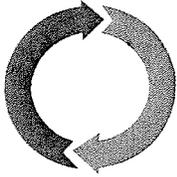


**CRRA  
BOARD MEETING  
DECEMBER 16, 2004**



CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY

100 Constitution Plaza • Hartford • Connecticut • 06103 • Telephone (860)757-7700  
Fax (860)757-7745

## MEMORANDUM

TO: CRRA Board of Directors

FROM: Kristen Greig, Secretary to the Board/Paralegal KLG

DATE: December 10, 2004

RE: Notice of Meeting

---

There will be a regular meeting **by teleconference** of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, December 16, 2004 at 9:30 a.m. The meeting will be available to the public in the Board Room of 100 Constitution Plaza, Hartford, Connecticut.

Please notify this office of your attendance at (860) 757-7787 at your earliest convenience.

Connecticut Resources Recovery Authority  
Board of Directors' Meeting

Agenda

December 16, 2004

9:30 AM

I. Finance

1. Board Action will be sought for Authorization of the Issuance of \$30 Million Corporate Credit Resource Recovery Refunding Bonds – 2005 Series (Southeast Project) (Attachment 1).
2. Board Action will be sought for Authorization of the Issuance of Subordinated Indebtedness Under the General Bond Resolution for the Fiscal Year Ending June 30, 2006 from the State of Connecticut to Benefit the Mid-Connecticut Project (Attachment 2).

II. General

1. Board Action will be sought for Appointment of Corporate Secretary (Attachment 3).

III. Executive Session

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

# **TAB 1**

# Memorandum

To: Jim Bolduc, CFO

From: Bettina Bronisz, Assistant Treasurer & Director of Finance 

Date: December 3, 2004

Re: Proposed \$30,000,000 Corporate Credit Refunding Bonds – American Ref-Fuel Company LLC, 2005 Bonds and Redemption of \$3,935,000 Resource Recovery Revenue Bonds – 1989 Series A

---

I. **Refunding \$30,000,000 Corporate Credit Refunding Bonds – American Ref-Fuel Company LLC, 2005 Bonds**

Securities issued by the Authority

As granted under Section 22a-269 the State of Connecticut's Solid Waste Management Act (the "Act"), the Connecticut Resources Recovery Authority (the "Authority") has bonding authority for purposes ascribed to it in the Act. In addition, Section 22a-270 of the Act, bonds issued by the Authority shall be tax-exempt from State taxes. Bonds issued by the Authority shall also be exempt from Federal taxation, in most instances.<sup>1</sup>

Chronology of the Southeast Project Bonds

The Authority and the Southeast Connecticut Regional Resources Recovery Authority ("SCRRA") have established a regional system of solid waste management, disposal and resources recovery that currently serves 15 municipalities in the southeastern area of the State. The project consists of a mass burn resources recovery facility in Preston and a landfill at Montville (which has been closed). The Authority issued bonds for these facilities, as indicated on the attached Chronology of Southeast Bond Financings.

Bonds of American Ref-Fuel

As detailed in the Chronology, the Authority served as conduit issuer for several bond issues of American Ref-Fuel ("ARC"). These bonds were issued as special obligations of the Authority and there is no obligation by the Authority for debt service as it is paid for by ARC and are guaranteed by ARC's parent.

On September 17, 1992, the Authority issued \$30,000,000 Corporate Credit Bonds/Tax-Exempt Interest (American Ref-Fuel Company of Southeast Connecticut Project – 1992 Series A). Proceeds were used to finance a portion of the cost of the mass-burn solid waste disposal and resource recovery facility. The Authority entered into a Loan Agreement, dated January 15, 1992 with American Ref-Fuel Company of Southeastern Connecticut (the "Borrower"), whereby the Borrower will make principal and interest payments due on the 1992 Series A Bonds directly to the Trustee. The 1992 Series A Bonds do not constitute a debt of the Authority. The

---

<sup>1</sup> Bonds of the Authority may be subject to Alternative Minimum Tax or may not be exempt from State or Federal income taxes, based on type of project.

1992 Series A Bonds were marketed and sold as a bullet maturity with a coupon rate of 6.45% due on November 15, 2022.

Proposed Refunding Bonds

ARC has proposed refunding the 1992 Series A Bonds to a lower interest rate in order to realize economic savings. The proposed refunding bonds will match the original issue maturity date of November 15, 2022. Based on conversation with ARC, we believe the gross savings of this refunding to be approximately \$185,000 per year. The Authority is awaiting a copy of the savings analysis.

ARC currently desires the Authority to again serve as conduit issuer. Management has been working with ARC and counsel on the following financial and legal documents:

- Preliminary Official Statement
- Corporate Credit Guarantee (American Ref-Fuel Company as Guarantor)
- Company Representation and Indemnity Agreement
- Authority Representation Agreement
- First Supplemental Indenture of Trust
- First Amendment of Loan Agreement
- Promissory Note
- Bond Purchase Agreement
- Continuing Disclosure Agreement

The proposed refunding will require opinion letters from the Authority's bond counsel (Sidley Austin Brown & Wood) and issuer counsel (Halloran & Sage). Issuance of the bonds requires the Authority Board to pass an authorizing resolution. In addition, the State Treasurer must approve any bonds issued by the Authority.

Authority Obligation

The proposed refunding bonds will be deemed "special obligations" of the Authority, payable from the terms set forth in the First Amendment to the Loan Agreement by and between the Authority and American Ref-Fuel Company of Southeastern Connecticut, whereby American Ref-Fuel Company of Southeastern Connecticut shall make loan payments to the Trustee for the account of the Authority in an amount to pay all debt service on the proposed refunding bonds. There will be no obligation by the Authority for debt service.

**II. Redemption of \$2,045,000 Resource Recovery Revenue Bonds (American Ref-Fuel Company of Southeastern Connecticut Project – 1989 Series A)**

On June 8, 1989, the Authority issued \$3,935,000 of Resource Recovery Revenue Bonds (American Ref-Fuel Company of Southeastern Connecticut Project – 1989 Series A). The Proceeds were used to refinance a portion of the Authority's \$9,800,000 general obligation notes maturing 6/89, which note proceeds were applied to the acquisition, construction and installation of the project. As of December 1, 2004, the outstanding balance of these bonds is \$2,045,000. As of November 15, 2004, the call premium for these bonds is 100.00%. The Authority seeks to call these bonds from the balance available in the debt service reserve account (approximately \$400,000) and excess amounts in the Montville Landfill Postclosure Reserve. In order to call these bonds, notification and concurrence of the call is required from ARC. Board action is not necessary to call these bonds.

**Chronology of Southeast Bond Financings:**

- SCRRRA established pursuant to Chapter 103b of the CGS.
- SCRRRA bylaws adopted January 1985 for the purpose of developing and implementing solutions to disposal of MSW.
- CRRA, in association with SCRRRA, contract with American Ref-Fuel (ARC) for design, construction, start-up, performance testing, operation and ownership of 600 tons per day mass burn RRF.
- CRRA and Trustee enter into Trust Indenture dated 12/1/85 for bonds:

\$62,000,000 1985 Series RR Rev. Bonds	Issued: 12/85 Maturity: 11/08	100% on book	Proceeds used to finance costs of design and construction of facility for SW disposal and electric generation in Preston. <sup>2</sup>
--	----------------------------------	--------------	--

- SCRRRA enters into Bridge and Management Agreement with CRRA December 1987.

➢ *CRRA required to cause RRF to be constructed and operated*

➢ *SCRRRA required to provide waste from municipalities and pay costs of RRF.*

- CRRA and ARC enter into Service Agreement dated 12/1/87
- CRRA and ARC enter into Lease Agreement dated 12/1/88
- CRRA and Trustee enter into Trust Indenture dated 12/1/88 for bonds:

\$102,630,000 1988 Series A RR Rev. Bonds (Project Bonds)	Issued: 12/88 Last Maturity: 11/15		Proceeds used to finance a portion of the costs of the acquisition, construction, equipping, installation, start-up and acceptance testing of SW disposal and electric generation facility; development costs of CRRA and SCRRRA; certain off-site improvements (including electrical interconnection), SCRF. <sup>3</sup>
--	---------------------------------------	--	--

- SCRRRA and ARC enter in to Landfill Agreement dated 12/1/88
- CRRA and Trustee enter into General Trust Indenture and Supplemental Trust Indenture dated 12/1/88 for bonds:

\$17,855,000 1988 Series A Municipal Svc. Fee Rev. Bonds	Issued: 12/88 Last Maturity: 11/01		Proceeds used to finance a landfill.
---	---------------------------------------	--	--------------------------------------

- CRRA and ARC enter Loan Agreement dated 12/1/88
- CRRA and Trustee enter into Trust Indenture dated 12/1/88 for bonds:

\$18,550,000 1988 Series A Corp Credit/Taxable Bonds	Issued: 12/88 Maturity: 11/15	0% on book	Sold as variable rate to Westpac Banking Corp (as private placement?) No OS Proceeds used to finance SW disposal and RRF project for benefit of ARC.
---	----------------------------------	------------	---

- CRRA and Trustee enter into Trust Indenture dated 12/1/88 for bonds:

\$16,340,000 1988 Series A Corp. Credit/Tax-Exempt Bonds	Issued: 12/88 Last Maturity: 11/15	0% on book	Proceeds used to pay or reimburse ARC for costs of acquisition, construction, equipping, installation, start-up and acceptance testing of RRF and SCRF.
---	---------------------------------------	------------	---

<sup>2</sup> From "Plan of Financing" section of OS: "The Authority has estimated a price of approximately \$47,000,000 for its portion of the 600-ton per day Facility. Such portion of the Facility is expected to be financed (i) through the issuance of the 1985 Bonds and (ii) through an equity contribution of the Company [ARC] equal to 25% of the base facility price of \$47,000,000. The Authority expects to finance all or a portion of the Company's equity through the issuance of its bonds which will be special obligations of the Authority payable solely from funds to be provided by the Company.

<sup>3</sup> From "System Financing Plan" section of OS: "The Company [ARC] is obligated to obtain an equity investment of approximately \$24,700,000, which will be applied to Project Costs. The Authority has agreed to finance such initial Company equity through the issue of the Corporate Credit Bonds...issued under separate trust indentures and are not secured by the System or the Facility or the Revenues."

- CRRRA and Trustee enter into Supplemental Trust Indenture dated 6/1/89 for bonds:

\$3,925,000 1989 Series A	Issued: 6/89	Last Maturity: 11/11	100% on book	Proceeds used to refinance a portion of the Authority's \$9,800,000 general obligation notes maturing 6/89, which note proceeds were applied to the acquisition, construction and installation of the project.
------------------------------	--------------	----------------------	--------------	--

Plant began operation in February 1992

- CRRRA and Trustee enter into Trust Indenture dated 1/15/92 for bonds:

\$30,000,000 1992 Series A Corp Credit	Issued: 9/92	Maturity: 11/22	0% on book	Proceeds used by ARC to pay or reimburse itself for costs of acquisition, construction, equipping, installation, start-up and acceptance testing of the project.
--	--------------	-----------------	------------	--

- CRRRA and Trustee enter into Trust Indenture dated 12/1/98 for bonds:

\$6,750,000 1998 Duke Capital Series A	Issued: 12/98	Maturity: 11/15	0% on book	Proceeds used to refund ARC's 1988 Tax-Exempt Corporate Credit Bonds. Bonds issued as "Flexible Rate" until such time as converted to Variable or Fixed Rate.
\$6,750,000 1998 BFI Series A	Issued: 12/98	Maturity: 11/15	0% on book	Proceeds used to refund ARC's 1988 Tax-Exempt Corporate Credit Bonds. Bonds issued as "Flexible Rate" until such time as converted to Variable or Fixed Rate.

- CRRRA and Trustee enter into Supplement to Trust Indenture dated 12/1/88 for bonds:

\$87,650,000 1998 Series A	Issued: 3/98	Last Maturity: 11/15	88 - on book 12 off book	Proceeds used to refinance the 1988 Series A Bonds
-------------------------------	--------------	----------------------	-----------------------------	--

- CRRRA and Trustee amend Trust Indenture dated 12/1/98 for bonds:

\$6,750,000 2001 ARC LLC I Series A	Remarketed: 11/01	Maturity: 11/15	0% on book	Conversion of 1998 Series Bonds to Fixed Rate. Replaced BFI guarantee with ARC.
\$6,750,000 2001 ARC LLC II Series A	Remarketed: 11/01	Maturity: 11/15	0% on book	Conversion of 1998 Series Bonds to Fixed Rate. Replaced Duke Capital guarantee with ARC.

## CONNECTICUT RESOURCES RECOVERY AUTHORITY

**A RESOLUTION AUTHORIZING THE ISSUANCE OF \$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S CORPORATE CREDIT BONDS/TAX EXEMPT INTEREST (AMERICAN REF-FUEL COMPANY OF SOUTHEASTERN CONNECTICUT – 2005 REFUNDING SERIES) TO REFUND ITS OUTSTANDING \$30,000,000 CORPORATE CREDIT BONDS/TAX EXEMPT INTEREST (AMERICAN REF-FUEL COMPANY OF SOUTHEASTERN CONNECTICUT PROJECT – 1992 SERIES A).**

WHEREAS, the Connecticut Resources Recovery Authority (the "Authority") has previously issued, pursuant to an Indenture of Trust, dated January 15, 1992 (the "Original Indenture"), by and between the Authority and Connecticut National Bank, as trustee, \$30,000,000 aggregate principal amount of its Corporate Credit Bonds/Tax Exempt Interest (American REF-FUEL Company of Southeastern Connecticut Project – 1992 Series A) ("1992 Series A Bonds"); and

WHEREAS, pursuant to a Loan Agreement, dated January 15, 1992 (the "Original Loan Agreement"), the Authority loaned the proceeds of the 1992 Series A Bonds to American REF-FUEL Company of Southeastern Connecticut (the "Company") to reimburse the Company for a portion of the costs associated with the acquisition, construction, equipping, installation, start-up and performance testing of a solid waste disposal and resource recovery facility in the Town of Preston, Connecticut; and

WHEREAS, the 1992 Series A Bonds are secured solely by a promissory note of the Company and a Corporate Guaranty Agreement, dated April 30, 2001, from American Ref-Fuel Company LLC to the trustee, State Street Bank and Trust Company (as successor to Connecticut National Bank); and

WHEREAS, the Finance Committee, upon the advice of the [Chief Financial Officer of the Authority], recommended, by motion passed at its December 9, 2005 regular meeting, the issuance of \$30,000,000 aggregate principal amount of its Corporate Credit Bonds/Tax Exempt Interest (American REF-FUEL Company of Southeastern Connecticut Project – 2005 Refunding Series) ("2005 Refunding Bonds") to refund the 1992 Series A Bonds, as permitted by Chapter 446e, Section 22-269a of the Connecticut General Statutes and Board of Directors Policy No. 15 of the Authority; and

WHEREAS, pursuant to Section 501 of the Amended and Restated Bylaws of the Authority, a quorum of the Board of Directors of the Authority (the "Board"), acting with the advice of the [Chief Financial Officer] pursuant to Board of Directors Policy No. 15, has considered the matter of refunding the 1992 Series A Bonds.

NOW THEREFORE, be it

RESOLVED: That the Board hereby authorizes the issuance of \$30,000,000 aggregate principal amount of the 2005 Refunding Bonds to be [dated as of the date of issue].

FURTHER RESOLVED: That the Board shall submit a copy of this resolution to the Treasurer of the State of Connecticut (the "State Treasurer") with all deliberate speed so as to facilitate the approval of the State Treasurer, pursuant to Chapter 446e, Section 22-269a of the Connecticut General Statutes and shall take such other measures necessary to secure the approval of the State Treasurer.

FURTHER RESOLVED: That the Board authorizes the Authority to enter into certain legal agreements to permit the issuance of the 2005 Refunding Bonds, including, but not limited to, a First Supplemental Indenture of Trust (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"), between the Authority and U.S. Bank National Association, as Trustee (the "Trustee"); a First Amendment to Loan Agreement (collectively, with the Original Loan Agreement, the "Loan Agreement"); a Preliminary Official Statement relating to the offering and sale of the 2005 Refunding Bonds; a Bond Purchase Agreement among the Authority, the Company and Banc of America Securities LLC, a nationally-recognized bond dealer; and a Letter of Instructions and Indemnity from the Authority to the Trustee, U.S. Bank National Association (as successor to State Street Bank and Trust Company).

FURTHER RESOLVED: That the proceeds of the 2005 Refunding Bonds shall be made available to the Company, pursuant to the terms of the Loan Agreement, for use with other funds made available to the Company, to refund the 1992 Corporate Credit Bonds.

FURTHER RESOLVED: That the 2005 Refunding Bonds are to be issued in a single series and in book-entry only form, maturing November 15, 2022, bearing interest, subject to optional redemption prior to maturity and having the terms, all to be set forth in the First Supplemental Indenture.

FURTHER RESOLVED: That the 2005 Refunding Bonds shall be secured by a promissory note of the Company and a Parent Company Guarantee from American Ref-Fuel Company LLC to the Trustee.

FURTHER RESOLVED: That the President and other officers of the Authority be, and hereby are, authorized to take all such further actions and execute such further documents on behalf of the Authority to accomplish the issuance, sale, performance and delivery of the 2005 Refunding Series Bonds as contemplated hereby, and as otherwise might be necessary and appropriate, and of the terms and conditions of any and all the aforesaid documents.

This resolution shall take effect immediately.

Adopted: \_\_\_\_\_

**CONNECTICUT RESOURCES RECOVERY  
AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

**TAB 2**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
CONNECTICUT RESOURCES RECOVERY AUTHORITY TO  
AUTHORIZE THE ISSUANCE OF SUBORDINATED INDEBTEDNESS  
UNDER THE GENERAL BOND RESOLUTION IN THE FORM OF A LOAN  
NOT TO EXCEED \$20,000,000 FOR THE FISCAL YEAR ENDING JUNE 30, 2006  
AND SUBSEQUENT FISCAL YEARS FROM THE STATE OF CONNECTICUT  
FOR THE BENEFIT OF THE MID-CONNECTICUT PROJECT**

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

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

**WHEREAS**, Section 2(a) of Public Act No. 03-5, as the same is codified under Section 22a-268d of the Act provides that the Authority may, upon the approval of two-thirds of the appointed directors of the Authority and subsequent approval of the State Treasurer and the Secretary of the Office of Policy and Management ("OPM"), borrow from the State of Connecticut (the "State"), for the fiscal years ending June 30, 2003 and June 30, 2004, an amount not to exceed twenty-two million dollars (\$22,000,000) and, for the fiscal years ending subsequent to June 30, 2004, an amount in the aggregate not to exceed ninety-three million dollars (\$93,000,000), which borrowing shall be for the purposes of supporting the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project, and shall be collateralized, as determined by the State Treasurer and the Secretary of OPM, to the extent possible under the Act; and

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

**WHEREAS**, on February 27, 2003, the Board of Directors of the Authority (the "Board"), adopted a resolution authorizing the members of the Steering Committee of the Board, the President and the Chief Financial Officer of the Authority (the "Officials") to, among other items: (i) submit an application to the State Treasurer and the Secretary of OPM for loans in an amount not to exceed \$115,000,000 in accordance with the provisions of the Act; and (ii) negotiate and document such financing in connection with the Mid-Connecticut Project; and

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

**WHEREAS**, on May 5, 2003, the Authority filed its Financial Mitigation Plan, as required to access any borrowing under the Act, with the State Treasurer and the Secretary of OPM (the "Financial Mitigation Plan"); and

**WHEREAS**, on June 27, 2003, the Authority and the State entered into an interim financing arrangement in the form of a credit facility from the State to the Authority in the aggregate amount of \$2,000,000 (the "\$2,000,000 Loan"), which \$2,000,000 Loan was issued pursuant to the terms of a Master Loan Agreement, dated as of June 27, 2003, by and between the Authority and the State, and evidenced by a Promissory Note, in the aggregate amount of \$2,000,000, dated June 27, 2003; and

**WHEREAS**, on July 24, 2003, the Authority and the State entered into a second interim financing arrangement in the form of a credit facility from the State to the Authority in the aggregate amount of \$2,171,149 (the "\$2,171,149 Loan"), which "\$2,171,149 Loan was issued pursuant to the terms of a Master Loan Agreement, dated as of July 24, 2003, by and between the Authority and the State, and evidenced by a Promissory Note, in the aggregate amount of "\$2,171,149, dated July 24, 2003; and

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

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

**WHEREAS**, on October 29, 2003, the Authority and the State entered into an aggregate \$22,000,000 financing arrangement, consisting of (i) the reclassification of both the \$2,000,000 Loan and the \$2,171,149 Loan as Subordinated Indebtedness under the General Bond Resolution, and (ii) the issuance of an additional \$17,828,851 of indebtedness, classified as Subordinated Indebtedness under the General Bond Resolution (the "\$22,000,000 Loan"), all pursuant to the terms of an Amended and Restated Master Loan Agreement, dated as of October 29, 2003; and

**WHEREAS**, on December 18, 2003, the Board adopted a resolution authorizing the Officials to: (i) submit an application to the State Treasurer and the Secretary of OPM for loans in an amount not to exceed \$93,000,000 in accordance with the provisions of the Act, to support the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project for the fiscal years ending subsequent to June 30, 2004; and (ii) submit to the State Treasurer and the Secretary of OPM, those items required under the provisions of the Act to access such loans including, but not limited to the First Supplement to the Financial Mitigation Plan, substantially in the form attached to such December 18, 2003 resolution; and

**WHEREAS**, on December 18, 2003, the Authority filed its First Supplement to the Financial Mitigation Plan with the State Treasurer and the Secretary of OPM; and

**WHEREAS**, the State Treasurer and the Secretary of OPM accepted the application of the Authority for such \$93,000,000 loan, with the understanding that the Authority would use a maximum of \$20,000,000 of such available funds for the fiscal year ending June 30, 2005; and

**WHEREAS**, on January 22, 2004, the Board adopted a resolution authorizing the Officials to enter into an interim financing arrangement with the State in the form of a loan in an amount not to exceed twenty million dollars (\$20,000,000), the proceeds of which shall be expended by the Authority for the purpose of supporting the repayment of debt service on the Mid-Connecticut Project for the fiscal year ending June 30, 2005 and subsequent fiscal years; and

**WHEREAS**, on March 1, 2004, the Authority and the State entered into a loan in an amount not to exceed \$20,000,000 for the purpose of paying a portion of the debt service payments on its outstanding Bonds issued for the Mid-Connecticut Project for the fiscal year ending June 30, 2005 and subsequent fiscal years, classified as Subordinated Indebtedness under the General Bond Resolution (the "\$20,000,000 Loan"), all pursuant to the terms of a Master Loan Agreement, dated as of March 1, 2004; and

**WHEREAS**, the Authority desires to pay a portion of the debt service payments for the fiscal year ending June 30, 2006 and subsequent fiscal years, on its outstanding Bonds issued for the Mid-Connecticut Project, through a loan from the State, in an aggregate amount not to exceed \$20,000,000, which loan shall constitute a further portion of the remaining \$93,000,000 available to the Authority under the Act for the fiscal years ending subsequent to June 30, 2004 (the "Loan"); and

**WHEREAS**, such Loan shall not be utilized until the \$20,000,000 Loan is fully exhausted; and

**WHEREAS**, such Loan shall be issued: (i) in accordance with the terms, conditions and limitations of the Act, and (ii) pursuant to the General Bond Resolution, as supplemented by that certain Supplemental Resolution Authorizing the Issuance of \$20,000,000 Subordinated Indebtedness, in the form attached hereto as Exhibit A (the "Supplemental Resolution"), executed in accordance herewith and constituting an Additional Bond and Subordinated Indebtedness under the terms and provisions of the General Bond Resolution; and

**WHEREAS**, the Board wishes to authorize the negotiation and documentation of the Loan including, but not limited to (i) the execution of the Supplemental Resolution as contemplated under the provisions of Article II and Section 10.2 of the General Bond Resolution, to support the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project and (ii) the filing of its Second Supplement to the Financial Mitigation Plan with the State Treasurer and the Secretary of OPM; and

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

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

**Section 1.** That the action of the Officials of the Authority, in entering into the Loan from the State, in an amount not to exceed \$20,000,000, for the purpose of paying a portion of the debt service payment on its outstanding Bonds issued for the Mid-Connecticut Project for the fiscal year ending June 30, 2006 and subsequent fiscal years, be and the same is hereby authorized and approved.

**Section 2.** That the Authority's acceptance of the Loan shall be authorized pursuant to both the Act and the General Bond Resolution, and shall be classified as an Additional Bond and Subordinated Indebtedness under the General Bond Resolution, the proceeds of which shall, pursuant to Section 2.9(3) of the General Bond Resolution, be used and expended for the Mid-Connecticut Project for the purpose of paying debt service on the Authority's Outstanding Bonds.

**Section 3.** That the Board hereby authorizes the adoption of the Supplemental Resolution, attached hereto as Exhibit A; and further authorizes the President, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Supplemental Resolution, and the execution of such Supplemental Resolution by the President shall be conclusive evidence of the approval of the Authority.

**Section 4.** That the Loan shall be secured by a pledge of the Revenues of the Authority for the Mid-Connecticut Project granted, created or authorized by the General Bond Resolution (except the Special Capital Reserve Fund), subordinate, however to the pledge of the Revenues of the Mid-Connecticut Project granted under its 1996 Series A Bonds, 1997 Series A Bonds, and Subordinated 2001 Series A Bonds, as well as any other Bonds (including Subordinated Indebtedness) other than any Additional Bonds issued by the Authority in the form of Subordinated Indebtedness pursuant to the General Bond Resolution and in accordance with the provisions of Section 22a-268d (as the same may be amended) of the Act.

**Section 5.** That the Board hereby authorizes the Officials to enter into negotiations with the State Treasurer and the Secretary of OPM to establish the terms of such Loan, which terms shall include the maturity date of such Loan (which maturity date shall be no later than June 30, 2012), interest rate, repayment terms, security and other terms of the Loan provided,

however, that the repayment of such Loan shall be subordinate to the repayment of any Outstanding Bonds of the Authority, all in accordance with the terms and provisions of the Act, and substantially in the form of the Term Sheet attached hereto as Exhibit B (the "Term Sheet") and made a part hereof, all in such manner as the Officials shall determine to be in the best interests of the Authority.

**Section 6.** That the Board hereby authorizes the Officials, for and in the name of and on behalf of the Authority, to take such actions and to negotiate any and all such loan instruments including, but not limited to a Master Loan Agreement, a Promissory Note, and any and all certificates or other documents required pursuant to the Act or the General Bond Resolution (collectively, the "Loan Documents"), all substantially in accordance with the attached Term Sheet, and in such form as such Officials shall approve, subject to the advice of bond counsel to the Authority, as are deemed necessary, appropriate and advisable and in the Authority's best interests in order to effectuate such Loan.

**Section 7.** That the Board hereby authorizes the Chairman of the Board and the President, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Loan Documents, and the execution of such Loan Documents, by the Chairman of the Board and the President shall be conclusive evidence of the approval of the Authority.

**Section 8.** That any two of the Chairman of the Board of Directors, the Chairman of the Finance Committee, the President and the Chief Financial Officer, acting together, are further hereby authorized, for and in the name of and on behalf of the Authority, to approve, execute or submit, as appropriate, any and all of the Authority's requisition forms for the disbursement of Loan funds as submitted to the State Treasurer and Secretary of OPM during the term of the Loan, in such form and substance satisfactory to the Authority and the State Treasurer and Secretary of OPM.

**Section 9.** That the Officials, in connection with the Loan, shall submit to the State Treasurer and the Secretary of OPM, those items required under the provisions of the Act including, but not limited to a Second Supplement to the Financial Mitigation Plan substantially in the form attached hereto as Exhibit C and made a part hereof, all as previously reviewed and approved by the Board, as well as any other items reasonably requested by the State Treasurer and the Secretary of OPM in order to effectuate the Loan.

**Section 10.** That the designated Officials are authorized and directed to perform and take such other actions as may be desirable, necessary, proper or convenient to accomplish the intent and purposes expressed herein, and the performance thereof by such Officials shall be conclusive as to the approval by the Authority of the terms thereof.

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

**Date: December \_\_, 2004**

Exhibit A

---

---

P&C Draft of 11/23/04

CONNECTICUT RESOURCES RECOVERY AUTHORITY

A Supplemental Resolution  
Authorizing the Issuance of  
\$20,000,000  
Subordinated Indebtedness  
for the Benefit of the  
Mid-Connecticut Project

Adopted: December \_\_\_\_, 2004

---

---

**A SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF  
\$20,000,000 SUBORDINATED INDEBTEDNESS FOR THE BENEFIT OF  
THE MID-CONNECTICUT PROJECT**

**BE IT RESOLVED** by the Board of Directors of the Connecticut Resources Recovery Authority (the "Authority"), on the \_\_\_ day of December, 2004, pursuant to the General Bond Resolution adopted by the Authority on March 13, 1985 entitled "Resolution Authorizing the Issuance of Mid-Connecticut System Bonds," as supplemented and amended (hereinafter referred to as the "General Bond Resolution"), as follows:

**ARTICLE I  
DEFINITIONS, AUTHORITY AND PLEDGE**

**Section 1.1. Short Title.** This supplemental resolution may hereafter be cited by the Authority and is herein sometimes referred to as the "2006 Supplemental Resolution".

**Section 1.2. Ratification of General Bond Resolution.** Except as hereby expressly supplemented, the General Bond Resolution is in all respects ratified and confirmed, and all terms, provisions and conditions thereof shall be and remain in full force and effect, and this 2006 Supplemental Resolution and all of its terms, provisions and conditions shall be deemed to be a part of the General Bond Resolution.

**Section 1.3. References.** All references in the General Bond Resolution or to "this Resolution" or words of similar import and the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in the General Bond Resolution and the 2006 Supplemental Resolution, shall be deemed to refer to the General Bond Resolution, as supplemented by this 2006 Supplemental Resolution unless the context indicates otherwise.

**Section 1.4. Definitions.** (A) All terms not otherwise defined in this 2006 Supplemental Resolution shall have the same meanings in this 2006 Supplemental Resolution as those terms are given in Article I of the General Bond Resolution, unless the context otherwise requires.

(B) The following definitions in Article I of the General Bond Resolution are hereby supplemented to read as follows:

"Act" means the Connecticut Solid Waste Management Services Act, constituting Public Act No. 73-459 of the General Assembly of the State of Connecticut, January 1993 Session, codified as Chapter 446(e), Section 22a-257 (formerly Section 19-524p) *et seq.*, as amended to the date of this Supplemental Resolution.

“Business Day” means any day on which banks located in the cities of Hartford, Connecticut, New York, New York, or where the principal office the Trustee is located, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Certificate of Interest Rate Calculation” means that certain certificate setting forth the applicable interest rate on the Loan, as executed by the State Treasurer.

“Day” means any day of the week regardless of whether it is a Business Day.

“Loan” means that certain \$20,000,000 loan, evidenced by the Promissory Note issued as Subordinated Indebtedness under the General Bond Resolution, from the State of Connecticut to the Authority for the benefit of the Mid-Connecticut Project, authorized pursuant to the Act and this 2006 Supplemental Resolution, and secured by the Loan Agreement.

“Loan Agreement” means that certain Master Loan Agreement, dated as of \_\_\_\_\_, 2005, and evidencing the Loan.

“Loan Documents” means the Loan Agreement, the Promissory Note, this 2006 Supplemental Resolution, together with any and all certificates and/or documents evidencing the Loan.

“Promissory Note” or “Note” means that certain promissory note in the maximum aggregate amount of \$20,000,000, all as more particularly set forth in Section 2.3(e) herein.

“Trustee” means U.S. Bank National Association, successor to State Street Bank and Trust Company, successor in interest to Shawmut Bank Connecticut, N.A. (formerly known as The Connecticut National Bank) and its successor or successors hereafter appointed in the manner provided in the General Bond Resolution.

“2006 Subordinated Indebtedness/Loan Repayment Account” means the account so designated in the Subordinated Indebtedness Debt Service Fund, established pursuant to Section 3.1 herein, and in accordance with the terms and provisions of Section 5.11 of the General Bond Resolution.

“2006 Supplemental Resolution” means the resolution adopted by the Authority on December \_\_, 2004 entitled “Resolution of the Board of Directors of the Connecticut Resource Recovery Authority to Authorize the Issuance of Subordinated Indebtedness Under the General Bond Resolution in the Form of a Loan not to Exceed \$ \_\_\_\_\_ for the Fiscal Year Ending June 30, 2006 and Subsequent Fiscal Years from the State of Connecticut for the Benefit of the Mid-Connecticut Project.”

**ARTICLE II  
AUTHORIZATION, TERMS AND ISSUANCE  
OF SUBORDINATED INDEBTEDNESS**

**Section 2.1. Authorization for Loan; Determination of Necessity.**

(a) In accordance with and subject to the terms, limitations and conditions established in the General Bond Resolution and in this 2006 Supplemental Resolution, the Authority hereby authorizes the borrowing of the Loan, and the issuance of the Promissory Note constituting an Additional Bond and Subordinated Indebtedness under the General Bond Resolution, to be designated Mid-Connecticut System 2006 Subordinated Note in the aggregate principal amount not to exceed \$20,000,000.

(b) In accordance with Section 2.5(2)(iv) of the General Bond Resolution, the Authority is of the opinion and hereby determines that the borrowing of the Loan and the issuance of the Promissory Note are necessary to provide sufficient funds to be used and expended to pay a portion of the debt service payments on its outstanding Bonds issued for the Mid-Connecticut Project.

**Section 2.2. Pledge/Subordination.**

(a) The Loan and the Promissory Note evidencing the same shall be secured by a pledge of the Revenues of the Mid-Connecticut Project granted, created or authorized by the General Bond Resolution (except the Special Capital Reserve Fund).

(b) The obligations of the Authority under the Loan Agreement, including the Promissory Note, and the pledge pursuant to subsection (a) of this Section 2.2 shall be subject and subordinate to the pledge of the Authority's Revenues of the Mid-Connecticut Project granted under its 1996 Series A Bonds, 1997 Series A Bonds, and Subordinate 2001 Series A Bonds, as well as any other Bonds (including Subordinated Indebtedness), other than any Additional Bonds (including, but not limited to, that certain \$22,000,000 loan from the State in the form of Subordinated Indebtedness, dated October 29, 2003 and that certain \$20,000,000 loan from the State in the form of Subordinated Indebtedness, dated March 1, 2004) issued by the Authority in the form of Subordinated Indebtedness pursuant to the General Bond Resolution and in accordance with the provisions of Section 22a-268d (as the same may be amended) of the Act.

(c) Any Additional Bonds issued by the Authority in the form of Subordinated Indebtedness pursuant to the General Bond Resolution and in accordance with the provisions of Section 22a-268d (as the same may be amended) of the Act (including, but not limited to, that certain \$22,000,000 loan from the State in the form of Subordinated Indebtedness, dated October 29, 2003 and that certain \$20,000,000 loan from the State in the form of Subordinated Indebtedness, dated March 1, 2004) shall be issued on a parity with the Promissory Note and secured by an equal pledge of the Revenues of the Authority for the Mid-Connecticut Project, which pledge shall be subordinate to all other Bonds and Subordinated Indebtedness.

**Section 2.3. Details of the Loan.**

(a) Purpose. In accordance with the Act, and pursuant to Section 2.9(3) of the General Bond Resolution, the proceeds of the Loan shall be used for the purpose of paying debt service on the Authority's Outstanding Bonds.

(b) Principal Amount. The Loan shall be in the maximum aggregate principal amount of TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00).

(c) Maturity Date. The Loan shall mature on the earlier of (i) the date of final payment of any and all principal and interest on the Loan, or (ii) June 30, 2012 (the "Maturity Date").

(d) Prepayment. The Authority may prepay advances on the Loan in whole or in part at any time without any prepayment penalty or fee.

(e) Promissory Note. All advances under the Loan shall be evidenced by that certain Promissory Note, dated as of \_\_\_\_\_, in the original maximum aggregate principal amount of \$20,000,000 (the "Promissory Note").

(f) Payment of Interest/Principal.

(i) Each advance under the Promissory Note shall bear interest from the date of such advance in accordance with an interest rate calculation set forth by the State Treasurer of the State of Connecticut in the form of a Certificate of Interest Rate Calculation, which rate shall be equal to a variable rate of interest, as determined for each calendar month, and tied to the average effective yield of the State Treasurer's Short Term Investment Fund or the interest rate of any borrowing by the State that may be required to fund the Loan, plus twenty-five basis points. Under no circumstances shall such variable rate exceed 6% per annum.

(A) Commencing on the first Business Day of the second month after any advance hereunder, and on the first Business Day of each subsequent month thereafter during the term of the Loan, interest shall be paid in arrears on the outstanding principal balance of that advance under the Promissory Note at the Interest Rate set forth in that certain Certificate of Interest Rate Calculation.

(B) Commencing on the first Business Day of the second calendar month following any advance hereunder, and on the first Business Day of each and every calendar month thereafter until the Maturity Date, principal shall be paid in consecutive equal monthly installments in amounts sufficient to amortize the outstanding principal balance of the advance through the Maturity Date.

(g) Source of Loan Payments. Funds necessary to meet the Authority's payment obligations of principal and interest due under the Note shall be withdrawn by the Trustee from the 2006 Subordinated Indebtedness/Loan Repayment Account in accordance with the procedures and provisions set forth in Section 5.11 of the General Bond Resolution.

(h) Requisitions and Advances. Advances of the Loan shall be made in compliance with the following procedure and subject to the following conditions:

(i) For each advance request, the Authority shall be required to complete and submit to the State of Connecticut a form Requisition for Payment in the form set forth in the Loan Agreement (the "Request for Advance") setting forth the amount requested. Each Request for Advance shall be submitted by written notice to the State of Connecticut not less than five (5) Business Days prior to the date the Authority desires deposit of the same with the Trustee under the General Bond Resolution, and shall be accompanied by such documents as the State of Connecticut may reasonably require, in form and substance acceptable to State of Connecticut. Each Request for Advance shall be executed by those properly authorized officials of the Authority, that being any two of the following signatories: Chairman of the Board of Directors, Chairman of the Finance Committee, President and/or Chief Financial Officer.

(ii) In accordance with the provision of Section 2.15(B)(1) of the General Bond Resolution, advances under the Loan shall be requested by the Authority pursuant to (i) above, with the proceeds of such advance being deposited by the State of Connecticut with the Trustee under the General Bond Resolution not less than two (2) Business Days prior to the end of each calendar month, for deposit directly into the Debt Service Fund, for credit to the Interest Account and the Principal Installment Account of the Debt Service Fund as established under the General Bond Resolution.

#### **Section 2.4. Execution and Delivery.**

(a) To the extent applicable, the Promissory Note evidencing the Loan shall be executed in the form and manner set forth in Section 2.8 of the General Bond Resolution. Subject to Trustee's receipt and/or delivery of the applicable items set forth in Section 2.7, 2.12 and 2.14 of the General Bond Resolution, the Promissory Note shall be delivered to the State of Connecticut.

(b) The Loan shall be evidenced by the Promissory Note and the balance of the Loan Documents. The Chairman of the Board of Directors and the President of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Loan Documents, and the execution of the Loan Documents by the Chairman of the Board and the President of the Authority shall be conclusive evidence of the approval of the Authority.

**ARTICLE III  
CREATION OF SPECIAL FUNDS AND ACCOUNTS**

**Section 3.1. Creation of Special Funds and Accounts.** There is hereby created and established in the Subordinated Indebtedness Debt Service Fund, the 2006 Subordinated Indebtedness/Loan Repayment Account. No Subordinated Indebtedness Reserve Fund shall be established pursuant to this 2006 Supplemental Resolution.

**Section 3.2. 2006 Subordinated Indebtedness/Loan Repayment Account.**

(a) The 2006 Subordinated Indebtedness/Loan Repayment Account shall be funded from Revenues of the Authority on deposit in the Revenue Account and deposited in the Subordinated Indebtedness Debt Service Fund in accordance with the provisions of Section 5.4 of the General Bond Resolution.

(b) Amounts on deposit in the 2006 Subordinated Indebtedness/Loan Repayment Account shall be used to fund principal and interest payments under the Loan in accordance with the provisions of Section 2.3(f) and (g) of this Supplemental Resolution.

**ARTICLE IV  
EVENTS OF DEFAULT**

**Section 4.1. Events of Default.** Notwithstanding anything to the contrary contained in Section 8.2 of the General Bond Resolution, failure of the Authority to: (i) pay, when due, any installment of principal or interest due under the Note or the other Loan Documents, or pay any other amount due to the State of Connecticut under any document, agreement or instrument delivered pursuant to the Loan, or (ii) observe or perform any other term, covenant or agreement to be observed or performed by it under the Loan Documents, or any other agreements or instruments or documents required in connection with the Loan, or as a condition to making advances under the Loan, shall not constitute an event of default under Section 8.2 of the General Bond Resolution unless such default shall continue for a period of forty-five (45) days after receipt by the Authority of notice of such default from the State of Connecticut.

**ARTICLE V  
MISCELLANEOUS**

**Section 5.1. Notices.** All notices shall be deemed given when delivered or four Business Days after mailing by registered mail, return receipt requested, postage prepaid, or sent by telegram, addressed as follows:

(a) to the Authority, to the President, Connecticut Resources Recovery Authority, 100 Constitution Plaza, 6<sup>th</sup> Floor, Hartford, Connecticut 06103;

(b) to the Trustee, to U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103, Attention: Corporate Trust Administration;

(c) to the State of Connecticut, to State of Connecticut Office of the State Treasurer, 55 Elm Street, Hartford, Connecticut 06106, Attention: State Treasurer; and State of Connecticut, Office of Policy and Management, 450 Capitol Avenue, Hartford, Connecticut 06106, Attention: Secretary OPM.

Any notice party may by like notice, designate in writing any further or different addresses to which subsequent notices, demands, directions, certificates, opinions of counsel, requests, instruments or other communications hereunder shall be sent.

**Section 5.2. Conflict.** All resolutions or parts of resolutions or other proceedings of the Authority in conflict herewith be and the same are repealed insofar as such conflict exists.

**Section 5.3. Trustee Self-Dealing.** The Trustee is hereby authorized, in making or disposing of any investment permitted by the General Bond Resolution, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

**Section 5.4. No Recourse.** No recourse shall be had for the payment of the principal of or interest on the Loan or for any claim based thereon or on this 2006 Supplemental Resolution against any member or officer of the Authority or any person executing the Loan Documents and neither the members of the Authority nor any person executing the Loan Documents shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 5.5. Amendment to the General Bond Resolution.** Subsequent to the initial adoption of the General Bond Resolution, in 1985, there have become effective certain amendments such that the following provisions of the General Bond Resolution are of no further force or effect:

- (a) Section 2.12(2)
- (b) Section 7.11(E)
- (c) Section 7.17
- (d) Section 7.20(B)
- (e) Section 7.24 (with the exception of the first sentence thereof)
- (f) the third and fourth sentences of Section 7.25
- (g) Section 7.27(C)

**Section 5.6. Effective Date.** This 2006 Supplemental Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, the Connecticut Resources Recovery Authority has caused these presents to be signed in its name by its duly authorized officer, and to evidence its acceptance of the trusts hereby created, U.S. Bank National Association, as Trustee under this 2006 Supplemental Resolution has caused these presents to be signed in its name and behalf by its duly Authorized Officer, as of the date first written above.

Executed this \_\_\_ day of \_\_\_\_\_, 2005

**CONNECTICUT RESOURCES  
RECOVERY AUTHORITY**

By: \_\_\_\_\_

Name: Thomas Kirk

Title: President

**U.S. BANK NATIONAL  
ASSOCIATION, as Trustee**

By: \_\_\_\_\_

Authorized Officer

STATE OF CONNECTICUT            )  
  : ss.: Hartford, Connecticut, \_\_\_\_\_, 2005  
COUNTY OF HARTFORD            )

Before me personally appeared Thomas Kirk, the President of Connecticut Resources Recovery Authority, the signer of the foregoing instrument who acknowledged the same to be his free act and deed as such President and the free act and deed of Connecticut Resources Recovery Authority.

\_\_\_\_\_  
Commissioner of the Superior Court

STATE OF CONNECTICUT            )  
  : ss.: Hartford, Connecticut, \_\_\_\_\_, 2005  
COUNTY OF HARTFORD            )

Before me personally appeared \_\_\_\_\_, to me known, who, being by me duly sworn, did depose and say that s/he is a Vice President of U.S. Bank National Association, the Trustee described in and which executed the above instrument and that he signed his name thereto and acknowledged the same to be his free act and deed as such Vice President, and the free act and deed of U.S. Bank National Association.

\_\_\_\_\_  
Commissioner of the Superior Court

Exhibit B

**CONNECTICUT RESOURCES RECOVERY AUTHORITY  
Mid-Connecticut Project  
\$20,000,000 Subordinated Indebtedness**

**TERM SHEET**

**BORROWER:** Connecticut Resources Recovery Authority (the "Authority")

**LENDER:** State of Connecticut (the "State")

**FACILITY:** \$20,000,000 subordinate note (the "Loan")

**INTEREST RATE:** A variable rate of interest, as determined for each calendar month, and tied to the average effective yield of the State Treasurer's Short Term Investment Fund or the interest rate of any borrowing by the State that may be required to fund the Loan, plus twenty-five basis points. Notwithstanding the foregoing, in no event shall such variable rate exceed 6% per annum.

**REPAYMENT SCHEDULE:** Payments of interest on the Loan from commencement of the initial advance. Payments of principal to be made in accordance with a repayment plan established by the State.

**TERM:** Earlier of the date of final payment of principal and interest or June 30, 2012 (the "Maturity").

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

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

ADVANCE  
DENOMINATIONS:

So much as needed to fund debt service shortfalls for the Project for the succeeding month.

SOURCE OF  
REPAYMENT:

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

PLEDGE:

The Loan shall be secured by a pledge of Project Revenues of the Authority granted, created or authorized by the General Bond Resolution (except the Special Capital Reserve Fund), subordinate, however to the pledge of the Revenues of the Project granted under its 1996 Series A Bonds, 1997 Series A Bonds and Subordinated 2001 Series A Bonds, as well as any other Bonds (including Subordinated Indebtedness) other than any Additional Bonds (including, but not limited to, that certain \$22,000,000 loan from the State in the form of Subordinated Indebtedness, dated October 29, 2003 and that certain \$20,000,000 loan from the State in the form of Subordinated Indebtedness, dated March 1, 2004) issued by the Authority in the form of Subordinated Indebtedness pursuant to the General Bond Resolution and in accordance with the provisions of Section 22a-268d (as the same may be amended) of the Act.

CONDITIONS FOR  
LOAN:

The Authority shall submit the following Project-specific (unless otherwise indicated) materials to both the State Treasurer and the Secretary of the Office of Policy and Management, all in accordance with the provisions of the Act, as amended:

- (i) Financial Mitigation Plan, or such supplements, as more particularly described in the Act, to include, but not be limited to the following:
  - plan to minimize tipping fees for municipalities that have entered into solid waste disposal contracts with the Authority;
  - efforts Authority has made to reduce general administration and costs;
  - Authority's efforts to renegotiate vendor contracts;
  - Authority's efforts to increase the price paid for the sale of steam or electricity;
  - efforts made by the Authority to assess the viability of the sale of hard assets of the Project;
  - analysis of the staffing levels, performance and qualifications of staff and members of the Board;

- (ii) Budget for the Project for fiscal year 2006 and, when available, proposed budget for the Mid-Connecticut Project for the ensuing fiscal year;
- (iii) Three-Year Financial Plan for fiscal years 2006, 2007, and 2008;
- (iv) Cash Flow Analysis showing need for current and future borrowing through fiscal year 2012; and
- (v) Certified Audit of the Authority for fiscal year ended June 30, 2004, and annually thereafter.

SUBORDINATION:

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

CONDITIONS TO ADVANCES:

- 1. No defaults or events of default under the Master Loan Agreement or General Bond Resolution, unless such advance shall operate to cure such default.
- 2. Continued accuracy of all representations.
- 3. Satisfactory completion of required Requisition.

REPRESENTATIONS:

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

COVENANTS:

- 1. The Authority will maintain its revenues and other sources of funding, including tip fees, sufficient to repay the debt service on the Loan when due.
- 2. Payment of principal and interest on the Promissory Note when due.

3. Authority to provide any financial information concerning the Authority or the Project as requested by the State.
4. Authority will keep proper books, records and accounts with respect to all transactions relating to the Project and will permit the State to inspect the books and records.
5. Authority shall submit, on a quarterly basis, reports detailing the status of the financial mitigation plan to the State Treasurer, the Secretary of OPM and to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding.
6. Authority shall enter into discussions with municipalities that have entered into solid waste disposal services contracts with the Mid-Connecticut Project to determine the interest of said municipalities in extending the contracts beyond the fiscal year ending June 30, 2012. The Authority shall include the status of such discussions in the quarterly reports required pursuant to the Act.
7. For the term of the Loan, the Authority shall be subject to the provisions of Section 4-67 of the Connecticut General Statutes.

OPTIONAL  
PREPAYMENT:

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

EVENTS OF DEFAULT:

1. Failure to pay principal or interest on the Loan when due.
2. Material inaccuracy of any representation as set forth in the Master Loan Agreement.

3. Failure to comply with any other covenant set forth in the Master Loan Agreement or Supplemental Resolution and failure to cure within 30 days after notice from the State.
4. Failure to pay when due any other amount required under the Master Loan Agreement or the Promissory Note.
5. An event of default called by the Trustee under the Authority's General Bond Resolution shall occur, provided: (i) any applicable notice and cure period shall have expired, and (ii) the Trustee and/or holders of not less than 25% in principal amount of the Bonds outstanding shall have taken actionable steps afforded those parties pursuant to the General Bond Resolution.

REMEDIES:

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

CLOSING DOCUMENTS:

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

10. Financial Mitigation Plan, or such supplements, as more particularly described in the Act, to include, but not be limited to the following:
  - plan to minimize tipping fees for municipalities that have entered into solid waste disposal contracts with the Authority;
  - efforts Authority has made to reduce general administration and costs;
  - Authority's efforts to renegotiate vendor contracts;
  - Authority's efforts to increase the price paid for the sale of steam or electricity;
  - efforts made by the Authority to assess the viability of the sale of hard assets of the Project;
  - analysis of the staffing levels, performance and qualifications of staff and members of the Board;
11. Adopted Budget for the Project for fiscal year 2006; and, when available, proposed budget for the Mid-Connecticut Project for the ensuing fiscal year;
12. Three-Year Financial Plan for fiscal years 2006, 2007 and 2008;
13. Cash Flow Analysis showing need for current and future borrowing through fiscal year 2012; and
14. Certified Audit of the Authority for fiscal year ended June 30, 2004
15. Such other documents or certificates as may be reasonably deemed necessary by counsel or pursuant to the General Bond Resolution to render its opinion or by the State or its counsel as are required in similar transactions or to otherwise conform to the provisions of this Term Sheet

**TAB 3**

## APPOINTMENT OF CORPORATE SECRETARY

**RESOLVED:** That the Chairman, with the approval of the CRRA Board of Directors, hereby appoints Laurie Hunt, Esq., Corporate Secretary of the Authority, to be the custodian of the Seal of the Authority, to keep or cause to be kept minutes of all meetings of the Directors and Ad Hoc Members, and to perform all such other functions and duties as the President or Board may delegate to her from time to time.