guess I  
 20 would bring up -- refer over to  
 21 page 7 now, the first, second,  
 22 third, fourth, fifth paragraph,  
 23 wherein here it lists out  
 24 Monster.com.

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1 Do we really want  
 2 to be specific to state these  
 3 kinds of web sites? To me that  
 4 doesn't make sense. So I would  
 5 strike out any advertisement, so  
 6 to speak, and just put in the  
 7 language that talks about using  
 8 the internet and appropriate web  
 9 sites.  
 10 DIR. O'BRIEN: I thought that  
 11 was a good one for job hunting.  
 12 THE CHAIRMAN: It may be  
 13 relevant to that, I don't know.  
 14 So, one of the  
 15 things -- and I'll look for advice  
 16 here -- is why we set these  
 17 colleges and agencies up as  
 18 examples. Do we want to list them  
 19 or do we just want to make some  
 20 kind of a statement of a reach out  
 21 program --  
 22 DIR. SULLIVAN: That's a good  
 23 point.  
 24 THE CHAIRMAN: -- to the

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1 effective than some of these kinds  
 2 of things, and the internship is  
 3 a wonderful example. So in the  
 4 business we have now we have an  
 5 outreach, but it isn't as  
 6 formalized.  
 7 I'm just afraid of all the  
 8 verbiage because somebody can  
 9 challenge us. We had a group in  
 10 here from Hartford that  
 11 criticized the complexion of our  
 12 staff within the City of Hartford  
 13 or in the MDC area or whatever.  
 14 And with this kind of ammunition  
 15 you'd have to sit there and say  
 16 the guy was absolutely correct.  
 17 MR. KIRK: Ted, if I could --  
 18 DIR. O'BRIEN: By the way,  
 19 the statement about requiring it  
 20 in the contract is at the top of  
 21 page 7. At the top of page 7 is  
 22 the requirement that the contracts  
 23 include a statement about  
 24 affirmative action. So I would

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1 characterization of these  
 2 institutions?  
 3 DIR. SULLIVAN: Right.  
 4 Because if we list them, then  
 5 someone is going to take issue  
 6 with how come I wasn't on your  
 7 list. So you're in more trouble  
 8 for missing them. So I agree with  
 9 that.  
 10 THE CHAIRMAN: So if we take  
 11 that out, I think maybe that's  
 12 where part of Ted's argument was.  
 13 If we take a look at this and we  
 14 come up with language that's  
 15 inclusive of the agencies or  
 16 institutions that would be reached  
 17 out to without naming them  
 18 specifically.  
 19 DIR. MARTLAND: Just one  
 20 thing. I just want to make it  
 21 very clear. I'm in favor of  
 22 outreach. I think some of the  
 23 more subtle ways of doing an  
 24 outreach are an awful lot more

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1 just suggest that be merged into  
 2 the previous subparagraph so it's  
 3 clear we're notifying them and  
 4 then the winning bidders will have  
 5 it in their contract.  
 6 MR. KIRK: Ted, if I could  
 7 try and coalesce with what your  
 8 concerns are, basically is that  
 9 our profile and results of our  
 10 past years' efforts are being  
 11 codified in the policy. Perhaps  
 12 that is not the appropriate place  
 13 for it. That if we struck on  
 14 page 4, number stamped on 4, it  
 15 would not be a report on our  
 16 previous effort -- a numerical  
 17 report on our previous successes,  
 18 but rather a statement of intent  
 19 and a statement of what -- the  
 20 policies we make.  
 21 DIR. MARTLAND: If the  
 22 personnel person did this kind of  
 23 stuff, I wouldn't have an  
 24 objection to it. I have an

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1 objection to making it part of our  
 2 policy.  
 3 MR. KIRK: That's where I am  
 4 going. One through four on page 4  
 5 and page 3 is a report of our  
 6 status and is a benchmark by  
 7 which we should be measuring a  
 8 policy, a policy's success, rather  
 9 than as part and parcel of the  
 10 policy. Perhaps if we exclude  
 11 those and make that part of our  
 12 annual HR report available to the  
 13 committee, we can then gauge the  
 14 success of the policy in meeting  
 15 our state's goals.  
 16 DIR. O'BRIEN: I would concur  
 17 with that amendment.  
 18 THE CHAIRMAN: Sir.  
 19 DIR. KNOPP: I'd ask for more  
 20 clarification because I don't  
 21 object to this information. I  
 22 think as a quasi-public entity we  
 23 have an obligation to meet a  
 24 higher standard other than just

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1 summary or something.  
 2 THE CHAIRMAN: Yes.  
 3 DIR. FRANCIS: What I would  
 4 suggest is that maybe this is two  
 5 actions, because this report in  
 6 front of us, if you look on the  
 7 cover, was meant to be fiscal  
 8 year '03 status report. And you  
 9 may want to break this into two  
 10 votes actually. The first two  
 11 pages may be a vote on the policy  
 12 statement as such and then another  
 13 vote saying this is the process  
 14 of the status report. And I would  
 15 agree with Mr. Knopp's  
 16 observation that we need a policy  
 17 statement to say there should be a  
 18 status report each year and have  
 19 it as two different because this  
 20 as a total was supposed to be the  
 21 status report for '03.  
 22 DIR. O'BRIEN: How about the  
 23 specific steps that you're putting  
 24 in on pages 6 and 7?

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1 based on possible litigation. If  
 2 we were a private employer one  
 3 could say why do you provide  
 4 certain information. But here I  
 5 think as a public entity we have  
 6 an obligation to show that we are  
 7 meeting the state's goals for  
 8 affirmative action and  
 9 nondiscrimination.  
 10 So, if you want to  
 11 put the actual data in a report  
 12 from the personnel or enumerations  
 13 committee each year or each  
 14 period, that's fine. But I think  
 15 that the policy ought to include  
 16 the requirement that that data be  
 17 assembled and be made available.  
 18 The specific figures don't need to  
 19 be in the policy, but I think the  
 20 general requirement that they need  
 21 to report such figures ought to be  
 22 part of the policy and in each of  
 23 the reports to comply with that  
 24 direction can be part of an annual

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1 DIR. FRANCIS: The whole  
 2 thing becomes a status report in  
 3 my mind, but you may want to have  
 4 -- and that's what the status  
 5 report looks like. The policy  
 6 statement itself is really page 1  
 7 and 2.  
 8 THE CHAIRMAN: If we take the  
 9 policy statement 1 and 2, this is  
 10 the flavor of what you said. The  
 11 president shall cause to be  
 12 developed an annual report showing  
 13 the efforts made and the status of  
 14 the agency's workforce profile.  
 15 DIR. KNOPP: That's the  
 16 spirit of it, yes.  
 17 DIR. SULLIVAN: But I would  
 18 suggest too that we add in  
 19 addition the one where we're  
 20 dealing with, it will include as  
 21 part of that report the new fiscal  
 22 years; in other words, we've got  
 23 CRRRA's fiscal year '04 equal  
 24 employment and affirmative plan.

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1 So the report would also include  
 2 the plan for the current fiscal  
 3 period in which we are operating.  
 4 DIR. O'BRIEN: I tend to  
 5 think sections 1 and 4 go  
 6 together, the statement and the  
 7 plan. And then sections 2 and 3  
 8 are the annual report.  
 9 DIR. SULLIVAN: But if you  
 10 put the plan in as part on the  
 11 statement, then how do you then in  
 12 the next year exclude the report  
 13 on the plan?  
 14 DIR. O'BRIEN: The plan  
 15 doesn't have any reporting data.  
 16 DIR. SULLIVAN: No, I know  
 17 it, but it will. In other words,  
 18 when we come back and we're having  
 19 this sitdown next year, we'll be  
 20 looking at what was in the  
 21 document in the resolution, this  
 22 document, page 6 and 7, right?  
 23 DIR. O'BRIEN: Right.  
 24 DIR. SULLIVAN: Then we're

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1 year ending '03. And I think what  
 2 I'm hearing Alex say and, I think,  
 3 you, is that it would be on a  
 4 continuing basis every June,  
 5 correct?  
 6 DIR. SULLIVAN: Right.  
 7 THE CHAIRMAN: So I'm  
 8 wondering if just that -- and I'm  
 9 looking for guidance here -- just  
 10 the ending of June 30th of every  
 11 calendar year would suffice and  
 12 take out the '03.  
 13 DIR. SULLIVAN: Yes.  
 14 THE CHAIRMAN: So it's a  
 15 continuing event.  
 16 DIR. MARTLAND: It should be.  
 17 THE CHAIRMAN: Alex, you're  
 18 our legal here at the table.  
 19 DIR. KNOPP: That's the  
 20 spirit of it. One possibility  
 21 from this discussion is refer back  
 22 to the committee and ask them to  
 23 redraft their recommendation, I  
 24 suppose, next month. Is a

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1 going to report on our  
 2 accomplishments under this  
 3 particular section 4. How do you  
 4 then exclude that report from your  
 5 document? See, that's what I'm  
 6 saying. If you just make  
 7 reference to it in the policy, so  
 8 this would be cause to be -- the  
 9 management must also include this,  
 10 then you don't have to next year  
 11 -- it seems to me if you put it  
 12 into this document here then  
 13 you're going to have to put your  
 14 report in next year as part of  
 15 the document, not a separate  
 16 document.  
 17 THE CHAIRMAN: If we take a  
 18 look at page 2, the last  
 19 paragraph, pursuant to Connecticut  
 20 General Statute 1-123, the  
 21 following report provides a  
 22 description of the composite of  
 23 the CRRAs workforce, bla, bla,  
 24 bla, and efforts for the fiscal

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1 one-month delay a problem? I  
 2 don't know.  
 3 THE CHAIRMAN: I know we were  
 4 looking at our 60-day calendar to  
 5 advertise this.  
 6 MR. KIRK: This particular --  
 7 because it constitutes a policy,  
 8 would need a 60-day notice. If we  
 9 were to make those changes and the  
 10 HR committee and it seemed to be  
 11 pretty -- if what I'm hearing is  
 12 correct, I think our policy will  
 13 be pages 1 and 2 with some minor  
 14 changes to the last paragraph and  
 15 the rest would constitute a report  
 16 which would be subject to staff  
 17 development because pages 1 and 2  
 18 make it clear it has to be in  
 19 that report. Then we can start  
 20 our 60-day clock as soon as we get  
 21 it on the web site.  
 22 THE CHAIRMAN: And over here  
 23 instead of naming every specific  
 24 college and so on, we would put

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1 something in there as an  
 2 outreach.  
 3 DIR. MARTLAND: I just have  
 4 one suggestion for self  
 5 protection. Go back to the  
 6 engineering jobs. There should be  
 7 some way of when you say made all  
 8 these efforts, which I hope we  
 9 do, but we're talking about a very  
 10 narrow cohort of persons who are  
 11 interested in that activity. So  
 12 that sometimes will, I think, will  
 13 change what some of your goals  
 14 would be. I mean, you can't meet  
 15 a certain goal if there aren't  
 16 people taking those types of  
 17 courses. And somehow we have to  
 18 refer to that protectively.  
 19 THE CHAIRMAN: I think the  
 20 law and, you know, reality  
 21 situation shows that we must make  
 22 every attempt.  
 23 DIR. MARTLAND: I'm in favor  
 24 of the attempt.

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1 items 1 and 4 constitute our plan  
 2 rather than just item 1 or  
 3 customer policy rather than just  
 4 item 1 would seem to make sense,  
 5 and that 2 and 3 are specific  
 6 data.  
 7 And so if there's a  
 8 way to rewrite part 4 here just to  
 9 make those -- that's part of our  
 10 plan to do this kind of outreach.  
 11 And it seems to me what we do then  
 12 is to, if it's acceptable, have a  
 13 motion to make items 1 and 4 the  
 14 policy, to make items 2 and 3 the  
 15 substance of the annual report,  
 16 refer this back to the HR  
 17 committee for supervision and  
 18 authorize you to advertise it  
 19 based on the HR's redrafting based  
 20 on our discussion.  
 21 DIR. O'BRIEN: If that's your  
 22 motion, I'll second it.  
 23 THE CHAIRMAN: Jim, you're  
 24 vice chair of that committee, is

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1 THE CHAIRMAN: And I think  
 2 that's what we're trying to  
 3 reflect here that the companies  
 4 have various amount of  
 5 initiatives to make every attempt  
 6 to diversify its workforce. And  
 7 if we can prove in fact that we've  
 8 made those attempts, then --  
 9 DIR. MARTLAND: I'm in favor  
 10 of the attempts, but I just hate  
 11 to get blind sided on this the way  
 12 we did in Waterbury.  
 13 THE CHAIRMAN: Alex.  
 14 DIR. KNOPP: What about the  
 15 sort of prescriptive steps that we  
 16 have? For example, in 4, in other  
 17 words, section 4 starting on page  
 18 6, although it says '04 equal  
 19 employment plan, these are  
 20 generally timeless.  
 21 THE CHAIRMAN: Right, the  
 22 year will be stricken.  
 23 DIR. KNOPP: So it seems to  
 24 me that the suggestion that

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1 this acceptable?  
 2 DIR. FRANCIS: That's  
 3 acceptable.  
 4 THE CHAIRMAN: Okay. Because  
 5 we would ask you and perhaps to  
 6 meet with our in-house counsel,  
 7 Ann, to put this together.  
 8 DIR. FRANCIS: Yes.  
 9 THE CHAIRMAN: All right, I  
 10 think the gentleman articulated  
 11 the feeling of the Board well.  
 12 Further discussion?  
 13 All those in favor  
 14 as stated?  
 15 Opposed?  
 16 Abstained?  
 17 DIR. LOVEJOY: Abstained.  
 18 DIR. O'BRIEN: I'd like to  
 19 offer a motion on this just so  
 20 we'll start moving forward, or  
 21 we've already started moving  
 22 forward by that board, is that we  
 23 will direct the President and  
 24 staff to implement the plan, the

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1 policy, the statement and the  
 2 plan, substantially as discussed  
 3 at this meeting.  
 4 THE CHAIRMAN: After its  
 5 necessary posting time.  
 6 MR. KIRK: Ann tells me that  
 7 it's -- again, it wouldn't become  
 8 official policy until 60 days  
 9 after.  
 10 DIR. O'BRIEN: That's what  
 11 I'm saying, so you don't lose that  
 12 60 days.  
 13 MR. KIRK: I guess we can do  
 14 what we want, but it doesn't  
 15 become our official policy.  
 16 DIR. SULLIVAN: I'll second  
 17 it for discussion.  
 18 MR. KIRK: By the way, we are  
 19 doing it now.  
 20 DIR. O'BRIEN: That's what  
 21 I'm saying, you're doing it. And  
 22 I just want to say, okay, you're  
 23 doing it and you're going to keep  
 24 on doing it and we're not going to

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1 basically -- I'm not going to --  
 2 we won't go into chapter and verse  
 3 other than to tell you -- and this  
 4 came out just subsequent to our  
 5 finance committee meeting last  
 6 Wednesday. Jim, Bettina and I  
 7 talked about it at some length  
 8 Thursday and Friday. And what it  
 9 does is it reflects some timing  
 10 issues with respect to our  
 11 payments. It doesn't change the  
 12 bottom line cash flow. It just  
 13 changes it in terms of some timing  
 14 matters. And the biggest timing  
 15 matter is the fact that our  
 16 Covanta Invoice is due the first  
 17 of each month. So rather than put  
 18 ourselves into a predicament where  
 19 we have to either draw on  
 20 reserves that don't -- what we're  
 21 doing is we're trying to --  
 22 remember I mentioned that FAS 78  
 23 issue which is reclassification of  
 24 long-term debt to short-term debt.

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1 delay it for 60 days while we're  
 2 waiting for --  
 3 MR. KIRK: For the time.  
 4 DIR. O'BRIEN: Right.  
 5 THE CHAIRMAN: Okay. All  
 6 those in favor?  
 7 Opposed?  
 8 Basically what it  
 9 was is a continuation of the  
 10 policy that's in place which was  
 11 in your book as past tense  
 12 continuing in the future.  
 13 DIR. LOVEJOY: Abstained.  
 14 THE CHAIRMAN: Any other  
 15 organizational? Is there anything  
 16 else from organizational?  
 17 DIR. SULLIVAN: I want to  
 18 mention one thing before we go to  
 19 executive session. In our  
 20 supplemental information packet, I  
 21 think it's in tab B, you'll see  
 22 the Mid-Conn project source and  
 23 uses of cash funds. We have a  
 24 revised handout for that. And

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1 If in fact at any point in time  
 2 you don't meet the various debt  
 3 covenants that are in our bond  
 4 indentures, then we have to  
 5 essentially say we're in a  
 6 condition of default. By doing  
 7 the things that we're doing here  
 8 -- and it's going to be  
 9 continuing to be a work in  
 10 progress -- we're going to end up  
 11 with making certain that we don't  
 12 -- if we have to draw from the  
 13 state for some reason that counts  
 14 in terms of our revenue for  
 15 purposes of indenture.  
 16 So that's the whole  
 17 rationale for making these  
 18 changes. And we'll continue to  
 19 monitor it through the finance  
 20 committee and just substitute  
 21 those pages for now.  
 22 THE CHAIRMAN: The Chair  
 23 would just note that we did take  
 24 -- state supplemental finance was

<p style="text-align: right;">Page 98</p> <p>1 \$2,166,000. And the Chair would 2 remind the Board that in the 3 enacting bill for the new budget 4 there was a 1.4 million dollar new 5 tax. When you net that out from 6 2.1 that the state gave us as a 7 loan, we come up with 700,000. 8 DIR. SULLIVAN: The other 9 thing that occurred too is our 10 insurance premiums which had been 11 previously set in two tranches, 12 our insurance premiums are a 13 million 3. If we were going to 14 spread it as opposed to paying it 15 up front, we would have incurred a 16 4 percent -- their surcharge for 17 installment payments through the 18 insurance companies is 4 percent. 19 We're not making 4 percent of the 20 money. In STIF funds we're 21 making about, Jim, 1.3? 22 MR. BOLDUC: Close enough. 23 DIR. SULLIVAN: So it makes 24 no sense to have money in</p>	<p style="text-align: right;">Page 100</p> <p>1 is, again, in this new 2 legislation, let me just tell the 3 Board what the concept is right 4 now. 5 First of all, I 6 think in general throughout the 7 country, and not that we're there, 8 but the chairman, all right, the 9 chairmanship is of great notice to 10 a lot of companies' boards and so 11 on. My suggestion is that the 12 board itself evaluate the 13 chairman on an anonymous basis. 14 I'd ask Tom to secure a document 15 that would evaluate the 16 chairmanship over the last year 17 and a half as to a variety of 18 issues including involvement of 19 the board, moving the agenda, 20 taking care of the issues, so on 21 and so forth. We'll do it 22 anonymously. 23 And as far as 24 evaluation of the individual</p>
<p style="text-align: right;">Page 99</p> <p>1 short-term investments and 2 incurring a charge, an interest 3 charge, if you will, of 4 percent. 4 So basically we front ended that 5 whole payment in October, right, 6 Jim? 7 MR. BOLDUC: That's correct. 8 It's been paid. 9 DIR. SULLIVAN: But I think, 10 again, that was good business 11 judgment to do that. 12 THE CHAIRMAN: Before we 13 break, we are still looking to get 14 a retreat. I know the president 15 and the steering committee are 16 working on that new business plan 17 and will hopefully bring that 18 forward soon. 19 Also, we are 20 working on a report already for 21 the legislature for December, 22 again, part of that new buildup in 23 the past. And the issue of 24 evaluation of this board, which</p>	<p style="text-align: right;">Page 101</p> <p>1 members, we are still toying with 2 exactly what the legislation needs 3 for that. But I think in any 4 organization at this point in time 5 in our country the chairmanship is 6 what everybody is looking at for 7 leadership. 8 So, I'll throw that 9 out to you. We'll get the 10 documents out to you. You'll 11 either send it back through Tom 12 and the Chair will only see the 13 end results, cumulative, not the 14 individuals. 15 MR. KIRK: Monica Markasy 16 (phonetic) is actually developing 17 those. Monica Markasy is 18 developing those forms, very 19 straightforward. We will be 20 asking you to judge and evaluate 21 both the Chair and the committee 22 chairs on about eight or nine 23 different competencies, very 24 general, very basic, on a one</p>

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1 through six scale. And there will  
 2 be an opportunity for longhand  
 3 comments afterward. Those will be  
 4 compiled by our consultants so I  
 5 will not even know what you all  
 6 think of the Chair or the  
 7 committee chairs.  
 8       As far as full  
 9 evaluation of the Board, we expect  
 10 short of new information, to  
 11 default to the assumption that the  
 12 intent of the legislature was no  
 13 more than to measure commitment of  
 14 board members and we're going to  
 15 measure that by attendance of  
 16 meetings, that if you meet the  
 17 statutory requirements, haven't  
 18 missed more than three meetings in  
 19 a row or X number of meetings,  
 20 that you have basically passed the  
 21 evaluation. Chairs of committees  
 22 and the Chairman will have a  
 23 discrete evaluation process, very  
 24 simple, probably one, maximum two

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1 pages, that will be administered  
 2 probably before the end of the  
 3 year.  
 4       **THE CHAIRMAN:** The only other  
 5 thing because this is important, I  
 6 think, is that -- and I'll look  
 7 for some guidance here -- but I  
 8 think the other person, if you  
 9 will, that the Chair would look  
 10 for to be part of the evaluation  
 11 would be the Attorney General.  
 12 Because at the very beginning of  
 13 this it was noted by the  
 14 legislature that the new board  
 15 through the Chair and the steering  
 16 committee would work with the  
 17 Attorney General. And I would  
 18 then at the AG's willingness, if  
 19 you will, be part of the Chair's  
 20 evaluation.  
 21       **MR. KIRK:** One other comment  
 22 on the retreat, the tentative  
 23 plan, we hope to schedule -- we  
 24 have three or four potential dates

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1 -- with the Chair and the board  
 2 members to get their availability.  
 3 We hope to do that before the end  
 4 of the year. It will be a  
 5 strategic planning event. It  
 6 will be the foundation for our  
 7 business plan moving forward. We  
 8 will have a professional  
 9 facilitator, very competent in the  
 10 industry. We're discussing who  
 11 that will be now in-house, and we  
 12 will likely begin it with a tour  
 13 of our facility. I think it would  
 14 benefit all the members of the  
 15 board to spend an hour walking  
 16 through Mid-Conn, and our  
 17 follow-up retreats likely would be  
 18 at another location walking  
 19 through one of our other  
 20 facilities.  
 21       **DIR. SULLIVAN:** I have one  
 22 more comment. For those of you  
 23 who have to stand reelection in  
 24 order to keep on the board here, I

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1 wish you all the best. Every one  
 2 of you elected officials --  
 3 including Mark who's out on the  
 4 phone somewhere -- hopefully you  
 5 are successful in November, and  
 6 we'll see you in December.  
 7       **MR. KIRK:** All of you stay on  
 8 the board whether you get elected  
 9 or not.  
 10       **DIR. SULLIVAN:** You don't  
 11 leave, huh? I still wish you the  
 12 best.  
 13       **THE CHAIRMAN:** Thank you.  
 14       Then I'd entertain  
 15 a motion to go into executive  
 16 session.  
 17       **DIR. COOPER:** So moved.  
 18       **DIR. SULLIVAN:** Second.  
 19       (Whereupon, an  
 20 executive session was held at  
 21 10:47 o'clock a.m.)  
 22  
 23  
 24

## **TAB 2**

**RESOLUTION REGARDING THE ADOPTION OF THE FISCAL YEAR  
2005 GENERAL FUND OPERATING AND CAPITAL BUDGETS AND  
THE CREATION OF NEW POSITIONS**

**RESOLVED:** That the fiscal year 2005 General Fund Operating and Capital Budgets be adopted as modified per the recommendations of the Finance Committee and as substantially presented in the form as discussed at this meeting.

**FURTHER RESOLVED:** That the President be authorized to fill the approved new positions of Procurement Manager, Buyer, Administrative Assistants (3), Engineer, Operations Manager of Customer Service, and Office Manager.

# Fiscal Year 2005 General Fund Operating & Capital Budget

*November 17, 2003*

Attached is the proposed fiscal year 2005 General Fund operating budget and capital budget, which includes a four-year capital plan. These budgets include the changes recommended by the Finance Committee.

## **Executive Summary**

The attached operating budget reflects a \$1.6 million increase from the adopted FY04 General Fund Budget.

Major operating budget assumptions include:

### **I. Personnel Services (\$1.4 million increase)**

#### **A. Payroll and Other Related Programs (\$962k increase)**

	Amount	Project Offset
Existing (1)	\$3.1M	
Reorganization Costs	\$127k	
Subtotal	\$3.3M	
Scale Operators (2)	\$324k	(\$324k)
New Positions (3)	\$496k	(\$134k)
Overtime (4)	\$15k	
Other Assumptions		
Cost of Living Pool	\$82k	
Merit Pool	\$84k	

- (1) Includes a reduction of \$161k from the existing FY04 budget or 2.5 FTE's and an increase for reorganization costs of \$127k.
- (2) Board approved positions in June 2003. Reflects salaries only. Reduction offset to be shown in individual project budgets.
- (3) Reflects salaries only. Offset to be realized in a reduction of office temporary expenses and also the reduction of 2.5 FTE's in current compliment for a net increase of 5.5 FTE's.
- (4) Budget based upon normal historical levels and adjusted downward for new personnel.

**B. Payroll Related Items (\$375k Increase)**

- Payroll Related Taxes - \$59,000
- Payroll Related Benefits - \$316,000

**C. Other Benefits (\$40k Increase)**

- Wellness Program costs - \$10,500\*
- Tuition reimbursement – \$20,000\*
- Employee Activities - \$10,000

\*Items previously funded from other sources.

**II. Non-Personnel Services (\$233,000 increase)**

- General inflation rate adjustment of 2.5% - \$33,000
- Advertising expenses related to increased staffing needs - \$30,000
- Insurance premiums market rate increases - \$58,000
- Legal expense increase related to new general counsel - \$30,000
- Other consulting costs increased for anticipated needs relating to strategic planning and other activities - \$50,000
- Fee/Licenses/Permits reflects normal historical levels - \$16,000
- Outside Copying increase reflects anticipated activities associated with increased communications customers and town officials - \$10,000
- Rental/Lease costs based upon existing current lease now in effect

**III. Capital Outlay (\$29,000 increase)**

- Perform three server upgrades / replacements - \$20,000
- Computer Software Upgrades - \$10,000

**IV. Debt Service / Administration**

- Current budget based upon existing lease. Approval of new lease will generate savings of approximately \$67,000.

**Risk Assessment**

It is anticipated that there is minimal potential for unanticipated costs beyond budgeted levels.

# GENERAL FUND PROPOSED FY05 BUDGET

## EXPENDITURE AND ALLOCATION SUMMARY

### EXPENDITURES

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
01-001-501-51XXX	Personnel Services (1)	\$3,880,348	\$4,587,677	\$5,970,686
01-001-501-52XXX	Non-Personnel Services	\$1,387,462	\$1,318,600	\$1,552,000
01-001-501-54XXX	Capital Outlay	\$17,885	\$69,000	\$98,000
01-001-501-55XXX	Debt Service/Administration (2)	\$87,288	\$112,491	\$112,500
	<b>Total Expenditures</b>	<b>\$5,372,983</b>	<b>\$6,087,768</b>	<b>\$7,733,186</b>

### ALLOCATION

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
01-001-000-48101	Mid-Connecticut (1)	\$3,784,284	\$4,342,496	\$5,638,756
01-001-000-48105	Jets / EGF	Incl. Above	\$149,201	Incl. Above
01-001-000-48102	Bridgeport	\$800,680	\$913,855	\$1,174,128
01-001-000-48103	Wallingford	\$439,250	\$420,010	\$644,032
01-001-000-48104	Southeast	\$182,568	\$247,205	\$267,671
01-001-000-45150	Miscellaneous Income	\$166,201	\$0	\$0
01-001-000-46101	Interest Income	\$20,964	\$15,000	\$8,600
	<b>Total Allocations</b>	<b>\$5,393,947</b>	<b>\$6,087,768</b>	<b>\$7,733,186</b>
	<b>Balance</b>	<b>\$20,964</b>	<b>(\$0)</b>	<b>\$0</b>

(1) Cost savings offset will be shown in project operating budget. Includes reduction of 2.5 FTE.

(2) Based upon existing lease.

# GENERAL FUND PROPOSED FY05 BUDGET

## EXPENDITURE DETAIL

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>PERSONNEL SERVICES</b>				
	Base Payroll - Existing	Incl. Below	\$3,197,517	\$3,338,920
	Base Payroll - New	\$0	\$0	\$820,480
	Salary Increases	Incl. Below	\$165,559	\$166,400
01-001-501-51110	Payroll, Severance / Related Matters	\$2,839,988	\$3,363,077	\$4,325,800
01-001-501-51120	Overtime Payroll	\$53,042	\$30,000	\$45,000
01-001-501-51220	Medicare Tax	\$42,235	\$48,000	\$62,100
01-001-501-51221	Social Security	\$170,970	\$190,000	\$240,400
01-001-501-51222	CT Unemployment Comp	\$29,627	\$67,000	\$61,400
01-001-501-51223	401-K Contribution	\$260,150	\$334,000	\$428,600
01-001-501-51227	Employee Flexible Benefits	\$424,589	\$480,600	\$663,870
01-001-501-51235	Benefits Administration	\$59,709	\$50,000	\$88,516
01-001-501-51250	Other Benefits	\$38	\$25,000	\$55,000
	<b>Subtotal</b>	<b>\$3,880,348</b>	<b>\$4,587,677</b>	<b>\$5,970,686</b>
			18.2%	30.1%

# GENERAL FUND PROPOSED FY05 BUDGET

## EXPENDITURE DETAIL, CONTINUED

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>NON-PERSONNEL SERVICES</b>				
01-001-501-52101	Postage and Delivery Fees	\$23,607	\$22,000	\$25,000
01-001-501-52104	Telephone	\$57,608	\$45,000	\$53,000
01-001-501-52106	Copier	\$30,181	\$40,000	\$36,000
01-001-501-52108	Duplication and Printing	\$6,620	\$10,000	\$20,000
01-001-501-52111	Outside Copying	\$2,093	\$0	\$10,000
01-001-501-52115	Advertising	\$59,670	\$45,000	\$75,000
01-001-501-52118	Marketing & Public Relations	\$0	\$0	\$75,000
01-001-501-52119	Public Education	\$5,167	\$100,000	\$25,000
01-001-501-52201	Office Equipment	\$0	\$1,500	\$0
01-001-501-52202	Office Supplies	\$26,818	\$25,000	\$30,000
01-001-501-52302	Miscellaneous Services	\$45,156	\$30,000	\$38,000
01-001-501-52303	Subscrip/Publ/Ref. Material	\$21,142	\$10,000	\$25,000
01-001-501-52304	Dues-Professional Organizations	\$4,653	\$7,000	\$5,000
01-001-501-52305	Business Meetings and Travel	\$14,937	\$15,000	\$15,000
01-001-501-52306	Training	\$18,065	\$5,000	\$10,000
01-001-501-52355	Mileage Reimbursement	(\$15,257)	\$5,000	\$5,000
01-001-501-52401	Vehicle Repair/Maintenance	\$2,733	\$7,500	\$7,500
01-001-501-52403	Office Equipment Service	\$3,505	\$5,000	\$2,500
01-001-501-52404	Building Operations	\$4,503	\$15,000	\$15,500
01-001-501-52502	Fees/Licenses/Permits	\$22,309	\$0	\$16,500
01-001-501-52505	Claims/Losses	\$34,948	\$0	\$0
01-001-501-52604	Rental/Lease (1)	\$349,502	\$360,000	\$360,000
01-001-501-52612	Fuel	\$2,322	\$2,000	\$2,500
01-001-501-52615	Office Temporaries	\$103,302	\$25,000	\$25,000
01-001-501-52640	Insurance Premiums	\$120,277	\$85,000	\$143,500
01-001-501-52810	Contract Services	\$18,435	\$0	\$0
01-001-501-52853	Information Technology - Maint	\$75,852	\$61,900	\$56,500
	Information Technology - Consult	Incl. Above	\$85,000	\$76,000
01-001-501-52856	Legal	\$244,305	\$250,000	\$280,000
01-001-501-52863	Auditor	\$16,957	\$30,000	\$40,000
01-001-501-52875	Ins Consulting and Brokerage Services	\$4,333	\$6,700	\$4,500
01-001-501-52899	Other Consulting Services	\$83,719	\$25,000	\$75,000
	<b>Subtotal</b>	<b>\$1,387,462</b>	<b>\$1,318,600</b>	<b>\$1,552,000</b>
			-5.0%	17.7%

# GENERAL FUND PROPOSED FY05 BUDGET

## EXPENDITURE DETAIL, CONTINUED

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>CAPITAL OUTLAY</b>				
01-001-501-54426	Vehicles	\$0	\$0	\$0
01-001-501-54482	Computer Hardware	\$15,136	\$34,000	\$53,000
01-001-501-54483	Computer Software	\$2,749	\$35,000	\$45,000
	<b>Subtotal</b>	\$17,885	\$69,000 285.8%	\$98,000 42.0%
<b>DEBT SERVICE / ADMINISTRATION</b>				
01-001-501-55559	Note Repayment (1)	\$87,288	\$112,491	\$112,500
	<b>Subtotal</b>	\$87,288	\$112,491 28.9%	\$112,500 0.0%
	<b>Total Expenditures</b>	<u>\$5,372,983</u>	<u>\$6,087,768</u>	<u>\$7,733,186</u>
	<b>Variance</b>		\$714,785	\$1,645,418
	<b>Percent Change</b>		13.3%	27.0%

(1) Based upon existing lease.

# Fiscal Year 2005 - 2009 Proposed General Fund Capital Improvement Budget

17-Nov-03

## Connecticut Resources Recovery Authority Summary (\$000's)

<u>Expenditures</u>	Projected FY04	Adopted FY04	Proposed FY05	Projected FY06	Projected FY07	Projected FY08	Projected FY09
Computer Hardware	\$144	\$34	\$53	\$165	\$45	\$153	\$70
Computer Software	\$67	\$35	\$70	\$19	\$18	\$10	\$19
Rolling Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$211</b>	<b>\$69</b>	<b>\$123</b>	<b>\$184</b>	<b>\$63</b>	<b>\$163</b>	<b>\$89</b>
Funding Source (1)	\$69	\$69	\$173	\$184	\$63	\$163	\$89
Additional Funding Requirements (2)	(\$142)	\$0	\$50	\$0	\$0	\$0	\$0

(1) Expenditures are to be funded from future operating budgets.

(2) Budget adjustment to be requested from the CRRRA Board of Directors for \$110k, additional funds will come from unused funds in IT expenses.

### Proposed FY05 Capital Projects

Computer Hardware	Upgrade Servers including backup server for Disaster Recovery
Computer Software	Invest in Purchasing Modules (\$50k), HR Mgmt System (\$25k) and perform routine software upgrades.

### Recommended Future Capital Projects

Computer Hardware	Replacement programs - Copier in FY06 (\$125k), PCs in FY08 (\$110k), Phone system in FY09 (\$50k)
Computer Software	Perform routine software upgrades.

## **TAB 3**

**AUTHORIZATION REGARDING DISPOSITION OF AUTHORITY-OWNED STOCK**

**RESOLVED:** That the Authority will dispose or otherwise sell any individual shares of stock that it may, from time to time, acquire. The Authority will dispose of these in a manner as efficiently as possible, within a reasonable timeframe.

**FURTHER RESOLVED:** That the Chief Financial Officer and the Assistant Treasurer & Director of Finance are hereby authorized and empowered to transfer, convert, endorse sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidence of indebtedness or other securities now and hereafter standing in the name of the Authority and to make, execute and deliver, under the corporate seal of the Authority, any and all written instruments of assignment and transfer necessary of proper to effectuate the authority hereby conferred.

**FURTHER RESOLVED:** That said shares be sold with net proceeds deposited into the Authority's General Fund checking account at Fleet Bank, N.A.

**FURTHER RESOLVED:** That the shares of common stock of Anthem, Inc., which are deposited and held at Equiserve Trust Company, N.A., as Transfer Agent, on behalf of the Connecticut Resources Recovery Authority (the "Authority"), be converted to certificate form.

Corporate Seal

By: \_\_\_\_\_  
Angelica Mattschi  
Corporate Secretary

Date: \_\_\_\_\_

## **TAB 4**

**RESOLUTION AUTHORIZING THE:**

**APPROVAL OF A LEASE AND  
OBTAINING A LOAN TO FINANCE RELOCATION COSTS AND  
CREATION OF A CAPITAL IMPROVEMENT RESERVE AND  
GENERAL FUND BUDGET MODIFICATIONS**

**WHEREAS:** the CRRA intends to relocate its administrative offices from 100 Constitution Plaza 17<sup>th</sup> and 18<sup>th</sup> floors, Hartford, Connecticut, to 100 Constitution Plaza 5<sup>th</sup> and 6<sup>th</sup> floors, Hartford, Connecticut; and

**WHEREAS:** the cost of this relocation, including but not limited to the costs of furniture, business equipment, construction, and moving expenses, is estimated not to exceed \$951,000.00; and

**WHEREAS:** it is advantageous to finance the costs of relocation from the assets of the Mid-Connecticut Project Rolling Stock; and

**NOW THEREFORE BE IT RESOLVED:** that the CRRA President is hereby authorized to enter into a lease agreement with Connecticut Constitution Associates, L.P., substantially in the form as discussed at this meeting and pursuant to the term sheet substantially in the form presented at the meeting; and

**FURTHER RESOLVED:** that the Board of Directors authorizes a loan from the Mid-Connecticut Project Rolling Stock Reserve (the "Loan") to CRRA in an amount not to exceed \$860,000.00, for a term of eight years, payable in monthly principal and interest installments beginning on April, 1, 2004; and

**FURTHER RESOLVED:** that the interest rate on the Loan is authorized to be the higher of the monthly short-term investment fund rate established by the Treasurer of the State of Connecticut or the maximum available rate earned by investments as allowed in the CRRA Investment Policy;

**FURTHER RESOLVED:** that all funds necessary to then repay the Loan be included as an expense in the General Fund budget in fiscal years 2005 through 2012;

**FURTHER RESOLVED:** that the Board of Directors establish a "Capital Improvement Reserve" in the General Fund which will be funded by the Loan; and

**FURTHER RESOLVED:** that additional funds be authorized to pay for the moving costs and computer capital expenditures in amounts not to exceed \$91,000.00 and \$110,000.00 respectively, for the fiscal year 2004 General Fund budget; and

**FURTHER RESOLVED:** that the President is hereby authorized to expend up to \$951,000.00 for the purpose of the administrative office relocation and to take all further action, including, but not limited to, the execution of contracts and agreements, necessary to accomplish the administrative office relocation as substantially discussed at this meeting.

**CONNECTICUT RESOURCES RECOVERY FACILITY  
HEADQUARTER LEASE OPTION COMPARISONS**

11/14/03

DESCRIPTION	Current	Management	Optional
	100 Constitution (17th & 18th)	100 Constitution (5th & 6th)	CRRRA Facilities
<b>SQUARE FEET</b>			
Rentable	17,809	16,427	19,200
Contract Term (Years)	6	8	n/a
Contract Term Extensions	2009 n/a	2012 2 - 3 Yr Extensions	n/a n/a
<b>COSTS</b>			
Parking Costs	Incl. Below	Incl. Below	On-Site Parking
Dedicated	0	10	n/a
Undedicated	40	30	n/a
Tenant Improvements & Move Costs (Principal Only)			
Financing Term	2009	2012	2012
Financed Amount	\$854,000 (a)	\$859,461	\$2,000,000
Expensed	\$229,000	\$90,800	\$90,800
Total	\$1,083,000	\$950,261	\$2,090,800
Total Financing Costs (b)			
Original Financing Costs	\$1,086,960	\$590,630	\$590,630
Proposed Financing Costs	n/a	\$1,044,560	\$2,430,720
Total	\$1,086,960	\$1,635,190	\$3,021,350
Lease Costs (Full Term)	\$6,727,720 (c)	\$3,567,922	\$2,729,950
Tenant Costs (d)	\$196,290	\$194,228	\$196,290
Total Costs	\$7,716,290 (e)	\$5,488,139	\$6,038,390
NPV (6.25 Year Analysis) 2010	n/a	\$631,861	\$104,751
NPV (8.25 Year Analysis) 2012	n/a	\$835,212	(\$138,046)
NPV (11.25 Year Analysis) 2015	n/a	\$1,345,913	\$572,891
NPV (Total Lease Term)	n/a	\$1,778,747	\$1,177,098
Avg. Estimated Lease to Lease SqFt Price Comparison - Full Term	\$26.51	\$19.70	\$18.86
Avg. Estimated Total SqFt Price Comparison - Full Term	\$30.41	\$23.45	\$22.07
Fiscal Year 2005 Square Foot Price	\$19.75	\$18.13	\$30.20

**ASSUMPTIONS**

- (a) Costs only include a limited amount of tenant improvements. The majority of tenant improvements are built into the lease cost.
  - (b) Represents repayment on borrowings associated with relocation construction costs. (Principal & Interest)
  - (c) Lease costs includes tenant improvements and operating costs.
  - (d) Tenant Costs includes costs such as security monitoring and other miscellaneous services.
  - (e) Total reflects payments made towards financing costs since 1999.
- n/a = Not Applicable

Connecticut Resources Recovery Authority

CRRA Headquarter Lease - Relocate Headquarters to 100 Constitution Plaza (5th & 6th floors) (MANAGEMENT)

Rentable Square Feet	16,427	Period	\$ Per SqFt	Operating Rates	Move Costs
Initial Contract Term	8.25	Years 1-4	\$4.00	Year 1	\$90,800
w/ 2 - 3 Year Extensions	6.00	Years 5-8	\$5.00	Year 2	\$859,461
		Years 9-11	\$6.00	Year 3	\$950,261
		Years 12 - 14 (1)	\$6.20	Year 4	
				Year 5 - 14	3.0%
				Escalation	

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Total
<b>CURRENT LEASE (2)</b>																
Lease (Includes TI & Base Operating Costs)	\$87,930	\$351,730	\$387,350	\$391,800	\$396,250	\$400,700	\$409,610	\$463,030	\$476,920	\$491,200	\$505,900	\$521,100	\$536,700	\$552,800	\$569,400	\$6,542,420
Additional TI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,330	\$40,330	\$40,330	\$40,330	\$40,330	\$0	\$0	\$0	\$201,650
Operating Costs (Escalator)	\$2,640	\$10,550	\$11,620	\$11,750	\$11,890	\$12,020	\$12,290	\$12,660	\$13,040	\$13,430	\$13,830	\$14,240	\$14,670	\$15,110	\$15,560	\$185,300
Tenant Costs	\$2,750	\$11,330	\$11,670	\$12,020	\$12,380	\$12,750	\$13,130	\$13,520	\$13,930	\$14,350	\$14,780	\$15,220	\$15,680	\$16,150	\$16,630	\$196,290
Financing	\$28,130	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$590,630
Subtotal Current Lease	\$121,450	\$486,110	\$523,140	\$528,070	\$533,020	\$537,970	\$435,030	\$529,540	\$544,220	\$559,310	\$574,840	\$590,890	\$567,050	\$584,060	\$601,590	\$7,716,290
<b>PROPOSED LEASE (3)</b>																
Move Costs	\$90,800															\$90,800
Lease	\$16,427	\$65,708	\$65,708	\$65,708	\$82,135	\$82,135	\$82,135	\$82,135	\$98,562	\$98,562	\$98,562	\$101,847	\$108,000	\$108,000	\$108,000	\$1,263,624
Operating Costs	\$29,897	\$127,300	\$139,600	\$156,100	\$164,300	\$164,300	\$164,300	\$164,300	\$164,300	\$169,200	\$169,200	\$169,200	\$174,100	\$174,100	\$174,100	\$2,304,297
Tenant Costs	\$688	\$11,330	\$11,670	\$12,020	\$12,380	\$12,750	\$13,130	\$13,520	\$13,930	\$14,350	\$14,780	\$15,220	\$15,680	\$16,150	\$16,630	\$194,228
Financing (Initial Move)	\$28,130	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$590,630
Financing (Proposed Move)	\$32,640	\$130,570	\$130,570	\$130,570	\$130,570	\$130,570	\$130,570	\$130,570	\$97,930	\$0	\$0	\$0	\$0	\$0	\$0	\$1,044,560
Subtotal Proposed Lease	\$198,582	\$447,408	\$460,048	\$476,898	\$501,885	\$502,255	\$390,135	\$390,525	\$374,722	\$282,112	\$282,542	\$286,267	\$297,780	\$298,250	\$298,730	\$5,488,139
Net Lease Savings (Cost)	(\$49,002)	\$151,202	\$175,592	\$163,672	\$143,635	\$148,215	\$44,895	\$139,015	\$169,498	\$277,198	\$297,298	\$304,623	\$269,270	\$285,810	\$302,860	\$2,818,781
Cumulative Lease Savings (Cost) Nominal \$		\$102,200	\$326,794	\$339,264	\$307,307	\$291,850	\$193,110	\$183,910	\$308,513							
Discount Rate							5.00%									

NPV (6.25 Year Analysis) 2010	\$631,861
NPV (8.25 Year Analysis) 2012	\$835,212
NPV (11.25 Year Analysis) 2015	\$1,345,913
NPV (Total Lease Term)	\$1,778,747

ASSUMPTIONS

- (1) Assumes a 3% escalation per year during the three year extension period. Contract permits a rate adjustment not less than 90% of fair market rates.
- (2) Current Lease
  - Lease costs include 40 undedicated parking spaces.
  - Lease costs include cost of all utilities and most janitorial services. (Does not cover carpet cleaning)
  - CRRA responsible for increases in Operating Cost such as expenses and real estate taxes over a 1999 base year. Assumes 3% escalation over 2004 base year.
  - Additional Tenant Improvements estimated at \$10.00 per square foot. Amortized for the term of the lease.
  - Tenant Costs includes \$5k for security monitoring and \$6k for miscellaneous services escalate for inflation.
  - Financing is the cost associated with the borrowings to relocate from Allyn Street (\$854k).
- (2) Proposed Lease
  - Lease costs include 30 undedicated and 10 dedicated parking spaces.
  - Lease costs include cost of all utilities and most janitorial services. (Does not cover carpet cleaning)
  - Tenant Costs includes \$5k for security monitoring and \$6k for miscellaneous services escalate for inflation.
  - Financing (Initial Move) is the cost associated with the borrowings to relocate from Allyn Street (\$854k).
  - Financing (Proposed Move) is the cost associated with the borrowings to relocate to the 4th & 5th floors (\$859k).

**Connecticut Resources Recovery Authority  
CRRA Headquarter Lease - Relocate Headquarters to Collins Building (OPTIONAL)**

Rentable Square Feet	19,200	Move Costs	\$90,800
Term	14.25	Construction	\$2,000,000
		<b>Total</b>	<b>\$2,090,800</b>

Escalation 3.0%

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Total
<b>CURRENT LEASE (1)</b>																
Lease (Includes TI & Base Operating Costs)	\$87,930	\$351,730	\$387,350	\$391,800	\$396,250	\$400,700	\$409,610	\$463,030	\$476,920	\$491,200	\$505,900	\$521,100	\$536,700	\$552,800	\$569,400	\$6,542,420
Additional TI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,330	\$40,330	\$40,330	\$40,330	\$40,330	\$0	\$0	\$0	\$201,650
Operating Costs (Escalator)	\$2,640	\$10,550	\$11,620	\$11,750	\$11,890	\$12,020	\$12,290	\$12,660	\$13,040	\$13,430	\$13,830	\$14,240	\$14,670	\$15,110	\$15,560	\$185,300
Tenant Costs	\$2,750	\$11,330	\$11,670	\$12,020	\$12,380	\$12,750	\$13,130	\$13,520	\$13,930	\$14,350	\$14,780	\$15,220	\$15,680	\$16,150	\$16,630	\$196,290
Financing	\$28,130	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Lease	\$121,450	\$486,110	\$523,140	\$528,070	\$533,020	\$537,970	\$433,030	\$529,540	\$544,220	\$559,310	\$574,840	\$590,890	\$567,050	\$584,060	\$601,590	\$7,176,290
<b>PROPOSED LEASE (2)</b>																
Move Costs	\$90,800															\$0
Lease	\$0	(\$180,000)	(\$398,400)	(\$403,200)	(\$408,000)	####	(\$422,400)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Costs	\$28,800	\$118,660	\$122,220	\$123,890	\$129,670	\$133,560	\$137,570	\$141,700	\$145,950	\$150,330	\$154,840	\$159,490	\$164,270	\$169,200	\$174,280	\$2,056,430
Tenant Costs	\$2,750	\$11,330	\$11,670	\$12,020	\$12,380	\$12,750	\$13,130	\$13,520	\$13,930	\$14,350	\$14,780	\$15,220	\$15,680	\$16,150	\$16,630	\$196,290
Legal Fees	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000
Financing (Prepayment of Rent)	\$84,323	\$337,290	\$337,290	\$337,290	\$337,290	\$337,290	\$337,290	\$337,290	\$252,968	\$0	\$0	\$0	\$0	\$0	\$0	\$2,698,320
Financing (Initial Move)	\$28,130	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing (Proposed Move)	\$75,960	\$303,840	\$303,840	\$303,840	\$303,840	\$303,840	\$303,840	\$303,840	\$227,880	\$0	\$0	\$0	\$0	\$0	\$0	\$590,630
Subtotal Proposed Lease	\$510,763	\$703,620	\$489,120	\$488,340	\$487,680	\$487,140	\$369,430	\$796,350	\$640,728	\$164,680	\$169,620	\$174,710	\$179,950	\$185,350	\$190,910	\$2,430,720
Net Lease Savings (Cost)	(\$361,183)	(\$105,010)	\$146,520	\$152,230	\$157,840	\$163,330	\$65,600	(\$266,810)	(\$96,508)	\$394,630	\$405,220	\$416,180	\$387,100	\$398,710	\$410,680	\$2,268,530
Cumulative Lease Savings (Cost) Nominal \$		(\$466,193)	\$41,510	\$298,750	\$310,070	\$321,170	\$228,930	(\$201,210)	(\$363,318)							

Discount Rate 5.00%

NPV (6.25 Year Analysis) 2010	Lease	\$104,751
NPV (8.25 Year Analysis) 2012		(\$138,046)
NPV (11.25 Year Analysis) 2015		\$572,891
NPV (Total Lease Term)		\$1,177,098

**ASSUMPTIONS**

- (1) Current Lease
  - Lease costs include 40 undedicated parking spaces.
  - Lease costs include cost of all utilities and most janitorial services. (Does not cover carpet cleaning)
  - CRRA responsible for increases in Operating Cost such as expenses and real estate taxes over a 1999 base year. Assumes 3% escalation over 2004 base year.
  - Additional Tenant Improvements estimated at \$10.00 per square foot. Amortized for the term of the lease.
  - Tenant Costs includes \$5k for security monitoring and \$6k for miscellaneous services escalated for inflation.
  - Financing is the cost associated with the borrowings to relocate from Allyn Street (\$854k).

- (2) Proposed Lease
  - Parking available on-site
  - Lease reflects anticipated rent reimbursement at \$1 per sqft less than CRRA contract rates from lessor.
  - Operating costs includes cost of utilities and other operating costs which are included in current lease costs.
  - Tenant Costs includes \$5k for security monitoring and \$6k for miscellaneous services escalated for inflation.
  - Legal Fees are associated with lease breakage.
  - Financing (Prepayment Rent) is the cost associated with the borrowings to prepay the amount due under existing lease (\$2.2M).
  - Financing (Initial Move) is the cost associated with the borrowings to relocate from Allyn Street (\$854k).
  - Financing (Proposed Move) is the cost associated with the borrowings to relocate to the Collins Building (\$2M).

**Connecticut Resources Recovery Authority**  
**Mid-Connecticut Project Rolling Stock Reserve Balances**

	<u>Amount</u>
Account Balance as of September 30, 2003	\$2,630,191
Board Approved Expenditures (1)	(\$376,000)
Relocation Loan	<u>(\$860,000)</u>
Subtotal	<u><b>\$1,394,191</b></u>
Remaining Budget Contributions for FY04	\$562,500
Remaining Estimated Expenses for FY04	<u>(\$374,000)</u>
Estimated Balance as of June 30, 2004 (2)	<u><b>\$1,582,691</b></u>

(1) Board approved the refurbishment of two loaders.

(2) Historical annual expenditures have averaged approximately \$750,000.

## TAB 5

**RESOLUTION AUTHORIZING CONTRACT FOR ECONOMIC ADVISORY  
SERVICES**

**RESOLVED:** That the President or Chief Financial Officer be authorized to extend a contract for economic advisory services to Environmental Capital, LLC to assist management with work on a variety of projects on an as-need basis. This contract would be for a three-year period, commencing November 21, 2003 and expiring December 31, 2006.

## ECONOMIC ADVISOR SUMMARY

Management recommended and the Finance Committee agreed to secure the services of an Economic Advisor to assist with financial and economic evaluation with regard to long-term strategic plans of the Authority, provide market information on other comparable solid waste authorities and provide market information on innovations within the solid waste field, among other issues.

A Request for Qualifications ("RFQ") for Economic Advisor was drafted, approved and released as follows:

Advertisement for RFQ appeared in <i>The Bond Buyer</i> :	September 22-24, 2003
Advertisement for RFQ appeared in <i>The Hartford Courant</i> :	September 23, 2003
RFQ appeared on the Authority website:	September 22, 2003

Proposals were due on October 15, 200. The following firms submitted proposals:

- Citigroup
- Davies Associates
- Environmental Capital
- Lamont Financial
- Mission
- NW Financial Group
- Public Financial Management (PFM)
- Public Resources Advisory Group (PRAG)

In addition, the following firms sent notification declining to submit a proposal:

- Advest
- Bear Stearns
- Goldman Sachs
- Lehman Brothers
- UBS PaineWebber

Management invited the following firms for oral interviews on October 30, 2003:

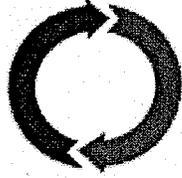
Citigroup  
Environmental Capital  
NW Financial Group  
Public Financial Management (PFM)  
Public Resources Advisory Group (PRAG)

Management recommends the selection of Environmental Capital as the Authority's Economic Advisor for a three-year period.

## **TAB 6**

**RESOLUTION REGARDING THE ADOPTION OF A REVISED INVESTMENT  
POLICY**

**RESOLVED:** That the revised Investment Policy of the Connecticut Resources Recovery Authority be adopted substantially in the form as discussed at this meeting.



CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY

**INVESTMENT POLICY**  
OF THE  
**CONNECTICUT RESOURCES  
RECOVERY AUTHORITY**

Adopted by the Board of Directors March 21, 1996  
Revised November 2003  
Adopted by the Board of Directors November \_\_, 2003

# CONNECTICUT RESOURCES RECOVERY AUTHORITY

## INVESTMENT POLICY

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# CONNECTICUT RESOURCES RECOVERY AUTHORITY

## INVESTMENT POLICY

### 1.0 PURPOSE

The President, Chief Financial Officer and Assistant Treasurer & Director of Finance of the Connecticut Resources Recovery Authority (the "Authority") are charged with the responsibility to prudently and properly manage any and all funds of the Authority. The purpose of this document is to specify the investment and operational policies for the management of the public funds of the Authority, not subject to the provisions, covenants or requirements of any general bond resolution. These policies have been adopted by, and can be changed only by, a majority vote of the Board of Directors of the Authority.

These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds, when needed, and an investment return competitive with comparable funds and financial market indices.

### 2.0 GENERAL POLICY

Authority investments will conform to all state statutes and bond resolution restrictions governing the investments of Authority funds. All investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their principal as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio.

### 3.0 SCOPE

This Investment Policy applies to all financial assets and funds of the Authority, including all funds assigned to external parties through Board approved bond resolutions or contractual agreements. This policy authorizes the Chief Financial Officer or Assistant Treasurer & Director of Finance to act as the investment officer and to invest the funds in accordance with this policy. The appendices contain the specific authorized investments that pertain to the four project bond resolutions and other funds not under or created by a bond resolution.

### 4.0 INVESTMENT OBJECTIVES

The primary objectives of the Authority's investment activities, in priority order, shall be:

#### 4.1 Preservation of Principal:

The preservation and safety of principal is the foremost objective of the Authority's investment program. Investment activity of the Authority shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. In the event that investments are made in non-U.S. government or U.S. agency securities, the Authority shall maintain adequate diversification of instruments, issuers, and maturities to protect against losses from credit risks and market changes.

#### 4.2 Maintenance of Liquidity:

The portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the Authority. The Chief Financial Officer or Assistant Treasurer & Director of Finance shall ensure that investments are maintained with maturities that meet these requirements.

#### 4.3 Return on Investment:

The Authority's investment portfolio shall be designed with the objective of attaining a maximum rate of return but within the context and parameters set forth by objectives 4.1 and 4.2 above. Return on investment is subordinate to the primary objectives of safeguarding principal and providing necessary liquidity.

### 5.0 DELEGATION OF AUTHORITY

Management responsibility for the investment program is delegated to the Chief Financial Officer, who shall establish written procedures for the operation of the investment program consistent with the Investment Policy.

No person may engage in an investment transaction except as provided under the terms of the Investment Policy and the procedures established by the Chief Financial Officer. The Chief Financial Officer shall have responsibility for all transactions undertaken and shall establish and maintain a system of internal controls to regulate the activities of subordinate officials. .

The Authority may employ an outside investment manager to assist in managing some or all of the investment portfolio. Such outside investment manager(s) must be registered under the Investment Advisors Act of 1940 and must comply with all relevant aspects of Public Act No. 00-43. In addition, any such outside investment manager(s) will provide evidence of their continued registration, upon written request of the Authority.

In the absence of the Chief Financial Officer, all responsibilities and duties delegated to the Chief Financial Officer under this Investment Policy will be conducted by the Assistant Treasurer & Director of Finance, or a designee of the President.

## 6.0 STANDARD OF PRUDENCE

Except where specifically directed by statutes or regulations of the State of Connecticut, the general investment policies of the Authority will be guided by the “prudent investor” rule. Those with investment responsibility for public funds are fiduciaries and, as such, will exercise the judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

## 7.0 ETHICS AND CONFLICTS OF INTEREST

Investment activities shall be performed in full accordance with state statute and other Authority policies whose purpose is to avoid conflicts of interest.

## 8.0 ELIGIBLE FINANCIAL DEALERS AND INSTITUTIONS

The Chief Financial Officer will establish and maintain a list of eligible brokers, dealers and other financial institutions that are responsible and financially sound and shall file such list with the Trustee. These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). It shall be the policy of the Authority to purchase securities only from those authorized institutions and firms.

The purchase of any investment, other than those purchased directly from the issuer of such investment, shall be executed with an institution authorized to do business in the State of Connecticut as a broker/dealer, which is a member of the National Association of Securities Dealers, or a member of a federally-regulated securities exchange, a national- or state-chartered bank, or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank or a financial institution approved by the Authority’s Board of Directors.

## 9.0 COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

It will be the policy of the Authority to transact all securities purchase/sales only with approved financial institutions through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers from qualified financial institutions. The Authority will accept the offer that provides (a) the highest rate of return within the maturity required; and (b) optimizes the investment objective of the overall portfolio. When selling a security, the Authority will select the bid that generates the highest sale price.

It will be the responsibility of the personnel involved with each purchase/sale to produce and retain written records of each transaction including the name of the financial institutions solicited, rates quoted, description of the security, investment selected and any special considerations that had an impact on the decision. If the lowest priced security (highest yield)

was not selected for purchase, an explanation describing the rationale will be included in this record.

#### 10.0 AUTHORIZED INVESTMENTS

The Authority is empowered to invest any funds, including all funds under a general bond resolution, not needed for immediate use of disbursement in securities as follows:

For all funds created under the General Bond Resolution of the Mid-Connecticut System, please refer to Appendix A, herein, for a full list of authorized investments.

For all funds created under the General Bond Resolution of the Bridgeport System, please refer to Appendix B, herein, for a full list of authorized investments.

For all funds created under the General Bond Resolution of the Southeast System, please refer to Appendix C, herein, for a full list of authorized investments.

For all funds created under the General Bond Resolution of the Wallingford System, please refer to Appendix D, herein, for a full list of authorized investments.

For all other funds not specifically established under a bond resolution and held in trust by the Authority's trustee, please refer to Appendix E, herein, for a full list of authorized investments.

#### 11.0 INTERNAL CONTROLS

The Chief Financial Officer shall establish a written system of internal controls governing the administration and management of the Authority's investment portfolio, approved by the President. These controls shall be designed to prevent and control losses of Authority funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the Authority. Procedures should include reference to wire transfer agreements, collateral/depository agreements, safekeeping and banking service contracts. In addition, these procedures will include explicit delegation of authority to persons responsible for investment transactions.

#### 12.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian bank or trust department, acting as agent for the Authority under the terms of a custody or trust agreement executed by the bank and the Authority, as designated by the Chief Financial Officer and evidenced by safekeeping receipts.

### 13.0 PORTFOLIO DIVERSIFICATION

In the event that investments are made in non-U.S. government or U.S. agency securities, the Authority will diversify that portion of the investment portfolio to eliminate the risk of loss from an over concentration of assets in a specific class of security, a specific maturity, and/or a specific issuer. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets, thereby assuring adequate liquidity should one sector or corporation experience difficulties

### 14.0 PERFORMANCE STANDARDS

The investment portfolio shall be designed to obtain a maximum rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs. The Chief Financial Officer will identify expected returns for each asset class based on the prevailing market rates of return.

Short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the three-month U.S. Treasury Bill. Funds that have a longer-term investment horizon will be compared to an index of U.S. Treasury securities having a similar duration or other appropriate benchmark.

#### 14.1 Returns

In general, within the constraints of preserving liquidity and minimizing risk, the investment objective for funds subject to rebate is to maximize retainable earnings and minimize negative arbitrage and for funds not subject to rebate to earn a market rate of return. The stated goal of the Authority is to develop the capacity to measure investment returns on both a book and market value basis no less than semi-annually.

### 15.0 REPORTING

#### 15.1 Semi-Annual Reporting

The Chief Financial Officer and/or any outside investment manager shall prepare and submit a semi-annual investment report to the Finance Committee of the Board. The semi-annual investment report shall be submitted within 60 (sixty) days following the end of the period covered by the report. The report shall contain information sufficient to provide a comprehensive review of the investment activity and performance and shall include, but not be limited to, the following: (i) a summary of the investment strategies employed in the most recent period; (ii) summary portfolio information including maturity distribution, asset allocations and risk characteristics (such as a credit rating for non-governmental obligations and any call provisions); (iii) representative portfolio performance; and (iv) a summary of broker activity.

The semi-annual investment report will also include (i) (a) a statement that the Authority's portfolio is in compliance with this Investment Policy and (b) a statement denoting the ability of the Authority to meet its expenditure requirements for the next nine months (or provide an explanation as to why sufficient money shall, or may, not be available), and (ii) indicate any area of policy concern and suggested or planned revision of investment policies.

### 15.2 Annual Reporting

Within 120 days after the end of the Authority's fiscal year, the Chief Financial Officer shall provide the Finance Committee of the Board with a comprehensive report, using the audited financial statements, on the Authority's investment program and investment activity.

### 15.3 Reporting by Contracted Professionals

All contracted professional investment advisors shall provide the Authority with the following information on any purchase or sale that has taken place at the time of any transaction:

- Trade and settlement date
- Type of investment
- Exact issuer name
- Par dollar amount invested
- Coupon rate (if applicable)
- Maturity date
- Call/refunding date and price (if applicable)
- Principal amount
- Accrued interest
- Total cost
- Current credit rating of each security other than Government Securities
- Other special features, characteristics or comments

### 16.0 INVESTMENT POLICY ADOPTION

The policy shall be reviewed on an annual basis by the President, Chief Financial Officer and the Finance Committee of the Board of Directors and any modifications are to be approved by the Board of Directors.

This Investment Policy in its entirety, including all Appendices, is adopted this \_\_\_ day of \_\_\_\_\_, 2003.

Approved by:

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Michael A. Pace  
Chairman

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Thomas D. Kirk  
President

# CONNECTICUT RESOURCES RECOVERY AUTHORITY

## Investment Matrix – Permitted Investments for Funds created under the Bond Resolutions, by Project

<b>Project:</b>	<b>Mid-Connecticut</b>	<b>Bridgeport</b>	<b>Southeast</b>	<b>Wallingford</b>
<b>Indenture Section:</b>	<u>Section 5.16 Investment of Funds and Accounts:</u> “...amounts in any Fund or Account shall, if and to the extent then permitted by law, be invested in Investment Securities.”	<u>Section 5.6. Investment of Funds and Accounts:</u> “...amounts in any Fund or Account shall, if and to the extent then permitted by law, be invested in Qualified Investments.”	<u>Section 5.6 Investment of Funds and Accounts:</u> “...amounts in any Fund or Account shall, if and to the extent then permitted by law, be invested in Qualified Investments.”	<u>Section 5.7 Investment of Funds and Accounts:</u> “...amounts in the Funds and Accounts held hereunder shall, if and to the extent then permitted by law, be invested in Authorized Investments.”
<b>Name:</b>	<b>Investment Security</b>	<b>Qualified Investments</b>	<b>Qualified Investments</b>	<b>Authorized Investment</b>
<b>Instruments:</b>	<b>Allowed</b>	<b>Allowed</b>	<b>Allowed</b>	<b>Allowed</b>
Government Obligations	Yes	Yes	Yes	Yes <sup>(1)</sup>
Government Agencies <sup>(2)</sup>	Yes	Yes	Yes	Yes
Federal National Mortgage Association guaranteed by GNMA	Yes	No	Yes	Yes
Repurchase agreements	Yes	Yes	Yes	Yes
Public Housing Bonds issued by Public Housing Authorities	Yes	No	Yes	Yes
State of Connecticut GOs	Yes	Yes <sup>(8)</sup>	Yes	Yes <sup>(3)</sup>
Savings or Checking deposits or CDs secured to the extent not insured by the FDIC or FSLIC by obligations described above	Yes	Yes <sup>(4)</sup>	Yes	Yes
Tax-exempt bonds	Yes <sup>(5)</sup>	Yes <sup>(8)</sup>	Yes <sup>(5)</sup>	Yes <sup>(5)</sup>
State Treasurer’s STIF	Yes	No <sup>(10)</sup>	Yes	Yes <sup>(6)</sup>
Investment agreements	Yes	No	Yes	Yes
Commercial Paper	No	Yes <sup>(7)</sup>	No	No
Corporate Bonds	No	Yes <sup>(8)</sup>	No	No
Investment Company Units	No	Yes <sup>(9)</sup>	No	No
Money Market Funds	No	Yes <sup>(10)</sup>	No	No

### Notes:

- <sup>(1)</sup> Direct Government obligations, but excluding unit investment trusts and mutual fund investing in governmental obligations.
- <sup>(2)</sup> Includes: GNMA, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, US Postal Service, Farmers’ Home Administration, Export-Import Bank and Federal Financing Bank
- <sup>(3)</sup> Provided that such obligations are rated in one of the two highest Rating Categories of a nationally recognized rating agency.
- <sup>(4)</sup> Interest bearing time deposits, bankers’ acceptances, certificates of deposit or similar arrangements satisfactory to the Trustee, the obligations of the parent, holding company or other controlling entity of which have, a rating in either of the two highest rating categories of either Moody’s or S&P or their successors.
- <sup>(5)</sup> Secured by US government securities rated by either Moody’s or S&P in their respective highest Rating Category and which municipal securities are serial bonds or term bonds non-callable prior to maturity except at the option of the holder thereof.
- <sup>(6)</sup> Provided that such obligations are rated in one of the two highest Rating Categories of a nationally recognized rating agency.
- <sup>(7)</sup> Commercial paper or finance company paper in either of the two highest rating categories of either Moody’s or S&P or their successors.
- <sup>(8)</sup> Must have a rating of at least “A” of either Moody’s or S&P or their successors.
- <sup>(9)</sup> To the extent permitted by law.
- <sup>(10)</sup> State Treasurer’s STIF account treated as money market fund.

**Investment of Funds Under the Mid-Connecticut System Bond Resolution****AUTHORIZED INVESTMENTS**

Pursuant to Section 5.16 Investment of Funds and Accounts of the Mid-Connecticut Bond Resolution adopted March 13, 1985 (the "Resolution"), as amended, amounts in any Fund or Account of the Mid-Connecticut Project established under the Resolution shall, if and to the extent then permitted by law, be invested in Investment Securities. Investment Securities are defined as:

- 1.) Direct obligations of or obligations guaranteed by the USA, whether or not the obligations are issued or held in book entry form on the books of the US Department of the Treasury
- 2.) Any bond, debenture, note, participation or other similar obligations issued by any of the following agencies: Governmental National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, US Postal Service, Farmers' Home Administration, Export-Import Bank and Federal Financing Bank;
- 3.) Any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by a federal agency backed by the full faith and credit of the USA other than as provided in (1) hereof;
- 4.) Any other obligation of the USA or any federal agency which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State;
- 5.) Public Housing Bonds issued by Public Housing Authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the USA; or Project Notes issued by Public Housing Authorities or Project Notes issued by Local Public Agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the USA;
- 6.) Direct and general obligations of or obligations guaranteed by the State of Connecticut, to the payment of the principal of an interest on which the full faith and credit of the State is pledged;
  - (a) Deposits in interest-bearing time or demand deposits or certificates of deposit secured to the extent not insured by the Federal Deposit Insurance Corporation, or by the Federal Savings and Loan Insurance Corporation or similar corporation chartered by the USA by obligations described in (1), (2), (3), (4), (5), (6) or (9) hereof having a market value (exclusive of accrued interest) not less than the uninsured amount and lodged in trust at an appropriate institution independent of the issuer of the investment security pursuant to a written security agreement; or

- (b) Repurchase agreements with respect to obligations listed in paragraphs (1), (2), (3), (4), (5) or (6) above if entered into with a bank (including the Trustee), trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934) which is a dealer in government bonds which reports to, trades with and is recognized as a primary dealer by a Federal Reserve Bank, and which is a member of the Securities Investors Protection Corporation if (i) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the repurchase price, (ii) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee, (iii) such obligations are free and clear of any adverse third party claims, and (iv) such repurchase agreement is a "repurchase agreement" as defined in the Bankruptcy Amendments and Federal Judgeship Act of 1984, as amended, as follows: repurchase agreements providing for the transfer or certificates of deposit, eligible bankers' acceptances or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by; the US or any agency of the US against transfer of funds by the transferee of such certificates of deposit, eligible bankers' acceptances or securities with a simultaneous agreement by such transferee to transfer to the transferor thereof certificates of deposit, eligible bankers' acceptances or securities as described above, at a date certain not later than one year after such transfers or on demand, against the transfer of funds; or
- (c) Investment agreements continuously secured by the obligations listed in paragraphs (1), (2), (3), (4), (5), (6) or (9) hereof, with any bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934) which is a dealer in government bonds, which reports to, trades with and is recognized as a primary dealer by, a Federal Reserve Bank, and is a member of the Securities Investors Protection Corporation if (i) such obligations are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfaction to the Trustee, provided that such investment agreements must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the amount deposited thereunder, (ii) a prior perfected security interest in the obligations which are securing such agreement has been granted to the Trustee, and (iii) such obligations are free and clear of any adverse third party claims;
- 7.) Participation certificates for the combined investment pool administered by the State Treasurer pursuant to No. 236 of the Public Acts of 1971; and
- 8.) Obligations the interest on which is exempt from federal income taxation, that are fully and irrevocably secured as to principal and interest by US government securities held in trust for the payment thereof, and which have been rated by either Moody's or S&P in their respective highest Rating Category and which municipal securities are serial bonds or term bonds non-callable prior to maturity except at the option of the holder thereof.

**Investment of Funds Under the Bridgeport System Bond Resolution****AUTHORIZED INVESTMENTS**

Pursuant to Section 5.6. Investment of Funds and Accounts of the Bridgeport Project Bond Resolution dated December 1, 1985 (the "Resolution"), as amended, amounts in any Fund or Account established under the Resolution shall, if and to the extent then permitted by law, be invested in Qualified Investments. Qualified Investments are defined as:

- i.) Government Obligations;
- ii.) Government Authority Obligations
- iii.) interest bearing time deposits, bankers' acceptances, certificates of deposit or similar arrangements satisfactory to the Trustee of any bank or trust company which has, or the parent, holding company or other controlling entity of which has, and whose obligations have, or the obligations of the parent, holding company or other controlling entity of which have, a rating in either of the two highest rating categories of either Moody's Investors Service ("Moody's) or Standard & Poor's Corporation ("S&P") or their successors;
- iv.) Negotiable certificates of deposit issued by banks, trust companies or savings and loan associations and continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee and the holders of Bonds or Additional Company obligations either (a) by lodging with a bank or trust company, as collateral security, Government Obligations or Government Authority Obligations having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) of this paragraph is not permitted by applicable law, in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for , or granted a preference in the case of, the deposit of trust funds;
- v.) Repurchase agreements for Governments Obligations and Government Authority Obligations with any bank, trust company or dealer in government bonds reporting to, trading with and recognized as a primary dealer by a Federal Reserve Bank, acting as principal as principal or agent, if such Government Obligations and Government Authority Obligations are delivered to, or registered in the name of, the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such repurchase agreements must provide that the value of the underlying Government Obligations and Government Authority Obligations shall be continuously maintained at a current market value not less than the repurchase price;
- vi.) Commercial paper or finance company paper in either of the two highest rating categories of either Moody's or S&P or their successors;

- vii.) Bonds or notes of US corporations or any general obligation bonds of any state, political subdivision or municipality, in either case having, or being on a pari passu basis with other obligations of comparable maturities of the issuer which have a rating of at least “A” of either Moody’s or S&P or their successors; and
- viii.) To the extent permitted by law, shares in or units in investment companies at least ninety percent (90%) of the assets of which consist of obligations of the character described in the foregoing clauses (i) - (vii) or at any so-called “money-market fund” that has 90% of its assets invested in investments of the type described in the foregoing clause (i) – (vii).

**Investment of Funds Under the Southeast Project System Bond Resolution****AUTHORIZED INVESTMENTS**

Pursuant to Section 5.6 Investment of Funds and Accounts of the Southeast Project Bond Resolution dated December 1, 1988, any amounts in any fund or account established under the Resolution shall, if and to the extent then permitted by law, be invested in Qualified Investments. Qualified Investments are defined as:

- 1.) Direct obligations of or obligations guaranteed by the USA, whether or not the obligations are issued or held in book-entry form on the books of the US Department of the Treasury;
- 2.) Any bond, debenture, note, participation or other similar obligations issued by any of the following agencies; Government National Mortgage Association, Federal Land Bank, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers' Home Administration, Export-Import Bank and Federal Financing Bank;
- 3.) Any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by Government National Mortgage Association or issued by a federal agency backed by the full faith and credit of the USA other than as provided in (1) hereof;
- 4.) Any other obligation of the USA or any federal agency which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State;
- 5.) Public Housing Bonds issued by Public Housing Authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the USA; or Project Notes issued by Public Housing Authorities or Project Notes issued by Local Public Agencies, in each case, fully secured as to the payment of both principal and interest by a requisitions or payment agreement with the USA;
- 6.) Direct and general obligations of or obligations guaranteed by the State, to the payment of the principal of and interest on which the full faith and credit of the State is pledged;
- 7.) Deposits in interest-bearing time or demand deposits or certificates of deposit secured to the extent not insured by the Federal Deposit Insurance Corporation, or by the Federal Savings and Loan Insurance Corporation or similar corporation chartered by the USA by obligations described in (1), (2), (3), (4), (5), (6) or (9) hereof having a market value (exclusive of accrued interest) not less than the uninsured amount and lodged in trust at an appropriate institution independent of the issuer of the investment security pursuant to a written security agreement; or
- 8.) Repurchase agreements with respect to obligations listed in paragraphs (1), (2), (3), (4), (5) or (6) above if entered into with a bank, including the Trustee, trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which

is a dealer in government bonds which reports to, trades with and is recognized as a primary dealer by a Federal Reserve Bank, and which is a member of the Securities Investors Protection Corporation if (i) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the repurchase price, (ii) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee, (iii) such obligations are free and clear of any adverse third party claims, and (iv) such repurchase agreement is a “repurchase agreement” as defined in the Bankruptcy Amendments and Federal Judgeship Act of 1984, as amended, as follows: repurchase agreements providing for the transfer of certificates of deposit, eligible bankers’ acceptances or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States against transfer of funds by the transferee of such certificates of deposit, eligible bankers’ acceptances or securities with a simultaneous agreement by such transferee to transfer to the transferor thereof certificates of deposit, eligible bankers’ acceptances or securities as described above, at a date certain not later than one year after such transfers or on demand, against the transfer of funds; or

- 9.) Investment agreements continuously secured by the obligations listed in paragraphs (1), (2), (3), (4), (5), (6) or (9) hereof, with any bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a dealer in government bonds, which reports to, trades with and is recognized as a primary dealer by, a Federal Reserve Bank, and is a member of the Securities Investors Protection Corporation if (i) such obligations are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such investment agreements must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the amount deposited thereunder, (ii) a prior perfected security interest in the obligations which are securing such agreements has been granted to the Trustee, and (iii) such obligations are free and clear of any adverse third party claims;
- 10.) Participation certificates for the combined investment pool administered by the State Treasurer pursuant to No. 236 of the Public Acts of 1971; and
- 11.) Obligations the interest on which is exempt from federal income taxation, that are fully and irrevocably secured as to principal and interest by US government securities held in trust for the payment thereof, and which have been rated by either Moody’s or S&P in their respective highest Rating Category and which municipal securities are serial bonds or term bonds non-callable prior to maturity except at the option of the holder thereof.

**Investment of Funds Under the Wallingford Project System Bond Resolution****AUTHORIZED INVESTMENTS**

Pursuant to Section 5.7 Investment of Funds and Accounts established under the Wallingford Project Bond Resolution dated December 1, 1985 (the "Resolution) any amounts in the funds and Accounts established under the Resolution shall, if and to the extent then permitted by law, be invested in Authorized Investments. Authorized Investments are defined as:

- i.) Direct obligations of or obligations guaranteed as to full and timely payment by the USA, whether or not the obligations are issued or held in book entry form on the books of the US Department of Treasury, but excluding from the meaning of obligations guaranteed by the USA unit investment trusts and mutual fund investing in governmental obligations;
- ii.) Any bond, debenture, note, participation or other similar obligations issued by any of the following agencies: Government National Mortgage Association, Federal Home Loan Banks, Tennessee Valley Authority, US Postal Service, Export-Import Bank and Federal Financing Bank;
- iii.) Any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government Mortgage Association or issued by a federal agency backed by the full faith and credit of the USA other than as provided in (i) above;
- iv.) Any other obligation of the USA or any federal agency which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State;
- v.) Public Housing Bonds issued by Public Housing Authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the USA; or Project Notes issued by Public Housing Authorities or Project Notes issued by Local Public Agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the USA;
- vi.) Direct and general obligations of or obligations guaranteed by the State, to the payment of the principal of and interest on which the full faith and credit of the State is pledged, provided that such obligations are rated in one of the two highest Rating Categories of a nationally recognized rating agency;
- vii.) Deposits in interest-bearing time or demand deposits or certificates of deposit in each case having a maximum term of six months secured to the extent not insured by the Federal Deposit Insurance Corporation or similar corporation chartered by the USA or by obligations described in (i), (ii), (iii), (iv), (v), (vi) or (ix) of this definition having a market value (exclusive of accrued interest) not less than the uninsured

- amount and lodged in trust at an appropriate institution independent of the issuer of the investment security pursuant to a written security agreement; or
- viii.) Repurchase agreements having a maximum term of six months with respect to obligations listed in paragraphs (i), (ii), (iii), (iv), (v) or (vi) above if entered into with a bank (including the Trustee), trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934) which is a dealer in Government bonds which reports to, trades with and is recognized as a primary dealer by a Federal Reserve Bank, and which is a member of the Securities Investors Protection Corporation if (i) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the repurchase price; (ii) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee; (iii) such obligations are free and clear of any adverse third party claim; and (iv) such repurchase agreement is a "repurchase agreement" as defined in the Bankruptcy Amendments and Federal Judgeship Act of 1984, as amended, as follows: repurchase agreements providing for the transfer of certificates of deposit, eligible bankers' acceptances or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the US or any agency of the US against transfer of funds by the transferee of such certificates of deposit, eligible bankers' acceptances or securities with a simultaneous agreement by such transferee to transfer to the transferor thereof certificates of deposit, eligible bankers' acceptances or securities as described above, at a date certain not later than one year after such transfers or on demand, against the transfer of funds; or
  - ix.) Investment agreements continuously secured by the obligations listed in paragraphs (i), (ii), (iii), (iv), (v), (vi), or (ix) of this definition, with any bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934) which is a dealer in government bonds, which reports to, trades with and is recognized as a primary dealer by, a Federal Reserve Bank, and is a member of the Securities Investors Protection Corporation if (a) such obligations are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such investment agreements must provide that the value of the underlying obligations shall be maintained at its current accrued value, calculated no less frequently than monthly, of not less than the amount required to be on deposit thereunder, (b) a prior perfected security interest in the obligations which are securing such agreement has been granted to the Trustee, and (c) such obligations are free and clear of any adverse third party claims;
  - x.) Participation certificates for the short term investment fund administered by the State Treasurer pursuant to Section 3-21a through 3-27f of the Connecticut General Statutes, provided that such obligations are rated in one of the two highest Rating Categories of a nationally recognized rating agency; and
  - xi.) Obligations the interest on which is exempt from federal income taxation, that are fully and irrevocably secured as to principal and interest by United States

government securities held in trust for the payment thereof, and which have been rated by Moody's and S&P in their respective highest Rating Category and which municipal securities are serial bonds or term bonds non-callable prior to maturity except at the option of the holder thereof.

**Investment of Funds Not Under a General Bond Resolution****AUTHORIZED INVESTMENTS**

Pursuant to CGS 22a-265 (14), the Authority is empowered to invest any funds(not including funds specifically established under a bond resolution and held in trust by the Authority's trustee) and not needed for immediate use or disbursement in the following securities, as further limited by this policy:

- (1) U.S. Government securities (U.S. Treasury notes, bills and bonds) and federal agency securities (including securities of the FHLMC, FNMA, GNMA, FSLIC)
- (2) The State Treasurer's Short-Term Investment Fund (STIF)
- (3) Certificates of deposit or interest earning accounts of commercial banks or thrift institutions in the State which are qualified depositories
- (4) Commercial Paper with a credit rating of A1+ and P1 from Standard & Poor's and Moody's respectively
- (5) Corporate Bonds which are publicly issued and maintain a rating of A or better by Standard & Poor's or Moody's
- (6) Money market investment pools which are comprised of any investment type listed in items 1-5 or any combination of items 1-5 and maintain a rating from Moody's or Standard & Poor's no lower than AA ("authorized pools")

**TAB 7**

**Resolution Regarding Waste Export Hauling and Disposal Services for  
Mid-Connecticut and Wallingford Projects**

**RESOLVED:** That the President is hereby authorized to enter into agreements with USA Hauling and Recycling, Energy Answers Corporation, Waste Management of Massachusetts, and Waste Stream Environmental for waste export services for the Mid-Connecticut and Wallingford Resources Recovery Facilities substantially in accordance with the terms and conditions presented at this meeting.

**Contract Summary**  
**Waste Export Hauling and Disposal Services for**  
**Mid-Connecticut and Wallingford Projects**

Presented to CRRA Board on: November 20, 2003

Vendors/Contractors: USA Hauling and Recycling, Waste Management of Massachusetts, Energy Answers Corporation, Waste Stream Environmental

Effective Date: January 1, 2004

Contract Type/Subject Matter: MSW hauling and disposal

Facilities Affected: Mid-Connecticut and Wallingford Resources Recovery Facilities

Term: January 1, 2004 – December 30, 2004

Term Extensions: Option for one, one year extension exercisable at CRRA's sole option from January 1, 2005 – December 30, 2005

Scope of Services: To provide waste transportation and disposal export services on an on-call, as needed basis for the Mid-Connecticut and Wallingford Projects. Further, the contract allows for the diversion of waste from the Wallingford plant to other in-state disposal facilities on an on-call, as-needed basis: Lisbon RRF, BRRFOC RRF, Bloomfield/Windsor Landfill, Mid-Connecticut RRF.

Service Fees: Per ton transportation costs range from a low of \$66.00/ton to a high of \$82.00/ton for waste exports and a range of \$12.75/ton to \$16.25 for transportation of waste from the Wallingford RRF to other in-state disposal facilities.

Annual Cost: Based upon historical export data the annual cost of exports FY04 are budgeted at:  
Mid-Connecticut: \$6.8 million  
Wallingford: \$1.9 million

## **Waste Export Hauling and Disposal Services for Mid-Connecticut and Wallingford Projects**

### **EXECUTIVE SUMMARY**

For the past several years the Authority has contracted with private waste haulers for the transportation and disposal of surplus MSW received by the Mid-Connecticut and Wallingford RRFs to out-of-state disposal sites. The current contracts expire December 31, 2003.

In October a Request for Proposals was issued to receive competitive quotes for waste export transportation and disposal services. The Authority received five bids. Based upon the results of the bids, Operations staff is recommending that the Board of Directors provide authorization to enter into agreements with the following firms for "on-call" waste export transportation and disposal services:

- USA Hauling & Recycling, Inc.,
- Energy Answers Corporation
- Waste Management of Massachusetts
- Waste Stream Environmental

### **DISCUSSION**

Frequently the Authority's contracted waste deliveries exceed the Mid-Connecticut and Wallingford plants' permitted capacity and/or operational ability to process it, particularly during plant maintenance outages. During these periods of surplus waste the Authority will 1) divert waste to other in-state disposal sites (Bridgeport, Preston, Bristol) and/or 2) export the waste to out-of-state disposal sites. The charts presented here summarize the amount of waste the Authority diverted and exported during the past two fiscal years.

#### **Mid-Connecticut**

<b>Period</b>	<b>Tons Diverted In-state</b>	<b>Tons Exported Out-of-State</b>	<b>Total</b>
FY 02	61,480	31,905	93,385
FY 03	44,115	42,067	86,182

#### **Wallingford**

<b>Period</b>	<b>Tons Diverted In-state</b>	<b>Tons Exported Out-of-State</b>	<b>Total</b>
FY 02	6,682	10,165	16,847
FY03	8,006	2,651	10,657

The Authority received five bids. The results of these bids are presented in the following tables. Please note that as part of the service pricing, CRRA asked companies to provide prices based upon varying levels of pollution liability insurance coverage (\$1 million, \$5 million and \$10 million). Only one of the bidders, Riccelli Enterprises, offered price breaks based upon the varying levels of pollution liability coverage. All other bidders based their prices upon \$10 million of pollution liability insurance.

**Contract Year 1 – January 1, 2004-December 31, 2004 – Price Per Ton**

Company	Ellington	Essex	Torrington	Watertown	Mid-CT RRF	Wallingford
USA Hauling	\$68.70	NB	NB	NB	NB	NB
Waste Management	\$73.00	\$80.00	\$81.00	\$80.00	\$75.00	\$82.00
EAC Operations	\$67.00	\$75.00	\$66.00	\$67.00	\$75.00	\$75.00
Waste Stream Environmental	\$69.50	NB	\$69.50	\$69.50	NB	NB

**Contract Year 2 AT CRRA'S SOLE OPTION – January 1, 2005-December 31, 2005 – Price Per Ton**

Company	Ellington	Essex	Torrington	Watertown	Mid-CT RRF	Wallingford
USA Hauling	NB	NB	NB	NB	NB	NB
Waste Management	\$75.92	\$83.20	\$84.20	\$83.20	\$78.00	\$85.28
EAC Operations	\$68.00	\$76.00	\$67.50	\$68.00	\$76.00	\$76.00
Waste Stream Environmental	\$71.50	NB	\$71.50	\$71.50	NB	NB

**Riccelli Enterprises Pricing Based Upon Level of Pollution Liability Coverage – Contract Year 1**

Facility	\$1 million	\$5 million	\$10 million
Ellington	\$77.00	\$82.00	\$92.00
Essex	\$77.00	\$82.00	\$92.00
Torrington	\$77.00	\$82.00	\$92.00
Watertown	\$75.00	\$80.00	\$90.00
Mid-CT RRF	\$76.00	\$81.00	\$91.00
Wallingford RRF	\$76.00	\$81.00	\$91.00

**Riccelli Enterprises Pricing Based Upon Level of Pollution Liability Coverage – Contract Year 2 At CRRA's SOLE OPTION**

Facility	\$1 million	\$5 million	\$10 million
Ellington	\$78.50	\$84.00	\$95.00
Essex	\$78.50	\$84.00	\$95.00
Torrington	\$78.50	\$84.00	\$95.00
Watertown	\$76.50	\$82.00	\$93.00
Mid-CT RRF	\$77.50	\$83.00	\$94.00
Wallingford RRF	\$77.50	\$83.00	\$94.00

The bid documents also asked firms to provide prices for the cost of transportation from the Wallingford plant to other in-state disposal sites. Only one firm provided prices for these services as presented in the following table.

**In-State Diversion Transportation Cost From Wallingford to Other In-State Disposal Sites**

Company	Lisbon RRF	BRRFOC RRF	Torrington TS	Bloomfield/Windsor	Mid-CT RRF
Waste Stream Environmental	\$16.25	\$12.75	\$13.75	\$15.00	\$13.25

The Authority frequently requires the use of multiple haulers during diversion and export periods, particularly during major plant outages. Therefore the Authority contracts with multiple haulers to ensure availability of haulers when needed.

**MID-CONNECTICUT AND WALLINGFORD SOLID WASTE TRANSPORTATION  
AND DISPOSAL AGREEMENT**

This **MID-CONNECTICUT AND WALLINGFORD SOLID WASTE TRANSPORTATION AND DISPOSAL AGREEMENT** (the "Agreement") is made and entered into as of this 1st day of January, 2004, by and between the **CONNECTICUT RESOURCES RECOVERY AUTHORITY**, a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut, having its principal offices at 100 Constitution Plaza, 17th Floor, Hartford, Connecticut 06103-1722 (hereinafter "CRRA") and \_\_\_\_\_, a \_\_\_\_\_, having its principal offices at \_\_\_\_\_ (hereinafter "Hauler").

**PRELIMINARY STATEMENT**

CRRA is the lessee of a certain parcel of real property located at Town Dump Road, Essex, Connecticut on which CRRA operates a transfer station (the "Essex Transfer Station"). CRRA is the owner of a certain parcel of real property located at Old Dump Road, Torrington, Connecticut on which CRRA operates a transfer station (the "Torrington Transfer Station") CRRA is the owner of a certain parcel of real property located at Route 140 Sadds Mill Road, Ellington, Connecticut on which CRRA operates a transfer station (the "Ellington Transfer Station"). CRRA is the owner of a certain parcel of real property located at Echo Lake Road, Watertown, Connecticut on which CRRA operates a transfer station (the "Watertown Transfer Station"). CRRA leases a certain piece or parcel of real property located on Reserve Road in Hartford, Connecticut upon which property CRRA owns and operates a certain solid waste resources recovery facility (the "Hartford Facility"), and the Hartford Facility together with the Essex Transfer Station, Torrington Transfer Station, Ellington Transfer Station and Watertown Transfer Station are hereinafter collectively referred to as the "Mid-Connecticut Facilities." CRRA owns a certain piece or parcel of real property located on South Cherry Street in Wallingford, Connecticut, upon which property CRRA owns and operates a certain solid waste resources recovery facility (the "Wallingford Facility"), and the Mid-Connecticut Facilities and the Wallingford Facility are hereinafter collectively referred to as the "CRRA Facilities." CRRA now desires to enter into this Agreement in order to have Hauler transport and dispose certain MSW from the CRRA Facilities to certain Disposal Sites identified in Paragraph 4 herein.

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

1. For the purposes of this Agreement, the term "Solid Waste" shall mean unwanted and discarded solid material consistent with the meaning of that term pursuant to Section 22a-260(7) of the Connecticut General Statutes, excluding semi-solid, liquid material collected and treated in a municipal sewerage system; and the term "MSW" shall mean Solid Waste generated by and collected from residential, commercial, institutional, industrial and other establishments located within the corporate limits of any Municipality, and deemed acceptable by CRRA in

accordance with all applicable federal, state and local laws as well as the Procedures for processing by and disposal at the Facility, but excluding any Solid Waste that is or may in the future be required by law or regulation to be recycled. CRRA collects certain MSW for disposal at the CRRA Facilities. At certain times during the term of this Agreement, CRRA may need to have excess MSW removed from its CRRA Facilities and Hauler shall be responsible for removing the MSW in trucks from the CRRA Facilities and transporting it to the Disposal Sites identified in Paragraph 4 herein. Hauler shall be responsible for furnishing all labor, materials, supplies, tools, equipment, trucks, and other facilities and necessary appurtenances or property for or incidental to the performance and completion of said transportation and disposal of the MSW to the Disposal Sites (the "Work"). Trucks for the transport of MSW shall be supplied by Hauler and meet the permit requirements of CRRA and any other governmental regulatory bodies. The trucks shall be 100 cubic yard transfer trailers with open top loading. MSW loads shall be covered during transport to Disposal Sites to avoid spillage. All trucks will be inspected periodically by CRRA to assure compliance with these requirements. Hauler shall be responsible for any fines, penalties, enforcement actions and associated costs of such action and all costs associated with clean-up or correction of spills resulting from the transportation of the MSW in Hauler's hauling vehicles.

2. CRRA or its agents shall be responsible for assuring that Hauler's trucks are properly loaded at the CRRA Facilities and that the Hauler's trucks have proper access to the CRRA Facilities. Hauler recognizes that there will be some delays in the loading of its trucks associated with the normal business operations of the CRRA Facilities.

3. All Work shall be performed and completed by Hauler in a good workmanlike manner consistent with: (i) any and all instructions, guidance and directions provided by CRRA to Hauler; (ii) the highest industry standards applicable to Hauler and its performance of the Work hereunder; (iii) performance that minimizes negative impact on the daily operation and functions of CRRA at its CRRA Facilities; (iv) any of the terms of, where applicable, CRRA's Mid-Connecticut Project Permitting, Disposal and Billing Procedures and/or CRRA's Wallingford Project Permitting, Disposal and Billing Procedures (the "Procedures"), and (v) all Laws and Regulations related to Hauler's performance of the Work (hereinafter collectively referred to as the "Standards").

4. In its performance of the Work, Hauler shall be authorized to transport the MSW to only the following sites: (1) the \_\_\_\_\_ located in \_\_\_\_\_; (2) the \_\_\_\_\_ located in \_\_\_\_\_; (3) \_\_\_\_\_ located in \_\_\_\_\_; or (4) any other disposal site or facility approved in writing by CRRA prior to any disposal by Hauler at said site or facility (the "Disposal Sites"). All such Disposal Sites must be currently permitted disposal facilities operating in accordance with, and pursuant to, all applicable governmental regulations, statutes, permitting requirements, and any other such requirement. Prior to its transportation and disposal of any MSW, Hauler shall provide CRRA with written evidence of its authorization to dispose MSW at the Disposal Sites that is deemed satisfactory to CRRA at its sole and absolute discretion. At CRRA's discretion, Hauler shall coordinate and obtain the permission of the owner/operator of the Disposal Sites to allow CRRA, or its agents, to inspect the Disposal Sites at any time during the term of this Agreement.

5. The term of this Agreement shall commence on January 1, 2004 (the "Commencement Date") and shall terminate on December 31, 2004, unless otherwise terminated or extended in accordance with the terms and conditions hereof. At its sole and absolute discretion, CRRA may extend the term of this Agreement an additional one year from January 1, 2005, through December 31, 2005. This Agreement shall become effective on the Commencement Date, subject to the approval of CRRA's Board of Directors. CRRA may extend this agreement as needed. CRRA and Hauler hereby acknowledge and agree that time is of the essence with respect to Hauler's performance and completion of the Work hereunder. Accordingly, Hauler shall perform and complete any Work hereunder during the term of this Agreement in accordance with the needs of CRRA to operate its CRRA Facilities properly and efficiently.

6. CRRA shall pay Hauler for each ton of MSW removed and transported from the Mid-Connecticut Facilities and from the Wallingford Facility to the Disposal Sites during the term of this Agreement in accordance with the per ton prices specified in Exhibit 1. Payments under this Agreement shall be based upon the scale weight data generated by CRRA's scales. This shall be the total compensation to Hauler for its performance of the Work hereunder.

7. CRRA may terminate this Agreement at any time by giving Hauler ten (10) days written notice of such termination. Upon receipt of such written notice from CRRA, Hauler shall immediately cease the Work, unless otherwise directed in writing by CRRA. Hauler shall also, prior to the termination date, remove all of its personnel and equipment from the CRRA Facilities and restore the CRRA Facilities, or any improvements located thereon, disturbed or damaged by Hauler or any of its directors, officers, employees, agents, subcontractors or materialmen to the same condition existing immediately prior to such disturbance or damage.

8. Hauler shall procure and maintain, at its own cost and expense, throughout the term of this Agreement and any extension thereof, the following insurance, including any required endorsements thereto and amendments thereof:

- (a) Commercial general liability (CGL) insurance alone or in combination with Commercial Umbrella insurance with a limit of five million (\$5,000,000.00) dollars each occurrence and aggregated covering liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insurance contract (including the tort liability of another assumed in a business contract).
- (b) Business automobile liability insurance alone or in combination with Commercial Umbrella insurance covering any auto (including owned, hired, and non-owned autos), with a limit of one million (\$1,000,000.00) dollars per accident, and including pollution liability coverage equivalent to that provided under the ISO pollution liability broadened coverage for covered autos endorsement (CA 99 48), and the Motor Carrier Act endorsement (MCS 90) shall be attached.

- (c) Contractors' pollution legal liability insurance with a limit of not less than ten million (\$10,000,000.00) dollars.
- (d) Workers' compensation with statutory limits and Employers' Liability insurance limits of not less than one million (\$1,000,000.00) dollars each accident for bodily injury by accident or one million (\$1,000,000.00) dollars for each employee for bodily injury by disease.

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

All policies for each insurance required hereunder (except contractors' pollution legal liability) shall be issued by insurance companies that are either licensed by the State of Connecticut and have a Best's Key Rating Guide of A-VII or better, or otherwise deemed acceptable by CRRA in its sole discretion.

9. Hauler shall at all times defend, indemnify and hold harmless CRRA and its directors, officers, agents and employees from and against any and all claims, damages, losses, judgments, workers' compensation payments and expenses (including, but not limited, to attorneys' fees) arising out of injuries to the person (including death), damage to property or any other damages alleged to have been sustained by: (a) CRRA or any of its directors, officers, employees, agents or other Haulers, (b) Hauler or any of its directors, officers, employees, agents, subcontractors or materialmen, or (c) any other person, to the extent any such injuries, damage or damages are caused or alleged to have been caused, in whole or in part, by the acts, omissions or negligence of Hauler or any of its directors, officers, employees, agents, subcontractors or materialmen. Hauler further undertakes to reimburse CRRA for damage to property of CRRA caused by Hauler or any of its directors, officers, employees, agents, subcontractors or materialmen, or by faulty, defective or unsuitable material or equipment used by it or any of them. Hauler's obligations under this Paragraph 9 shall survive the termination or expiration of this Agreement. The existence of insurance shall in no way limit the scope of this indemnification.

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

11. This agreement shall be governed by and construed in accordance with the laws of the State of Connecticut as such laws are applied to contracts between Connecticut residents

entered into and to be performed entirely in Connecticut.

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

13. This Agreement may not be assigned in whole or in part by the Hauler except upon the express written consent of the CRRA or such assignment shall be void. In the event of a dissolution of or merger involving Hauler, Hauler shall promptly provide CRRA with written notice of such event, including the effective date thereof. To the extent permitted by law, CRRA and Hauler desire that neither KTI, Inc. ("KTI") nor any officer, director, parent corporation, subsidiary, or any person, firm, or corporation acquiring all or substantially all of the business assets of KTI by merger, consolidation, transfer of assets or otherwise, shall have any direct or indirect financial or ownership interest in or managerial influence over Hauler or its affiliates or on Hauler's performance under this Agreement. If KTI or any officer, director, parent corporation, subsidiary, or any person, firm, or corporation acquiring all or substantially all of the business assets of KTI by merger, consolidation, transfer of assets or otherwise, seeks to participate as an owner or in the performance of Hauler's obligations under this Agreement or to participate in any way in any future project or venture with Hauler or any of its affiliates, Hauler shall notify CRRA of Hauler's or such affiliate's intent to enter into such relationship. To the extent permitted by law, Hauler shall not enter into, or shall cause its affiliate not to enter into, such relationship if CRRA disapproves of the same. CRRA shall notify Hauler of its disapproval, if at all, no later than fifteen (15) days after CRRA's receipt of notice from Hauler of its or its affiliate's intent to enter into such relationship. Any failure by Hauler to comply with the terms of this paragraph 13 shall constitute a default under this Agreement. Nothing in this paragraph 13 shall prohibit Hauler from purchasing an asset of KTI.

14. Hauler will reimburse CRRA for any damage to property of CRRA caused by Hauler, any of its affiliates, any of its directors, officers, employees, agents or subcontractors. The existence of insurance shall in no way limit the scope of this indemnification. Hauler's obligations under this Section shall survive the termination or expiration of this Agreement.

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

CONNECTICUT RESOURCES  
RECOVERY AUTHORITY

By: \_\_\_\_\_  
Thomas D. Kirk  
Its President  
Duly Authorized

HAULER

By: \_\_\_\_\_  
Its  
Duly Authorized

**Exhibit 1**  
**Service Fees**

**[prices from Pricing Form will be inserted here]**

**TAB 8**

**Resolution Regarding Rolling Stock Consulting Services  
for the  
Mid-Connecticut Project**

**RESOLVED:** The President of CRRA is authorized to enter into an agreement with The Lennox Group to perform two rolling stock and equipment service inspections for the Mid Connecticut Project at a cost of \$77,500.00.

# Memorandum

**To:** Thomas Kirk, President  
**From:** John Romano, Project Manager  
**Date:** November 3, 2003  
**Re:** Rolling Stock / Equipment Consultant Services

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## EXECUTIVE SUMMARY

On September 25, 2003 the Authority issued a request for bids for rolling stock and equipment consultant services for the Mid Connecticut Project. These services include two inspections during FY'04 which cover both required state and federal regulations of all rolling stock / equipment located at the Waste Processing facility, four transfer stations, Hartford landfill and the regional recycling facility. The rolling stock and heavy equipment is used in the daily operation for handling, transporting waste and processing recyclables. A total of 185 pieces of equipment will be inspected. The rolling stock portion of the equipment is both used and maintained by the MDC and CWPM.

Three firms either inquired or requested bid packages: The Lennox group, Fuss & O'Neill Inc. and Waste Equipment Services. On October 10, 2003 the bid due date, one firm submitted a bid:

1. The Lennox Group	\$77,500.00 / for two inspections
2. Fuss & O'Neill Inc.	No Bid
3. Waste Equip. Services	No Bid

Based upon the bid received and need to comply with both state and federal regulations, I am requesting that the Board of Directors authorize the execution of the agreement with the Lennox Group for two inspection services plus federal certification for a total of \$77,500 during fiscal year 2004.

## **DISCUSSION**

The number of inspections has been reduced from three to two per year based on CRRA staff involvement related to inspections, maintenance activities and reduction of equipment used throughout the project. The cost saving related to the reduction of inspections is \$32,000.00 for the year.

## **FINANCIAL SUMMARY**

Money for the rolling stock / equipment inspection services and federal certification was included in the FY04 budget.

**Mid-Conn Rolling Stock and Equipment Consultant Services  
 Bid Review  
 Date: October 14, 2003**

Company Name	Date Received	Time Opened	Documents Inclu.	Base Bid
Fuss and O'Neill Inc.	Called In 10/2/2003	N/A	N/A	No Bid
The Lennox Group	10/6/2003 1:21 PM	10:50 AM	3 Copies Insurance Inc	\$77,500
Waste Equipment Services	Called in 10/1/2003	N/A	N/A	No Bid

Reviewed By: John Romano

Date: 10/14/03

Reviewed By: Michael J...

Date: 10/14/03

LEGAL NOTICE  
CONNECTICUT RESOURCES RECOVERY AUTHORITY

NOTICE TO CONTRACTORS – REQUEST FOR BIDS  
MID-CONNECTICUT PROJECT  
ROLLING STOCK AND  
EQUIPMENT CONSULTANT SERVICES  
211 MURPHY ROAD  
HARTFORD, CONNECTICUT 06114

The Connecticut Resources Recovery Authority (“CRRA”) is seeking bids from qualified firms to perform certain rolling stock and equipment services for the Mid-Connecticut Project in accordance with the terms and conditions of the contract documents. CRRA is required to comply with state and federal regulations and provide certification of compliance for its rolling stock. The work will include, but not be limited to the following items:

- 1) Plan, schedule and conduct two(2) on-site safety inspection of rolling stock and equipment as required by CRRA. Inspection locations will include the CRRA Waste Processing Facility, the Hartford Landfill, the Ellington, Essex , Watertown and Torrington transfer stations, the Regional Recycling Center and the Vehicle Maintenance Facilities. Total pieces of equipment to inspect, approximately 185.
- 2) Review and report of all out-of-service repairs and maintenance records, including any outside contractor repairs.
- 3) Review and analyze report data, warranty claims, computerized reporting systems, and trip master system.
- 4) Provide a written report, which documents the findings of each inspection.
- 5) Conduct in conjunction with CRRA two (2) end-of-period review meeting.
- 6) Insure compliance and provide state and or federal certification for transportation and road requirements.

A prebid conference will be held at the Mid Connecticut project Office, 211 Murphy Road, Hartford, CT 06114 on **October 3, 2003** at 10:00 a.m.

All bids shall be due no later than 2:00 p.m. on **October 10, 2003**.

CRRA will open sealed bids for the above referenced Services at 2:00 p.m. on October 10, 2003 at CRRA’s offices at 211 Murphy Road, Hartford, CT 06114.

Bid Documents are available as of October 1, 2003 at the above referenced CRRA offices. Anyone wishing to schedule a site visit or having questions regarding the bid documents may contact John Romano (860) 549-1751, ext 3005.

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**REQUEST FOR BIDS**

**MID-CONNECTICUT PROJECT  
211 MURPHY ROAD  
HARTFORD, CONNECTICUT 06114**

**ROLLING STOCK AND  
EQUIPMENT CONSULTANT SERVICES**

**SEPTEMBER 26, 2003**

**A. INVITATION TO BID AND PROCEDURE**

The Connecticut Resources Recovery Authority ("CRRA") is a quasi-public agency of the State of Connecticut (the "State") responsible for, among other things, the management of solid waste in the State. To that end, CRRA has developed, constructed and operates, as part of its integrated state-wide solid waste management system, the Mid-Connecticut Project, which includes one (1) resource recovery facility, one (1) regional recycling center, one (1) landfill and four (4) transfer stations. At present the Mid-Connecticut Project serves approximately 65 Connecticut municipalities.

CRRA is seeking proposals from qualified firms to perform certain rolling stock and equipment services for the Mid-Connecticut Project in accordance with the terms and conditions of the contract documents (the "Work" and the "Project").

Any bidder interested in submitting a bid is responsible for inspecting the sites where the work will be performed and familiarizing itself with all site conditions. Any such bidder having any questions on this Request for Bid ("RFB") may contact John Romano, Project Manager, at (860) 549-1751 (ext. 3005). Since CRRA is exempt from state sales and use tax, the price of any bid for the Work shall not include any such tax.

**B. SCOPE OF WORK**

The Connecticut Resources Recovery Authority ("CRRA") is seeking bids from qualified contractors to perform and complete the following services in accordance with the terms and conditions of this RFB. CRRA is required to comply with state and federal regulations and provide certification of compliance for its rolling stock. CRRA intends that all inspection and certification work shall be completed no later than June 30, 2004.

The Work shall consist of the following:

A. Plan, schedule and conduct two (2) on-site safety inspections of all rolling stock and equipment as required by CRRA. The equipment to be inspected will include, and not be limited to, tractors, trailers, roll off trucks and boxes, dump trucks, loaders, excavators, compactors, dozers and other units. A list of the equipment to be inspected is listed on Exhibit A attached hereto, but additional equipment may be added by CRRA hereafter. The inspection work shall consist of the following:

- 1) Physical inspection of the condition of all rolling stock and equipment at the Waste Processing Facility (WPF) in Hartford; the Hartford Landfill; the four (4) Transfer Stations located in Ellington, Essex, Watertown and Torrington; the Regional Recycling Center in Hartford; and the two (2) Vehicle Maintenance Facilities located in Hartford (the "CRRA Properties");
  - 2) Review the adequacy and completion of all out-of-service repairs and maintenance records, including any outside contracted repair work (including the expedition of repairs as needed);
  - 3) Review and analyze report data, warranty claims, computerized reporting systems, and trip master system; and
  - 4) Provide a written report of each inspection which documents the findings of Items 1), 2), and 3) listed above.
- B. At the direction of CRRA, conduct two (2) end-of-the-period review meetings with representatives of CRRA and the Metropolitan District Commission, at CRRA's Mid-Connecticut Project office located in Hartford, Connecticut.
- C. Ensure compliance and provide certification of compliance with state and federal transportation/road requirements for all vehicles and equipment.

### **C. BID PROCEDURES**

Bids will be opened publicly on the bid due date and at the location as outlined in Section E, below, and all bids shall remain open for sixty (60) days after such bid due date.

CRRA will base its evaluation of the bids on price and the demonstrated skill, ability and integrity of each bidder to perform the Work, and any other factor or criterion that CRRA may deem relevant or pertinent for its evaluation of such bids. The award of the contract for the Work will be made, if at all, to the bidder whose evaluation by CRRA results in CRRA determining that such award to such bidder is in the best interests of CRRA and the Project. However, the selection of a bidder and the award of such contract, while anticipated, are not guaranteed. CRRA reserves the right to not award the contract, to

waive any informality or informalities in any of the bids and/or the bidding process, and/or to reject any or all of the bids, or any part(s) thereof. CRRA may conduct any investigation it deems necessary in evaluating the bids, including but not limited to, requesting additional information from any bidder. Each bidder shall furnish CRRA with all such information as may be requested for this purpose. Neither CRRA nor any of its directors, officers, employees or authorized agents shall be liable for any claims or damages resulting from the evaluation, selection, nonselection or rejection of any bid submitted in response to this RFB.

Each bidder shall be solely responsible for all costs and expenses, including but not limited to attorneys' fees, associated with the preparation and/or submission of its bid, or incurred in connection with any negotiations with CRRA, and CRRA shall have no responsibility or liability whatsoever for any such costs and expenses. Neither CRRA nor any of its directors, officers, employees or authorized agents shall be liable for any claims or damages resulting from the solicitation or collection of bids. By submitting a bid, bidder expressly waives: (i) any claim(s) for such costs and expenses, and (ii) any such claims or damages.

#### **D. INSURANCE**

Each bidder shall submit, as part of its bid, documentation evidencing that bidder has procured and is currently maintaining the insurance set forth below:

- (1) Commercial general liability insurance alone or in combination with Commercial Umbrella insurance with a limit of five million (\$5,000,000.00) dollars each occurrence covering liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insurance contract (including the tort liability of another assumed in a business contract);
- (2) Business automobile liability insurance alone or in combination with Commercial Umbrella insurance covering any auto or vehicle (including owned, hired, and non-owned autos or vehicles), with a limit of one million (\$1,000,000.00) dollars each accident;
- (3) Workers' Compensation with statutory limits and Employers' bodily injury by accident or five hundred thousand (\$500,000.00) dollars for Liability limits of five hundred thousand (\$500,000.00) dollars each accident for each employee for bodily injury by disease.
- (4) Professional Liability with a limit of one million (\$1,000,000.00) dollars.

**E. BID DUE DATE**

All bids shall be due no later than **2:00 PM on October 10, 2003**. All bids shall be delivered in separate envelopes clearly marked "**Mid-Connecticut Rolling Stock and Equipment Consultant Services.**" Three (3) copies of the proposal are required and shall be mailed or hand-delivered to the following address by the above RFB deadline:

Connecticut Resources Recovery Authority  
211 Murphy Road  
Hartford, CT 06114  
**Attn: John Romano**

A prebid conference of the work sites will be held at the Mid-CT Project Office, 211 Murphy Road, Hartford, Connecticut 06114, on **October 3, 2003** at 10:00 AM.

## BID FORM

### Mid-Connecticut Rolling Stock and Equipment Consultant Services

Submitted by:

Firm: The Lennox Group  
Address: Hemlock Hill, P.O. Box 217  
Jackson NH 03846  
Phone: 603-3839303

Capitalized words or terms used but not defined herein shall have the same respective meanings ascribed to such words or terms in the RFB.

#### 1. BIDDER'S REPRESENTATIONS.

In submitting this bid, the undersigned ("Bidder") hereby represents and agrees that:

Bidder has studied the RFB and understands the nature of the Project described therein and the type of Work needed to implement and complete the Project.

Bidder has familiarized itself with the site conditions of the area in which the Work will be performed.

Bidder accepts all terms and conditions of the RFB, all of which terms and conditions are deemed to be incorporated herein by reference as if such terms and conditions had been fully set forth herein.

This bid is genuine and is not made in the interest of, or on behalf, of any undisclosed person, firm or corporation and is not submitted in conformity or connection with any agreement or rules of any group, association, organization or corporation; Bidder has not directly or indirectly induced or solicited any other bidder to submit a false or sham Bid; Bidder has not solicited or induced any person, entity, firm, company, corporation or business to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other bidder for the Work or over CRRA.

2. **BID PRICE.**

1. Base Bid

Bidder will complete the Work described in the RFB for the following lump sum bid:

Seventy Seven Thousand five hundred  
(Use words)  
\$ 77,500  
(Use figures)

Bidder warrants and represents that the above price: (i) include all expenses and costs to be incurred by Bidder in performing and completing the Work, and (ii) does not include any sales and use tax.

3. **TIME OF COMPLETION.**

Bidder shall perform and complete the Work within thirty (30) calendar days following the date on which CRRA issues the Notice To Proceed with such Work (the "Completion Date").

4. **BIDDER'S OBLIGATIONS.**

Bidder hereby acknowledges that if this bid is accepted by CRRA and CRRA issues a notice of award for the Work (the "Notice of Award") to Bidder, Bidder shall: (i) satisfy any conditions set forth in such Notice of Award to CRRA's satisfaction, and (ii) comply with and be bound by the following terms and conditions (the "Terms and Conditions", and the Terms and Conditions together with the RFB, this bid, the Notice of Award and the Notice to Proceed are hereinafter collectively referred to as the "Contract Documents"). For purposes of the Terms and Conditions, the term "Contractor" shall mean Bidder; the term "Site" shall mean those areas of the CRRA Properties upon which the Work is to be performed, furnished and completed by Contractor in accordance with the Contract Documents; and the term "Acceptance Date" shall mean the date on which CRRA determines that the Work has been completed by Contractor in accordance with the Contract Documents.

- a. At CRRA's sole discretion and request, Contractor shall perform the Work as outlined in the Contract Documents and perform all other Work required for the Project, all in accordance with the Contract Documents. Contractor shall, at its sole cost and expense, also furnish all labor, materials, supplies, tools, equipment, facilities and other property in order to perform and complete the Work. Contractor shall remove from the CRRA Properties all Work materials generated by or resulting from its performance of the Work.
- b. Contractor shall perform and complete all Work in accordance with: (i) any and all instructions, guidance and directions provided by CRRA to Contractor; (ii) the terms and conditions of the Contract Documents; (iii) all applicable federal, state and local laws, regulations, orders and permits; (iv) sound construction practices; and (v) the highest industry standards applicable to Contractor and its performance of the Work (hereinafter collectively referred to as the "Standards").
- c. In the event that CRRA determines during the term of these Contract Documents that any revisions, modifications or changes to the Scope of Work are necessary, then pursuant to CRRA's request and the mutual agreement of the parties hereto on the cost of, and time schedule for, the work required for such revisions, modifications or changes, Contractor shall perform such work.
- d. Contractor represents that the price set forth in Section 2. of this bid (the "Contract Price") constitutes the full compensation to Contractor for the Work to be performed by Contractor under these Contract Documents and includes all expenses and costs to be incurred by Contractor in performing such Work. The Contract Price shall be payable as follows, subject to the terms and conditions of subsection f. below. Contractor shall submit a detailed invoice to CRRA upon Contractor's completion of all the Work. If CRRA determines in its sole and absolute discretion that the Work for which Contractor is requesting payment has been properly performed and completed in accordance with the Standards, Contractor is not in default hereunder, and CRRA does not dispute the amount requested on such invoice, then CRRA shall pay Contractor the amount requested within forty-five (45) days after CRRA's receipt of such invoice.
- e. In the event CRRA determines that any of the Work for which Contractor has requested payment has not been performed and/or completed in conformance with the Standards or if Contractor is in default hereunder, then CRRA may, in its sole and absolute discretion, withhold all or part of the requested payment, and Contractor shall, if requested by CRRA, immediately take, at Contractor's sole cost and expense, all actions necessary to render such Work in conformance with the Standards, or to cure such default. CRRA shall have no obligation under these Contract Documents to pay for any Work that CRRA determines has not been performed and/or completed in conformance with the Standards, and CRRA shall have no obligation to pay Contractor any amount due Contractor under these Contract Documents if Contractor is in default hereunder. If CRRA disputes the amount in the invoice submitted by Contractor, CRRA shall have the right to

withhold the disputed amount until the dispute is settled. CRRA shall notify Contractor of any disputed amount and the reason(s) for disputing such amount.

- f. CRRA may terminate these Contract Documents at any time by giving Contractor ten (10) days written notice of such termination. Upon receipt of such written notice from CRRA, Contractor shall immediately cease performance of any and all Work, unless otherwise directed in writing by CRRA. Contractor shall also, prior to the termination date, remove all of its personnel and equipment from the CRRA Properties and restore any portion of the CRRA Properties, any improvements thereon or any completed Work that requires restoration. Upon CRRA's termination of these Contract Documents, (a) CRRA shall pay Contractor for all Work performed and completed by Contractor prior to the termination date, provided: (i) such Work has been performed and completed by Contractor in conformance with the Standards, (ii) payment for such Work has not been previously made or is not disputed by CRRA, (iii) Contractor is not in default hereunder, and (iv) Contractor has performed and completed all of its obligations under this subsection f. to CRRA's satisfaction; and (b) CRRA shall have no further liability hereunder. Except for the payment that may be required pursuant to the preceding sentence, CRRA shall not be liable to Contractor in any other manner whatsoever in the event CRRA exercises its right to terminate these Contract Documents.
- g. Contractor shall procure and maintain, at its own cost and expense, throughout the term of this Agreement and any extension thereof, the insurance set forth in Section D of the RFB, including any required endorsements to, and amendments of, any such insurance.
- h. Upon the Notice of Award to Contractor and prior to Contractor commencing any Work, Contractor shall submit to CRRA a certificate or certificates for each required insurance referenced in Section D of the RFB certifying that such insurance is in full force and effect and setting forth the information required by subsection i. below. Additionally, Contractor shall furnish to CRRA, within thirty (30) days before the expiration date of the coverage of each required insurance set forth in Section D of the RFB, a certificate or certificates containing the information required by subsection i. below and certifying that such insurance has been renewed and remains in full force and effect.
- i. All policies for each insurance required hereunder shall: (i) name CRRA as an additional insured (this requirement shall not apply to workers' compensation insurance, employers' liability insurance, or Professional Liability insurance); (ii) include a standard severability of interest clause; (iii) provide for not less than thirty (30) days' prior written notice to CRRA by registered or certified mail of any cancellation, restrictive amendment, non-renewal or change in coverage; (iv) hold CRRA free and harmless from all subrogation rights of the insurer; and (v) provide that such required insurance hereunder is the primary insurance and that any other similar insurance that CRRA may have shall be deemed in excess of such primary insurance.

- j. All policies for each insurance required hereunder shall be issued by insurance companies that are either licensed by the State of Connecticut and have a Best's Key Rating Guide of A- VII or better, or otherwise deemed acceptable by CRRA in its sole discretion.
- k. No provision of subsections g., h., i., j., k., or l. herein shall be construed or deemed to limit Contractor's obligations under these Contract Documents to pay damages or other costs and expenses.
- l. CRRA shall not, because of accepting, rejecting, approving, or receiving any certificates of insurance required hereunder, incur any liability for: (i) the existence, non-existence, form or legal sufficiency of the insurance described on such certificates, (ii) the solvency of any insurer, or (iii) the payment of losses.
- m. Contractor shall at all times defend, indemnify, and hold harmless CRRA and its board of directors, officers, agents, and employees from and against any and all claims, damages, losses, judgments, workers' compensation payments, and expenses (including but not limited to attorneys' fees) arising out of injuries to the person (including death) or damage to property or other damages alleged to have been sustained by: (a) CRRA or any of its directors, officers, agents, or employees, or (b) Contractor or any of its directors, officers, employees, agents, subcontractors, or materialmen, or (c) any other person, to the extent any such injuries, damage or damages are caused or alleged to have been caused in whole or in part by the acts, omissions, or negligence of Contractor or any of its directors, officers, employees, agents, subcontractors or materialmen. Contractor further undertakes to reimburse CRRA for damage to property of CRRA caused by Contractor or any of its directors, officers, employees, agents, subcontractors, or materialmen or by faulty, defective, or unsuitable material or equipment used by it or any of them. Contractor's obligations under this subsection m shall survive the termination of these Contract Documents. The existence of insurance shall in no way limit the scope of this indemnification.
- n. Contractor agrees to the following: (1) Contractor agrees and warrants that in the performance of the Work for CRRA, Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, sexual orientation, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by Contractor that such disability prevents performance of the Services involved, in any manner prohibited by the laws of the United States or of the State of Connecticut. Contractor further agrees to take affirmative action to insure that applicants with job related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, sexual orientation, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by Contractor that such disability prevents performance of the Services involved; (2) Contractor agrees, in all solicitations or

advertisements for employees placed by or on behalf of Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Connecticut Commission on Human Rights and Opportunities (The "Commission"); (3) Contractor agrees to provide each labor union or representative of workers with which Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union, workers' representative and vendor of Contractor's commitments under Sections 4a-60 and 4a-60a of the Connecticut General Statutes and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) Contractor agrees to comply with each applicable provision of Sections 4a-60, 4a-60a, 46a-68e, and 46a-68f, inclusive, of the Connecticut General Statutes and with each regulation or relevant order issued by the Commission pursuant to Sections 46a-56, 46a-68e, and 46a-68f of the Connecticut General Statutes; and (5) Contractor agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts concerning the employment practices and procedures of Contractor as related to the applicable provisions of Sections 4a-60, 4a-60a and 46a-56 of the Connecticut General Statutes. If these Contract Documents are a public works contract, Contractor agrees and warrants that it will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials in such public works project.

- o. Contractor shall not file any mechanic's liens or other liens or security interests against CRRA or any of its properties. Contractor shall defend, indemnify and hold harmless CRRA against all costs associated with the filing of such liens or security interests by Contractor or any of its subcontractors or materialmen. Before any subcontractor or materialman of Contractor commences any Work hereunder, Contractor shall deliver to CRRA an original waiver of mechanic's liens properly executed by such subcontractor or materialman. If any mechanic's lien is filed against CRRA or any of its properties in connection with the Work, Contractor shall cause the same to be canceled and discharged of record within fifteen (15) days after the filing of such lien and, if Contractor fails to do so, CRRA may, at its option and without any obligation to do so, make any payment necessary to obtain such cancellation or discharge and the cost thereof as well as all other costs and attorneys' fees incurred by CRRA in obtaining such cancellation or discharge, at CRRA's election, shall be either deducted from any payment due to Contractor hereunder or reimbursed to CRRA promptly upon demand by CRRA to Contractor.
- p. Contractor hereby acknowledges and agrees that time is of the essence with respect to Contractor's performance and completion of the Work. Accordingly, Contractor shall perform and complete the Work within the time frame set forth in Section 3 of this bid (the "Contract Time"). CRRA and Contractor recognize the difficulties involved in proving actual damages and losses suffered by CRRA if the Work is not completed and ready for CRRA's acceptance by the Completion Date. Accordingly, instead of requiring any such proof, CRRA and Contractor

agree that as liquidated damages for any such delay in completion or readiness for acceptance (but not as a penalty) Contractor shall pay CRRA TWO HUNDRED FIFTY and 00/100 (\$250.00) DOLLARS for each calendar day beyond the Completion Date that Contractor fails to complete all of the Work or have the same ready for CRRA's acceptance until all such Work is completed by Contractor and readied by Contractor for acceptance by CRRA.

- q. This Agreement constitutes the entire agreement and understanding between the parties hereto and concerning the subject matter hereof, and supersedes any previous agreements, written or oral, between the parties hereto and concerning the subject matter hereof. These Contract Documents shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Connecticut as such laws are applied to contracts between Connecticut residents entered into and to be performed entirely in Connecticut. These Contract Documents may not be assigned in whole or in part by either party without the prior written consent of the other party or such assignment shall be void. These Contract Documents may not be amended, modified, or supplemented except by a writing signed by the parties hereto that specifically refers to these Contract Documents. Any oral representations or letters by the parties or accommodations shall not create a pattern or practice or course of dealing contrary to the written terms of these Contract Documents unless these Contract Documents is formally amended, modified, or supplemented. These Contract Documents shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of CRRA and Contractor. Whenever nouns or pronouns are used in these Contract Documents, the singular shall mean the plural, the plural shall mean the singular, and any gender shall mean all genders or any other gender, as the context may require. The words "herein", "hereof" and "hereunder" and words of similar import refer to these Contract Documents as a whole and not to any particular Section or Subsection unless the particular Section, or Subsection is specifically referenced.
- r. CRRA hereby grants to Contractor, during normal work hours, access to only those areas of the CRRA Properties necessary for Contractor to perform the Work hereunder, provided that: (i) Contractor shall not interfere with any other operations or activities being conducted on the CRRA Properties by either CRRA or any other person or entity; (ii) Contractor directly coordinates with CRRA on such access and Contractor's storage of any equipment or materials on the CRRA Properties; and (iii) Contractor is in compliance with all of the terms and conditions of this Agreement. CRRA reserves the right to revoke the access granted to Contractor herein if Contractor fails to comply with any of the foregoing conditions of access.

5. **WAIVER.**

The undersigned Bidder and all its affiliates and subsidiaries, if any, understand that by submitting a bid, such Bidder is acting at its and their own risk and such Bidder does for itself and all its affiliates, subsidiaries, successors and assigns hereby waive any rights it and/or any of them may have to receive any damages for any liability, claim, loss or injury resulting from: (i) any action or inaction on the part of CRRA or any of its directors, officers, employees or authorized agents with respect to the evaluation, selection, nonselection and/or rejection of any bid or bids by CRRA or any of its directors, officers, employees or authorized agents; (ii) any agreement entered into for the Work or any part thereof; (iii) or any award or non-award of a contract for the Work or any part thereof.

**By Contractor:**

Signature of Bidder *Jim Juncella*  
Name and Title *James Crap / President*  
Telephone *603 323 9303*  
Date of Submittal *10/3/03*

**By Connecticut Resources Recovery Authority:**

Signature \_\_\_\_\_  
Name and Title \_\_\_\_\_  
Date \_\_\_\_\_

## **TAB 9**

**RESOLUTION REGARDING ANNUAL STACK TESTING AT  
MID-CT RRF FOR CALENDAR YEARS 2004 AND 2005**

**RESOLVED:** That the President is hereby authorized to enter into a contract with TRC Environmental Corporation for performance of the annual air emissions performance at the Mid-Connecticut RRF for calendar years 2004 and 2005, substantially as discussed and presented at this meeting.

# Connecticut Resources Recovery Authority

## Contract Summary for Contract entitled

### Annual Stack Testing at the Mid-Connecticut RRF for CYs 2004 and 2005

Presented to the CRRA Board on: November 20, 2003

Vendor/ Contractor(s): TRC Environmental Corporation

Effective date: December 1, 2003

Contract Type/Subject matter: Annual stack testing at the Mid-Connecticut RRF for calendar years 2004 and 2005.

Facility (ies) Affected: Mid-Connecticut RRF

Original Contract: N/A

Term: Two (2) Years – December 1, 2003 through December 1, 2005

Contract Dollar Value: \$107,500.00

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: TRC and its subcontractors will provide annual air emissions testing services, laboratory analyses and summary reports for the Mid-Connecticut MWC for the calendar years 2004 and 2005.

Other Pertinent Provisions: None

**Connecticut Resources Recovery Authority**  
**Mid-Connecticut RRF**  
**Annual Stack Testing at the Mid-Connecticut RRF for**  
**CY2004 and 2005**

*November 20, 2003*

**Executive Summary**

CRRA is required by R.C.S.A. Section 22a-174-38 to conduct annual air emissions performance testing at the Mid-Connecticut RRF. CRRA's Environmental Services staff issued a Request for Bids for this work, received and evaluated bids and selected the bid of TRC Environmental Corporation as the lowest-priced qualified bid.

This is to request approval of the CRRA Board of Directors for the President to enter into a contract with TRC Environmental Corporation for the annual air emissions performance testing for the calendar years 2004 and 2005.

**Discussion**

Beginning in calendar year 2001, owners of municipal waste combustors have been required to conduct annual air emission performance testing in order to demonstrate compliance of their facilities with the emission limits found in R.C.S.A. Section 22a-174-38(c). CRRA has conducted a competitive bidding process each year to select a qualified stack test firm to perform this testing at the Mid-Connecticut RRF. The selected firm prepares a test plan, which is approved by DEP, and performs the testing. The stack-testing firm, in turn, utilizes a certified analytical laboratory to determine the emissions of the facility and reports these values to CT DEP.

Five environmental testing firms submitted bids. They are TRC Environmental Corporation, CK Environmental, ROJAC, Airtech Environmental Services, and ESS Group, Inc.

CRRA Environmental Services staff reviewed the bids. All were found to be complete and compliant with the requirements of the bid solicitation. The bids were scored numerically based on pertinent criteria and the scores compared to a "minimum acceptable qualification score" of 7 out of 10. The bid with the lowest price of those that achieved the "minimum acceptable qualification score" was the bid of TRC Environmental Corporation. The Environmental Services staff believes that the 'bottom-line price' of TRC's bid reflects the complete scope of work as specified in the bid solicitation.

### **Financial Summary**

CRRA expects to pay TRC Environmental Corporation \$48,500 following testing in April 2004 at the Mid-Connecticut RRF. CRRA will then submit its claim to CT DEP for reimbursement of this amount per the terms of the contract approved by CRRA's Board of Directors on September 18, 2003. Likewise in 2005, CRRA expects to pay TRC Environmental Corporation \$48,500 following testing in April of that year and then submit its claim for reimbursement to CT DEP. Assuming a timely reimbursement by CT DEP, at the end of CY 2005 there should be no net cost incurred by CRRA.

Note that the Contract Dollar Value contains \$10,500 in contingency funds.

**TAB 10**

**RESOLUTION WITH RESPECT TO THE  
HIRING OUTSIDE GENERAL COUNSEL**

**RESOLVED:** That upon recommendation of the Policy and Procurement Committee, the board hereby authorizes the President of the Authority, to execute, deliver, and perform on behalf of this Authority, a Legal Services Agreement for a period of three years, as was substantially set forth in the RFQ, with Halloran and Sage as CRRA's outside general counsel.