

**CRRA  
BOARD MEETING  
JANUARY 22, 2004**



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

January 16, 2004

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, January 22, 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

January 22, 2004

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 December 18, 2003 Regular Board Meeting Minutes (Attachment 1).
2. Board Action will be sought for the approval of the December 23, 2003 Special Board Meeting Minutes (Attachment 2).

IV. Finance

1. Board Action will be sought regarding a Resolution Authorizing the Issuance of Subordinated Indebtedness under the General Bond Resolution in the form of a Loan Not to Exceed \$20,000,000 for FY 2005 from the State of Connecticut for the Benefit of the Mid-Connecticut Project (Attachment 3).
2. Board Action will be sought regarding the Wallingford Project Operating & Capital Budget for FY05 (Attachment 4).
3. Board Action will be sought regarding the Bridgeport Project Operating & Capital Budget for FY05 (Attachment 5).
4. Board Action will be sought regarding the Dissolution of Certain Reserves of the Bridgeport Project (Attachment 6).
5. Board Action is sought regarding 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 (Attachment 7).

6. Board Action will be sought regarding the Payment of Certain Legal Invoices (Attachment 8).
7. Board Action will be sought regarding the Adoption of a Revised Investment Policy (Attachment 9).

V. Public Affairs

1. Board Action will be sought to seek Legislative Amendments or Revisions to the Appropriate Connecticut General Statutes to Enhance Flexibility, Efficiency and Effectiveness of CRRA Operations By Consolidating Quarterly and Annual Financial Reports Made to State Executive and Legislative Offices Required by Statute (Attachment 10).
2. Board Action will be sought to seek Legislative Amendments or Revisions to the Appropriate Connecticut General Statutes to Create a Task Force to Study the Re-use, Recycling and Disposal of Ash Produced at Waste-to-Energy Plants (Attachment 11).

VI. Chairman's and Committee Reports

1. Board Action will be sought regarding Appointment of Board Committees (Attachment 12).
2. The Policy & Procurement Committee will report on its January 8, 2004 meeting.
  - A. Board Action will be sought regarding Personal Computer Purchase (Attachment 13).
  - B. Board Action will be sought regarding Adoption of Revised Procurement Policies and Procedures (Attachment 14).
3. The Organizational Synergy & Human Resources Committee will report on its January 21, 2004 meeting.
  - A. Board Action will be sought regarding the Adoption of an Employee Compensation Plan (Will be sent under separate cover marked CONFIDENTIAL).

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.

## **TAB 1**

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**THREE HUNDRED SIXTY-FIFTH MEETING**

**DECEMBER 18, 2003**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, December 18, 2003 at 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael Pace (left at 11:10 a.m.)

Directors:     Stephen Cassano  
                  Benson Cohn  
                  Andrew Sullivan  
                  Mark Lauretti (arrived at 9:40 a.m.)  
                  Theodore Martland (left at 12:08 p.m.)  
                  James Francis  
                  Mark Cooper  
                  Ray O'Brien  
                  Alex Knopp (left at 11:20 a.m.)  
                  Sherwood Lovejoy (ad hoc for Bridgeport)  
                  Arthur Lathrop (ad hoc for Southeast)(left at 11:10 a.m.)

Ad Hoc members Hedberg and Griswold did not attend.

Present from the CRRA staff:

James Bolduc, Chief Financial Officer  
Robert Constable, Budget Analyst  
Floyd Gent, Director of Operations  
Thomas Kirk, President  
Angelica Mattschei, Corporate Secretary  
Ann Stravalle-Schmidt, Director of Legal Services

Others in attendance were: Jerry Tyminski of SCRRRA; Robert Pandolfo of HEJN; John Maulucci of BRRFOC; David Arruda and Dominick Digangi of MDC; and John Stafstrom, Jr. of P&C.

Chairman Pace called the meeting to order at 9:30 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 9:30 a.m. and 10:00 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 NOVEMBER 20, 2003 REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the November 20, 2003 regular Board meeting. The motion was made by Director O'Brien and seconded by Director Sullivan. Director O'Brien said that there were two corrections on page 3 of the minutes under "Authorization Regarding the General Fund Operating and Capital Budgets for FY 05." One correction was that there was no recording of a vote on the amendment to delete the engineer and office manager positions, he said. Director O'Brien continued that the second correction was that Chairman Pace did not declare that the motion had passed unanimously.

Director O'Brien asked what defined eligibility for Ad Hoc members in order for them to vote. Mr. Kirk responded that the information would be verified, but that it was his understanding that Ad Hocs were not eligible to vote if the motion included other projects.

The motion previously made and seconded was approved. Director Knopp abstained from the vote as he was not present at the meeting (refer to pages 4-6 of transcript).

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

**FINANCE**

**AUTHORIZATION REGARDING THE ADOPTION OF THE FISCAL YEAR 2005  
CRRA SOUTHEAST PROJECT OPERATING AND CAPITAL BUDGETS**

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

**RESOLVED:** That the fiscal year 2005 CRRA Southeast Project Operating budget in the amount of \$11,512,342 and the Capital Budget for \$1,700,000, which represents 92% and 100%, respectively of the total budget be adopted as substantially presented in the form as discussed at this meeting.

Director O'Brien seconded the motion which was approved unanimously (refer to pages 6-13 of transcript).

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

**AUTHORIZATION REGARDING A RESOLUTION FOR THE APPLICATION TO  
THE STATE OF CONNECTICUT CONCERNING THE ISSUANCE OF  
SUBORDINATED INDEBTEDNESS UNDER THE GENERAL BOND RESOLUTION IN  
THE FORM OF \$93 MILLION LOAN FOR THE BENEFIT OF THE MID-  
CONNECTICUT PROJECT**

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

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

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

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

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

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

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

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

**WHEREAS**, on 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, as the same is evidenced by a Master Loan Agreement, dated as of June 27, 2003, by and between the Authority and the State (the “\$2,000,000 Loan”); and

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

**WHEREAS**, 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 financing arrangement, classified as Subordinated Indebtedness under the General Bond Resolution; and

**WHEREAS**, the Authority desires to borrow the remaining ninety-three million dollars (\$93,000,000) available to the Authority under the Act for the fiscal years ending subsequent to June 30, 2004, all for the purposes of supporting the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project; and

**WHEREAS**, the Board wishes to authorize the application to the State Treasurer and the Secretary of OPM for such remaining \$93,000,000 loan, with the understanding that the Authority expects to utilize a maximum of \$20,000,000 of such available funds for the fiscal year ending June 30, 2005; and

**WHEREAS**, the Board wishes to give the Officials the authority to submit such application, together with any and all necessary documentation including, but not limited to a First Supplement to the Financial Mitigation Plan, and to document such actions authorized herein; and

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

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

**Section 1.** That the action of the Officials, in submitting an application to the State Treasurer and the Secretary of OPM, in the name of and on behalf of the Authority, in connection with the extension by the State of Connecticut of a loan to the Authority in an aggregate amount not to exceed ninety-three million dollars (\$93,000,000.00), in accordance with the provisions of the Act, to support the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project for the fiscal years ending subsequent to June 30, 2004, be and the same is hereby authorized and approved.

**Section 2.** That the Officials, in connection with such application for the \$93,000,000 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 First Supplement to the Financial Mitigation Plan substantially in the form attached hereto as *Exhibit A* (located at the end of the minutes) 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 3.** The Officials are authorized and directed to perform and take such other actions as may be desirable, necessary, proper or convenient to accomplish the intent and purposes expressed herein, and the performance thereof by such Officials shall be conclusive as to the approval by the Authority of the terms thereof.

**Section 4.** This resolution shall take effect immediately.

Director O'Brien seconded the motion which was approved unanimously (refer to pages 14-42 of transcript).

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

**PROJECT REPORTS**

**MID-CONNECTICUT**

**AUTHORIZATION REGARDING THE REFURBISHMENT OF CONVEYOR CV-202 AT THE MID-CONNECTICUT WASTE PROCESSING FACILITY**

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

**RESOLVED:** That the Board of Directors authorizes the expenditure of \$237,322 for the refurbishment of the CV-202 conveyor at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting. The funds for this project are available from the FY 04 Mid-Connecticut Capital Improvement Budget provided certain capital projects are deferred to FY05.

Director Cassano seconded the motion which was approved unanimously (refer to pages 45-52 of transcript).

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

**AUTHORIZATION REGARDING SPOT WASTE DELIVERY SERVICES FOR THE MID-CONNECTICUT AND WALLINGFORD PROJECTS**

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

**RESOLVED:** That the President is hereby authorized to enter into agreements with USA Hauling and Recycling and CWPM, LLC for the delivery of spot waste on an as needed

basis for the Mid-Connecticut and Wallingford Resources Recovery Facilities substantially in accordance with the terms and conditions presented at this meeting.

Director Cooper seconded the motion which was approved unanimously (refer to pages 53-55 of transcript).

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

**AUTHORIZATION REGARDING THE INSTALLATION OF AN ASH TREATMENT SYSTEM AT THE MID-CONNECTICUT RESOURCE RECOVERY FACILITY**

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

**RESOLVED:** That the President is hereby authorized to execute an agreement with Covanta Mid-Connecticut, Inc. to install a dolomitic ash treatment system at the Mid-Connecticut Resource Recovery Facility, substantially as presented and discussed at this meeting.

Director Martland seconded the motion which was approved unanimously (refer to pages 55- 61 of transcript).

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

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

**GENERAL**

**AUTHORIZATION REGARDING SOLID WASTE, RECYCLING AND ACCOUNTING/FINANCE CONSULTING SERVICES**

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 contracts with the following firms and individuals for solid waste, recycling and accounting/finance consulting services for the period from January 1, 2004 through December 31, 2006, substantially as discussed and presented at this meeting:

**Solid Waste Consulting Services**

Alternative Resources Inc.	J A Hayden Associates
Arace & Company Consulting	M. I. Holzman & Associates, LLC
CalRecovery, Inc.	Malcolm Pirnie, Inc.
Cashin Associates, PC	Modal Resources LLC
CDM	Plumley & Associates
Charles River Associates	R. L. Banks & Associates, Inc.
Davies Associates, Inc.	R. W. Beck, Inc.
Dvirka & Bartilucci	RS Lynch, Inc.
EcoData, Inc.	Shaw E. & I. Inc.
Gannett Fleming Corp.	Stearns & Wheeler, LLC
Gershman Brickner & Bratton, Inc.	

**Recycling Consulting Services**

CalRecovery, Inc.	R. W. Beck, Inc.
Dvirka & Bartilucci	RRT Design & Construction
Gershman Brickner & Bratton, Inc.	Shaw E. & I. Inc.
Malcolm Pirnie, Inc.	

**Accounting/Finance Consulting Services**

Alternative Resources Inc.	Johnson, Andrew H.
Cashin Associates, PC	Kropp, Robert E.
Crouse & Co.	Malcolm Pirnie, Inc.
Davies Associates, Inc.	McAlpine, Peter
Hammond, Peter S.	Mission: A Consulting Group

Jennings, Peter

Director Sullivan seconded the motion which was approved unanimously (refer to pages 62-68 of transcript).

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

**AUTHORIZATION REGARDING SIGNATORY AUTHORITY FOR ENVIRONMENTAL SUBMITTALS**

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

**RESOLVED:** Pursuant to Conn. Gen. Stat. Section 22a-277(c) the board hereby authorizes the President to delegate to designated members of the CRRA staff, as duly authorized representatives of the Authority, the authority to sign documents submitted by CRRA to the Connecticut Department of Environmental Protection and the United States Environmental Protection Agency, in connection with air, water, and solid waste compliance and permitting programs, substantially as presented and discussed at this meeting. This delegation of authority, in the President's opinion, would be appropriate for the prompt and orderly transaction of the business of the Authority.

**FURTHER RESOLVED:** That the Board hereby ratify such documents previously signed by Peter W. Egan, Director of Environmental Services, and John D. Clark, Operations Division Head, and submitted to the Connecticut Department of Environmental Protection and the United States Environmental Protection Agency, in connection with air, water, and soil waste compliance and permitting programs.

Director Sullivan seconded the motion. After some discussion, Director O'Brien offered a friendly amendment to the first sentence of the resolution to replace, "designated members of CRRA staff" with "the Director of Environmental Affairs and Development and the Director of Operations." Director Sullivan accepted the friendly amendment as he seconded the motion made by Director O'Brien.

The amended motion previously made and seconded was approved unanimously (refer to pages 68-79 of the transcript).

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

**AUTHORIZATION REGARDING AN INITIATIVE TO EXPLORE THE FEASIBILITY OF INCREASING CAPACITY AT THE HARTFORD LANDFILL**

Documents were distributed to the Board and Chairman Pace requested a motion to add the referenced item to the agenda. The motion made by Director Cassano and seconded by Director Martland was approved unanimously.

A discussion ensued, after which Director Sullivan suggested an additional last sentence be added to the distributed resolution. Director Sullivan then made the following resolution:

**RESOLVED:** That the President is hereby authorized to initiate certain activities necessary to provide CRRA with information to determine the feasibility of increasing capacity Process Residue and Bulky Waste, including capacity to increase at the Hartford Landfill, substantially as presented and discussed at this meeting. Any costs associated with this resolution will follow the appropriate Finance Committee and Board approval process.

Director Martland seconded the motion which was approved unanimously (refer to pages 79-96 of transcript).

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

**LEGAL**

**ANDERSON KILL UPDATE**

There was a lengthy discussion regarding the referenced item, after which Director O'Brien made a motion to table items 8 and 9, Anderson Kill Update and Resolution with Respect to An Increase in Legal Fees for Anderson Kill & Olick, By the Attorney General, on Behalf of CRRRA, until the Board's subsequent meeting. Director Sullivan seconded the motion which was approved unanimously (refer to pages 98-112).

**AUTHORIZATION REGARDING LEGAL REQUESTS FOR SERVICES**

Vice Chairman Cassano requested a motion on the referenced item. Director O'Brien made the following motion:

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

Director Sullivan seconded the motion.

After some discussion, a motion made to table the item by Director Martland and seconded by Director Cohn was approved unanimously (refer to pages 113-122 of transcript).

## EXECUTIVE SESSION

Vice Chairman Cassano requested a motion to convene an executive session to discuss litigation, pending litigation, contractual negotiations and personnel matters with appropriate staff. Director Martland made the motion which was seconded by Director Cooper. Vice Chairman Cassano requested that Messrs. Kirk and Bolduc and Ms. Schmidt remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 11:36 a.m.

The Executive Session concluded at 12:30 p.m.

Vice Chairman Cassano reconvened the Board meeting at 12:31 p.m.

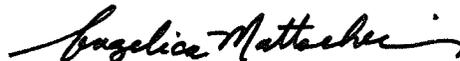
Vice Chairman Cassano noted that no votes were taken in Executive Session.

## ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 12:32 p.m.

Respectfully submitted,



Angelica Mattschei  
Corporate Secretary to the Board

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**EXECUTIVE SESSION**

**DECEMBER 18, 2003**

An Executive Session called for the purposes of discussing litigation, pending litigation, contractual negotiations and personnel matters, was convened at 11:36 a.m.

**DIRECTORS**

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

**STAFF**

Tom Kirk  
James Bolduc  
Ann Stravalle-Schmidt

No votes were taken in Executive Session.

The Executive Session was adjourned at 12:30 p.m.

**PLAN TO MINIMIZE TIPPING FEES FOR MID-CONNECTICUT MUNICIPALITIES**

Since the Steering Committee issued its report in December 2002 and the Authority submitted its Financial Mitigation Plan in May of 2003, a number of administrative, financial, operational and procedural changes have been implemented at the Authority and efforts on others have begun. Central to these initiatives has been the orderly transition by the new senior management to a renewed focus by the Authority on the solid waste business in Connecticut. The challenge of overcoming the significant loss of approximately \$26 million (\$30/ton) in annual cash revenue to the Mid-Connecticut project cannot be accomplished in one year or through a singular solution. It will be overcome through a series of actions over an extended time horizon.

This year, the Authority successfully undertook numerous steps to mitigate the impact of substantially increasing the tip fees in the near term, while at the same time being mindful of its obligations under the Mid-Connecticut bond resolution to avoid a default situation. The major components of these efforts are as follows:

1. Negotiations with CL&P culminated in the receipt of \$9.5 million in past due funds related to outstanding billings for electric sales.
2. The FY04 tip fee was increased to \$63.75/ton from \$57.00/ton recognizing that market conditions allowed for a more competitive situation.
3. The Authority has set as a goal to establish tip fees in line with market rates to avoid potential issues regarding flow control.
4. The Board approved the Financial Mitigation Plan and a Master Loan Agreement with the State of Connecticut was negotiated for \$22.0 million available through June 30, 2004. These funds are required to be repaid by June 30, 2012. Current projections are to utilize less than the \$22.0 million thereby mitigating the impact on future tip fees.
5. An energy agreement for the first 250 gigawatt hours of production from the South Meadows facility was bid successfully with the result being incremental revenues of \$4.2 million over the two-year contract term.
6. Implemented cost containment efforts to identify both minor and major cost drivers and begin the process of renegotiations. The Authority forecasts that successful renegotiations with one vendor alone could save approximately \$1.5 million per year.
7. Miscellaneous revenue streams were sought out in the form of landfill cover and generated approximately \$123,000 in fiscal year 2003.
8. Certain legal contracts for Enron litigation were renegotiated from an hourly charge to a success contingency basis.
9. Pursued legislation to access escheat funds of approximately \$16 million associated with uncollected bottle and can redemption.

The next phase of the mitigation plan will continue to focus on a mixture of both near term and longer term needs through the end of the current solid waste disposal contracts with member and contract municipalities, which expire in 2012. The actions will vary but the central theme of an ongoing business model post 2012 will be paramount in overcoming the sizable financial impact. Looking ahead, the Authority will be focusing its efforts as follows:

1. Continuance of vendor contract negotiations and/or renegotiation to improve costs and/or improve efficiency.
2. Filing with the State of Connecticut for access to FY05 portion of the \$93.0 million in loans as authorized in the legislation (Public Act 03-5).
3. Continuance of one-on-one meetings with officials of member and contract towns to discuss the extension of their solid waste contracts and also to provide information on the future of solid waste disposal options in the State and region.
4. Implementation of a reorganization plan to focus on greater internal effectiveness and efficiency.
5. Commence the process of developing a business model for the post 2012 period with the eventual renegotiation of contract extensions with member and contract towns as well as new towns.
6. Identify, develop and implement cost-effective solutions for the disposal of residue and ash.
7. Evaluate the financial option for refinancing beyond 2012 that would provide necessary cash flows at terms that incorporate longer maturities than currently available, which should lessen the impact on tip fees and support contract extension with the municipalities.
8. Maintain least cost strategies in administrative costs.
9. Pursue the recovery of settlement funds arising from Enron-related litigation.
10. Continue efforts to access escheat funds associated with uncollected bottle and can redemption.

The ultimate success of the efforts to mitigate the impact on tip fees rests in the ability to successfully extend the operations of the Authority beyond 2012, renegotiation of member and contract town agreements, and most importantly to restructure the outstanding Mid-Connecticut bonded debt over a longer time horizon.

1 CONNECTICUT RESOURCES RECOVERY AUTHORITY

2 BOARD MEETING

3  
4  
5 December 18, 2003

6  
7  
8  
9 Held At:

10 100 Constitution Plaza

11 Hartford, Connecticut

12  
13  
14  
15  
16 H e l d B e f o r e:

17 MICHAEL A. PACE, Chairperson

1 A p p e a r a n c e s :  
 2 Directors:  
 3 STEPHEN T. CASSANO  
 4 BENSON R. COHN  
 5 MARK COOPER  
 6 JAMES FRANCIS  
 7 TIMOTHY GRISWOLD  
 8 JEFFREY HEDBERG  
 9 ARTHUR LATHROP  
 10 MARK A. LAURETTI  
 11 SHERWOOD LOVEJOY  
 12 THEODORE MARTLAND  
 13 RAYMOND O'BRIEN  
 14  
 15 Present from CRRRA:  
 16 ANGELICA MATTSCHIEI  
 17 JAMES BOLDUC  
 18 THOMAS KIRK  
 19 ANN STRAVALLE-SCHMIDT  
 20  
 21 In attendance:  
 22 JERRY TYMINSKI  
 23 SCRRA  
 24  
 25

1 9:30 O'CLOCK A.M.  
 2  
 3 THE CHAIRPERSON: We'll call  
 4 it at 9:30.  
 5 The pledge of allegiance,  
 6 please.  
 7 (Whereupon, the pledge of  
 8 allegiance was recited.)  
 9 THE CHAIRPERSON: Any comment  
 10 from the public?  
 11 Hi, John, how are you?  
 12 Seeing none, we'll move on to the minutes.  
 13 DIR. O'BRIEN: Mr. Chairman,  
 14 I'll move approval of the minutes of the  
 15 November 20th regular board meeting.  
 16 DIR. SULLIVAN: Second.  
 17 THE CHAIRPERSON: Any  
 18 discussion?  
 19 DIR. O'BRIEN: Yes, if I may.  
 20 On page 3 of the minutes there's two  
 21 corrections. Number one, the motion to  
 22 amend, a motion to delete engineer and office  
 23 manager was made by the Chair. I seconded  
 24 it. And there was no recording of a vote on  
 25 the amendment. The Chair also did not

1 A p p e a r a n c e s (Cont'd.):  
 2 ROBERT PANDOLFO  
 3 HEJN  
 4  
 5  
 6 JOHN MAULUCCI  
 7 BRRFOC  
 8  
 9 DAVID ARRUDA  
 10 DOMINICK DIGANGI  
 11 MDC  
 12  
 13 JOHN F. STAFSTROM, JR., ESQ.  
 14 PULLMAN & COMLEY, LLC  
 15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25

1 declare that it had passed unanimously  
 2 according to the verbatim minutes.  
 3 Also, the pages to look at are  
 4 missing on the first few items so it was real  
 5 hard to go back.  
 6 Then I have another question  
 7 as to what defines eligibility for the ad  
 8 hocs. For example, they are listed as  
 9 noneligible on the minutes, but more to the  
 10 point, they're listed as noneligible on some  
 11 other items such as the office relocation  
 12 which affects all projects. I don't know why  
 13 that is. And are the rules of eligibility  
 14 for voting clearly defined and understood?  
 15 THE CHAIRPERSON: My  
 16 understanding -- and Jay or Tom -- Ann is not  
 17 here present -- the ad hocs can vote on their  
 18 projects but not on other projects.  
 19 DIR. O'BRIEN: But the office  
 20 affects their project because it affects  
 21 their project costs.  
 22 MR. KIRK: We can verify that,  
 23 Ray. But my understanding of it is if it  
 24 includes other projects, they are not  
 25 eligible.

Draft

1 THE CHAIRPERSON: We will  
 2 check.  
 3 DIR. O'BRIEN: In the minutes,  
 4 for example, there were here whether they  
 5 could vote or not. Just a question.  
 6 THE CHAIRPERSON: I think the  
 7 vote on the minutes by the ad hoc would be  
 8 witness to the fact, if nothing else. But  
 9 good question. We'll check.  
 10 Any other corrections?  
 11 Comments?  
 12 Seeing none, all those in  
 13 favor as amended by Ray?  
 14 Opposed?  
 15 Abstained?  
 16 DIR. KNOPP: Abstain.  
 17 THE CHAIRPERSON: All right we  
 18 have one abstention.  
 19 The next item, finance. Board  
 20 action will be sought regarding CRRAs  
 21 portion of the Southeast Project.  
 22 We'll have a motion by our  
 23 finance chair to place it on the table.  
 24 DIR. SULLIVAN: Move that the  
 25 fiscal year 2005 CRRAs Southeast Project

1 MR. BOLDUC: We've talked to  
 2 them and there's a letter that's been drafted  
 3 that will be sent out this afternoon.  
 4 DIR. O'BRIEN: Okay. So that  
 5 will not be part of business transactions  
 6 here?  
 7 MR. BOLDUC: No. I think we  
 8 agreed to keep it as a separate item.  
 9 DIR. O'BRIEN: I didn't know  
 10 what the outcome of your discussions was.  
 11 THE CHAIRPERSON: Just for the  
 12 Board's clarification, Ray, Jim, why don't  
 13 you explain this so everybody knows what  
 14 we're talking about from the finance board.  
 15 DIR. O'BRIEN: Do you want to  
 16 take the lead, Jim, or --  
 17 MR. BOLDUC: Yes, sure.  
 18 There's one kind of open item with regard to  
 19 the capital budget in Southeast regarding the  
 20 SNCR. It's an environmental issue. In the  
 21 past the project has been acquiring credits  
 22 to offset the emission standards. Those  
 23 credits will expire. The availability of  
 24 those will be expiring. Historically they've  
 25 been buying from the Mid-Conn project

1 operating budget in the amount of \$11,512.342  
 2 and the capital budget for \$1,700,000, which  
 3 represents 92 percent and 100 percent  
 4 respectively of the total budget --  
 5 THE CHAIRPERSON: I just want  
 6 to put it on the table so we can discuss.  
 7 Is there a second?  
 8 DIR. O'BRIEN: Second.  
 9 THE CHAIRPERSON: Thank you,  
 10 sir.  
 11 DIR. SULLIVAN: We covered  
 12 this item in depth at the finance committee  
 13 meeting a week ago and recommended it for  
 14 full consideration by the Board at this time  
 15 I don't know whether there's any questions or  
 16 comments that anyone wants to clarify or  
 17 respond to.  
 18 DIR. O'BRIEN: Are we going to  
 19 add it in, or have you discussed the  
 20 additional motion we discussed, Mr. Chairman,  
 21 with regard to the capital budget? Have you  
 22 discussed that with Southeast yet?  
 23 MR. BOLDUC: This is  
 24 regarding the SNCRs?  
 25 DIR. O'BRIEN: Yes.

1 primarily because the design of the way the  
 2 credit system works and, in fact, that the  
 3 Mid-Conn will no longer be able to produce at  
 4 the adequate level.  
 5 But more importantly, I think  
 6 at the meeting there was a discussion about  
 7 installing mechanical improvements to the  
 8 facility to comply. And the finance  
 9 committee wanted to stress the fact that  
 10 obviously the importance of taking a public  
 11 posture from CRRAs that we want to do what's  
 12 necessary for the environment.  
 13 And while credits is a vehicle  
 14 that is acceptable, obviously it's going to  
 15 be a more bricks and mortar approach would be  
 16 more preferable. And so there was a desire  
 17 by the finance committee to correspond with  
 18 the Southeast board and just express that  
 19 concern of theirs which we've talked to Jerry  
 20 Tyminski about.  
 21 And, in fact, the Southeast  
 22 board has been addressing it. There's two  
 23 proposals on the table right now. One is a  
 24 system similar to what Bridgeport installed.  
 25 Another system has the same attributes but is

1 a little cheaper in cost, but there's a  
2 couple of open issues on it. They are  
3 exploring that right now, and I would suspect  
4 within a very short time frame their board  
5 will address selection of one of those two  
6 options.

7 Jerry Tyminski is here from  
8 the Southeast project.

9 MR. TYMINSKI: To speak to it,  
10 I'll just tell you that our intention is to  
11 put that system in as soon as possible. We  
12 still have some open issues on a second  
13 contractor we're looking at, but we intend to  
14 have modifications done and the outage at the  
15 end of February, beginning of March, and we  
16 hope that system is up and operational by the  
17 summertime.

18 THE CHAIRPERSON: Ray.

19 DIR. O'BRIEN: That's even  
20 better than "all delivered speed." There is  
21 money in the budget for that in case anybody  
22 is wondering. There is money in the budget  
23 to cover that capital expense.

24 THE CHAIRPERSON: Just for the  
25 Board's purpose, the finance committee is

1 supporting what they are doing basically  
2 saying that public policy for the environment  
3 is one of our primary concerns and  
4 encouraging Southeast to move forward instead  
5 of buying credits to put in the facilities to  
6 clean up the environment.

7 Sir, Art.

8 DIR. LATHROP: I'm getting  
9 mixed signals here because I had a quick chat  
10 with Tom before and I understood that there  
11 was some resistance to that idea from this  
12 organization.

13 MR. KIRK: I may have been  
14 incorrect there. My understanding was there  
15 was not resistance from this organization.  
16 This organization, CRRRA, had wanted to  
17 install it with all delivered speed, I think  
18 is what the finance committee meant, and I  
19 thought there was resistance from the SCRRA  
20 board.

21 MR. TYMINSKI: No, not at  
22 all. We understand we can't buy those  
23 credits. The time line is when we go to the  
24 outage we would do the boiler modifications  
25 because it would be cheaper. So the time

1 line is set up so that as we do the outages  
2 and any air test or any other requirements  
3 that would be required under this contract it  
4 would be concurrent with other tests that we  
5 have to do. So we're going to do this as  
6 soon as we possibly can.

7 DIR. O'BRIEN: Thank you.

8 THE CHAIRPERSON: I think, if  
9 the gentleman wants to hear the tape of the  
10 finance committee meeting, it's pretty  
11 strong.

12 MR. KIRK: But now I'm puzzled  
13 as to why there was even a discussion at the  
14 finance committee if the SCRRA board wanted  
15 to do it.

16 DIR. SULLIVAN: They were  
17 still in the pipeline.

18 THE CHAIRPERSON: Any other  
19 comments on this, Andy, or Jim?

20 MR. BOLDOC: No.

21 THE CHAIRPERSON: All right.  
22 Anybody with questions on the motion, the  
23 resolution for the capital budget for  
24 Southeast?

25 DIR. MARTLAND: Can I ask I

1 dumb question? What's a noncatalytic  
2 reduction?

3 THE CHAIRPERSON: I'll go  
4 right to Mr. Tyminski.

5 MR. TYMINSKI: I'm not sure  
6 I can answer the technical side of that.

7 THE CHAIRPERSON: Peter.

8 MR. EGAN: I'll give it a  
9 shot. Essentially what you're accomplishing  
10 is adding a urea compound to reduce the  
11 oxidized nitrogen.

12 DIR. MARTLAND: Okay, thank  
13 you.

14 THE CHAIRPERSON: Anything  
15 else?

16 Seeing no other questions or  
17 concerns, I'll call for the vote.

18 All those in favor of the  
19 resolution as stated?

20 Opposed?

21 Abstained?

22 So moved.

23 DIR. O'BRIEN: Mr. Chairman,  
24 I'll move the resolution regarding the  
25 refurbishment of conveyor CV-202.

1 THE CHAIRPERSON: The next  
2 item on my packet is the resolution  
3 authorizing the application for the bond  
4 indebtedness which is finance.

5 DIR. SULLIVAN: Right. If you  
6 look to your second packet, it's the packet  
7 entitled "The First Supplement to the  
8 Financial Mitigation Plan." There's a  
9 resolution in tab L, and I would move the  
10 adoption of that resolution in its entirety.

11 DIR. O'BRIEN: Second.

12 DIR. SULLIVAN: Highlighted as  
13 Exhibit L.

14 THE CHAIRPERSON: Question:  
15 Did anybody get one in the mail yesterday  
16 under separate cover? There's one in your  
17 packet. There's one here, the latest one,  
18 which was delivered to you yesterday.

19 DIR. SULLIVAN: Tab L is the  
20 operative section with the resolution.

21 Let me just preface this  
22 resolution quickly. The finance committee  
23 considered it briefly last Thursday, and then  
24 there was a follow-up conference call meeting  
25 of the members of the finance committee,

1 expect to utilize a maximum of 20 million in  
2 the year ending '05. And, again, that was a  
3 maximum of 22 million. We have gone through  
4 any number of different scenarios that have  
5 created different opportunities. You're all  
6 aware of the energy contracts that have been  
7 supplemental income to the organization.

8 And the finance committee and  
9 management, more precisely, have gone through  
10 a significant exercise to reduce costs. You  
11 can't reduce your cost to profitability  
12 totally. So we're at a point now where costs  
13 are down to what we consider to be, as a  
14 finance group, almost to the bare bones in  
15 terms of our operational expenditures and our  
16 administrative expenditures. And then the  
17 budget for '05 will reflect some modest  
18 inflationary index increases which is really  
19 modest because inflation has been relatively  
20 modest.

21 So that being said, we do  
22 believe that the 20 million is the right  
23 corridor or the right level of what we think  
24 we're going to need for the 2005 year end.

25 THE CHAIRPERSON: Raymond.

1 including the chair. And at the culmination  
2 of that meeting there have been certain  
3 changes. We went through over the weekend in  
4 detail the document entitled "The Mitigation  
5 Plan," and then, having considered all the  
6 comments, had a telephone meeting last Monday  
7 and then recommended the document to the full  
8 Board for action today.

9 The thing that I'd like you to  
10 highlight on this, page L2, and then we can  
11 discuss it if anybody has questions that  
12 might come about, and it's the fifth whereas  
13 which speaks to the issue as to -- I'm sorry,  
14 the next to the last whereas. The 22 million  
15 was the fifth whereas which is what we're  
16 operating under right now today. And I think  
17 it's important to let you know that we're not  
18 going to utilize the full 22 million in the  
19 fiscal year that ends June '04. The  
20 forecasts indicate there will be some  
21 significant amount less than the 22 million.

22 In looking through what our  
23 needs would be to 2005, which is what this  
24 document is really intended to propose, if  
25 you look at the next to last whereas, we

1 DIR. O'BRIEN: And just  
2 expanding on what Andy said, the budget for  
3 FY05 for Mid-Conn is not yet set. Staff is  
4 still working on it. There's still some  
5 projects in there that are under review, and  
6 the Board still has to approve it. So that's  
7 one of the reasons why it says a maximum of  
8 20 million as opposed to a flat amount.

9 DIR. SULLIVAN: It's  
10 important, too, to get this behind us at this  
11 juncture because, as you recall, we go into a  
12 budget season in January/February and we're  
13 mandated by contract to have our budget set  
14 and our tip fee set. And this is geared  
15 towards in terms of the overall public policy  
16 minimizing to the best extent possible the  
17 element of tip fee to our member towns. So  
18 that's one of the main premises. That was  
19 one of the main premises under which the loan  
20 was originally authorized.

21 We're in keeping both with the  
22 spirit and the letter of the law, and we're  
23 in keeping within the -- you know,  
24 recognizing that our lending authority, if  
25 you will, is represented by the State

1 Treasurer's Office and the Office of Policy  
2 and Management. So those are our two basic  
3 bankers in this scenario. So I think it's  
4 important that we take this action today and  
5 move forward with it.

6 THE CHAIRPERSON: Alex.

7 DIR. KNOPP: I'm just a little  
8 confused. Are we seeking authority to access  
9 20 million or the entire rest of the 93?

10 DIR. SULLIVAN: It's both, but  
11 we recognize that the way our lenders have  
12 looked at us based on the prior negotiation  
13 and the prior -- that gave us the 22 million  
14 for next year, that there's a short-term  
15 issue that we have to recognize and deal  
16 with, the state lending authorities. So  
17 that's why we have to continue to recognize  
18 that we do -- we are entitled to based on the  
19 22 million that we were approved from last  
20 year, the 93 million now, one of the things I  
21 will tell you that's pretty clear to us that  
22 the unused facility, the credit facility that  
23 we don't use for 2004, is not going to roll  
24 over to us.

25 The fact that we were able to

1 cut the amount of structural costs within our  
2 organization and on the top line raise some  
3 additional revenues, it led us to what I  
4 think is going to be around 15 million of  
5 borrowing. That 7 million gap therefore  
6 we're not going to be able to roll that over.

7 DIR. O'BRIEN: Because of the  
8 legislation.

9 DIR. SULLIVAN: Because of the  
10 way the legislation was written.

11 THE CHAIRPERSON: But we don't  
12 see that as a negative. This loan  
13 agreement -- remember our charge was to  
14 reorganize the company, refocus the company,  
15 set a plan and direction, reduce its costs,  
16 minimize the tip fee, and the \$115 million is  
17 really taking a look at a bridge loan. It  
18 keeps us on target if, yes, we put in for  
19 this number, but if we can come in with less  
20 and we have less borrowing, that's less  
21 expense we have on the outside, and it puts  
22 us right into what our purpose here is: To  
23 reduce the cost and mitigate the Enron piece.

24 So, yes, we had \$7 million  
25 that we had the potential of borrowing. We

1 kept costs and revenues in line so we'd use 7  
2 million less. I look at that as a plus for  
3 the organization, not a negative.

4 DIR. SULLIVAN: Absolutely.

5 DIR. CASSANO: Just obviously  
6 the side impact of that, as we become more  
7 fiscally responsible, what is the potential  
8 impact as far as tip fees are concerned?  
9 We're going so far in taking less money  
10 that's it's going to have an impact on  
11 raising tip fees more or --

12 DIR. SULLIVAN: Go ahead, Jim.  
13 I'll let Jim address that, if you would.

14 MR. BOLDUC: In the document  
15 there is a forecast for the next three years  
16 because it's required to be filed, Steve.  
17 It's under tab K. We took a slight different  
18 approach the way that we're looking at it  
19 right now. The kind of going-forward plan is  
20 to establish a tip fee at what we believe  
21 market to be. And as Andy mentioned a few  
22 minutes ago, the tip fee really is not set by  
23 this Board for FY05 until February. So we  
24 have that kind of period between now and then  
25 to still make some refinements to the budget,

1 and we're still looking at it.

2 Typically we would not have  
3 been at this point in the budget process.  
4 But because it's a required filing component  
5 of this document, we were faced with having  
6 to kind of accelerate the budget in order to  
7 put something in here in order to make a  
8 filing because come February we have to have  
9 the state loan in place which we don't now,  
10 and this gets into a problem we had at the  
11 end of last year with the indenture. And the  
12 only alternative is for this Board to go up  
13 with the tip fee at a hundred percent, so we  
14 needed to accelerate.

15 So in this process one of the  
16 changes we've made in looking at the tip fee  
17 was trying to deal with this issue of flow  
18 control and the market condition because the  
19 reality is we can put whatever number we  
20 want, but at the end of the day the cash is  
21 probably not going to be there because, as  
22 the product starts floating out of the  
23 system, there's a higher tip fee.

24 So I think if you look at the  
25 assumptions of what we have in the budget

1 right now -- and, again, these are  
 2 preliminary. Under exhibit I, that first  
 3 page, we've got the tip fees kind of put  
 4 there, but, again, those are just very  
 5 preliminary because we need to run some  
 6 numbers to file this. But the important part  
 7 is, is this fundamental shift that we will  
 8 try to meet market conditions, because, if we  
 9 don't, we've got a very structural problem.

10 The second piece of it and we  
 11 talked about this extensively, there is a  
 12 point, and we're calculating that as we  
 13 speak, that, in fact, the state loan will be  
 14 more detrimental by taking it than not  
 15 because when you've got a fixed maturity and  
 16 you start getting closer to that end point,  
 17 the impact of the interest borrowings, the  
 18 state loan becomes -- we're better off just  
 19 increasing the tip fee and not using the  
 20 state loan.

21 My gut feeling tells me that's  
 22 probably 18 to 24 months out. But that  
 23 becomes a very fundamental issue for us to  
 24 have to deal with because, at that point, it  
 25 becomes less attractive unless we can

1 reflected here because there just wasn't time  
 2 to redo everything between Monday and today,  
 3 but that's, you know, if somebody starts  
 4 asking questions about where the tip fee is  
 5 going our target is --

6 THE CHAIRPERSON: Let the  
 7 Chair make a statement to that effect. One  
 8 of the things that this Board has been faced  
 9 with as a derivative, if you will, from using  
 10 \$220 million, okay, is where the company goes  
 11 in the future. The cost of tying manpower,  
 12 if you will, from the management and this  
 13 Board of focusing of where we have to be with  
 14 the landfill closings, of ash residue with  
 15 renegotiating the contracts, has been  
 16 substantial. One of our charges has been to  
 17 mitigate the tip fee.

18 As was just said, here at the  
 19 finance meeting, we're setting a goal of  
 20 about a 7 percent increase which would be  
 21 68.50. We put in a number in here of \$70  
 22 which seems to be at about marketplace. One  
 23 of the things that the finance committee and  
 24 the steering committee and this Board has had  
 25 to deal with is not only reducing costs but

1 renegotiate, at that point, the maturities of  
 2 the existing state loans and extend it out.

3 That's where we kind of got  
 4 caught between, I think, what the legislation  
 5 intended back in '02 and what the steering  
 6 committee and everybody was looking at,  
 7 because even in that report I think the  
 8 maturities were looking out at 2021, not 23,  
 9 but when we actually negotiated the deal with  
 10 the secretary of OPM and the treasurer, the  
 11 secretary was very steadfast that he didn't  
 12 want to go beyond 2012. So that's a very  
 13 significant fundamental change in that  
 14 process.

15 So in looking at tip fees  
 16 there's some very significant issues there to  
 17 deal with going forward. For this purpose  
 18 we've put some assumptions in here, but we'll  
 19 refine those as we get closer --

20 DIR. CASSANO: My only concern  
 21 is, obviously, if the document becomes public  
 22 that will be a headline somewhere.

23 DIR. O'BRIEN: To the point of  
 24 your question, Steve, the finance committee  
 25 set a target of 68.50 versus the \$70, what is

1 taking a look at how we position ourselves in  
 2 the future.

3 One of the other things we  
 4 have to do is because of the legislation, as  
 5 Jim had said, you know, we have to file  
 6 reports and get things in line in advance of  
 7 putting together our budget. So the timing  
 8 sequence of this isn't as uncomplicated as it  
 9 might be. This is an important document for  
 10 us to secure the funds. This has been going  
 11 on. And John has been going working with Jim  
 12 and Tom on this for a while.

13 I think if somebody wants to  
 14 take a look at our tip fees, we went up to  
 15 63.75 this year. We're looking at a goal of  
 16 68.50 which is about a 7 percent. Many of  
 17 us, if not all of us, are very conscious of  
 18 the fact that the state going back in  
 19 February.

20 So, putting all these numbers,  
 21 we have to plug in a number. And the  
 22 marketplace number, as Tom and Jim have  
 23 explored, is \$70. Our goal is to come in at  
 24 68.50. Now that means we still have  
 25 opportunity to reduce some of our costs by

1 renegotiating some of our contracts, and  
 2 that's still ongoing, because that's still  
 3 part of the plight.  
 4 DIR. SULLIVAN: If you look  
 5 at --  
 6 THE CHAIRPERSON: Or we get  
 7 better efficiency through other contracts.  
 8 DIR. MARTLAND: I just want  
 9 to -- he said most of what I'd like to make  
 10 sure we get out. We're setting the number at  
 11 70, but we have all our hopes trying to stay  
 12 below that. And we're going to do as much as  
 13 we can to do that, and some of that may cause  
 14 some renegotiations of whatever, but I think  
 15 we have to emphasize for the press that we  
 16 hope and pray that we aren't going to get to  
 17 70.  
 18 THE CHAIRPERSON: Look at it  
 19 this way: Our decision is as contrary to  
 20 whatever some other people may think will be  
 21 business decisions, not political decisions.  
 22 DIR. SULLIVAN: If you look  
 23 for one moment on page A2 of this mitigation  
 24 document, item 3, it talks about continuance  
 25 of one-on-one meetings with officials from

1 member towns. One of the things we discussed  
 2 at our finance committee meeting -- and it  
 3 should be made clear to the other board  
 4 members -- is that until we have developed a  
 5 more -- we need a consistent message that  
 6 goes to each member town. We can't talk to  
 7 one town in one way and another town another  
 8 way. It has to be consistent all the way  
 9 through. As we look at the projected tip  
 10 fees, now recognizing that as you go out in  
 11 the out years it's less and less defined, if  
 12 you will, when you go through a projection,  
 13 but we have to have a posture that is both,  
 14 in our view, absolutely correct so that when  
 15 we meet with these member towns -- that would  
 16 start sometime over the next 18 months, I  
 17 would guess -- that when we meet with them we  
 18 have a consistent message from town to town  
 19 saying this is what you can plan on in terms  
 20 of where we see our tip fees going.  
 21 The probable shortcoming in  
 22 being able to do -- the fact that we have to  
 23 go year to year with our state borrowing, we  
 24 recognize the necessity of it, clearly  
 25 recognize the necessity of doing it that way

1 because that's what our lenders have asked us  
 2 to do, but it also puts a little bit of a --  
 3 it's sort of a wild card when we start  
 4 looking out three, four, five years, and  
 5 we're trying to get to the beyond 2012 so we  
 6 know that we can re-up our contracts so that  
 7 we will be at -- because we'll be at market  
 8 rate. That's going to be a critical rung on  
 9 the ladder to cross -- to step over in terms  
 10 of our dealings with our --  
 11 THE CHAIRPERSON: John, do you  
 12 want to speak to this and give us the comfort  
 13 of your counsel?  
 14 MR. STAFSTROM: Okay. The  
 15 resolution is probably much longer than it  
 16 needs to be. It goes through the history of  
 17 what the Board has done to date. And as you  
 18 recall, when we first took a piece of this  
 19 loan we were under the original statute which  
 20 authorized a total of \$115 million and did  
 21 not require security. And that legislation  
 22 was changed last August to split the loan  
 23 into two pieces, 22 million for fiscal years  
 24 '03 and '04 and then 93 million going  
 25 forward. To Alex's question, that's why the

1 93 number is in there.  
 2 You originally took a couple  
 3 million dollars under the original statute.  
 4 And if you remember, we came back to the  
 5 Board and recharacterized the debt on an  
 6 existing bond indenture so it satisfied our  
 7 covenants. So you're operating under that  
 8 scenario now. As Andy's pointed out, the  
 9 projections are that you're not going to use  
 10 the full \$22 million. In discussions that we  
 11 have had with OPM, OPM has made it clear  
 12 that, as far as they're concerned, any unused  
 13 availability there is gone and that because  
 14 it requires a statutory change to change  
 15 that. So we're now into the \$93 million  
 16 which is the remainder of the 115 on a  
 17 going-forward basis for fiscal year '05 going  
 18 forward.  
 19 Our discussions with OPM, with  
 20 OPM's counsel, to Andy's point is ideally,  
 21 from a planning point of view, you'd like to  
 22 put a loan in place that you know what the  
 23 amount of the loan is over a period of three  
 24 or four years. They are very reluctant to do  
 25 that. They want to look at this, at least

1 for now, on a year-by-year basis. So what  
2 you really have before you is an application  
3 to apply for next year fiscal '05 loan in the  
4 outside amount of \$20 million. You'll notice  
5 the current projections show maybe 14 or 15  
6 million dollars. The finance committee  
7 thought they needed to have a bigger number  
8 so that when you do sit down through your  
9 budget deliberations we won't have to go back  
10 to the state.

11 Actually, what you're being  
12 asked to approve today is the application for  
13 the \$20 million loan, and then we'll come  
14 back to the Board in January. Hopefully,  
15 we'll have negotiated the terms of the loan  
16 with the state, which we expect to look very  
17 similar to the last loan. And we'll come  
18 back to the Board for approval of the actual  
19 loan in January, which will be predicate then  
20 for you to approve your budget for the  
21 Mid-Conn project in February because you'll  
22 know how much availability you have to use  
23 and to interplay that with revenues and tip  
24 fee and cost savings and all of those type of  
25 things.

1 applying for it if we --

2 MR. STAFSTROM: I think,  
3 again, the theory on putting the application  
4 out for the full 93 million is that the  
5 statute doesn't say we have to do this on a  
6 year-by-year basis. Circumstances might  
7 change. The amount might change. I think  
8 that was the theory for doing it originally.  
9 Clearly when the finance committee looked  
10 back at it, they said, listen, let's give the  
11 state some comfort on as to what the actual  
12 amount we're looking for is.

13 There have been some  
14 discussions, for example, between my office  
15 and OPM about maybe wanting to go to a  
16 two-year loan so that you've got some idea as  
17 -- some idea over a two-year period what you  
18 might borrow instead of having to do this on  
19 an annual basis. You might be able to look  
20 out at your tip fee over two or three years,  
21 not set it, but at least look where the flow  
22 is going. It's difficult to do, as Andy  
23 pointed out, when you've only got a one-year  
24 loan commitment. We're not at that point  
25 now, but we're sort of laying the predicate

1 The other thing I would just  
2 point out --

3 DIR. KNOPP: Does the 73  
4 million lapse --

5 MR. STAFSTROM: The 93  
6 million?

7 DIR. KNOPP: No. I understand  
8 about the 93. We're going to use 20 of it.

9 MR. STAFSTROM: No. The  
10 statute is drafted out such that amounts for  
11 fiscal years '03 and '04 were 22 million, and  
12 then it says 93 million for '05 going on.  
13 Everybody's interpretation is that 93 million  
14 is available for the Authority from here  
15 until 2012. The problem with the fiscal '03  
16 and '04 money is the statute is very  
17 explicit. That 22 million is just for those  
18 fiscal years.

19 DIR. KNOPP: I'm trying to  
20 figure out has the 73 lapsed?

21 MR. STAFSTROM: No.

22 DIR. KNOPP: Is that why we're  
23 applying for it?

24 MR. STAFSTROM: No.

25 DIR. KNOPP: Why are we

1 for maybe talking about that.

2 DIR. SULLIVAN: The document  
3 that was first put before the finance  
4 committee last year did not have that  
5 one-year whereas in it. It had the entire  
6 93. Through the whole issue discussion  
7 process everybody was unanimous at the  
8 committee level saying, look, we need that.  
9 In fact it was Bud who raised it, recognizing  
10 that our lenders require we put the  
11 short-term piece in there.

12 MR. STAFSTROM: If I could  
13 just point out one other thing. The other  
14 thing that this document does is, if you  
15 recall, in the August statute when it was  
16 changed in addition to requiring a collateral  
17 for this, which is the second pledge on the  
18 revenues after the bondholders, and also  
19 cutting off any repayment -- payment can't go  
20 past 2012 -- and put a couple of other  
21 requirements.

22 The Authority is required to  
23 file quarterly updates to the financial  
24 mitigation plan. So this, in addition to  
25 constituting the supplement to the plan and

1 the loan application, is the first quarterly  
 2 report. And there were two other things that  
 3 were required to be included in that  
 4 quarterly report. One is a discussion of the  
 5 staffing of the Authority, staffing of the  
 6 authority, and the qualifications of the  
 7 directors. And the second thing was a  
 8 discussion of the Authority's efforts to  
 9 discuss with the towns an extension past  
 10 2012. So both of those are new items  
 11 compared to what you've seen in the previous  
 12 financial plan.

13 MR. BOLDUC: I just want to  
 14 talk about that last point. Probably for the  
 15 Board the most critical item in this whole  
 16 document is tab H. You probably want to make  
 17 sure you understand that. The new  
 18 legislation, as John mentioned, was fairly  
 19 clear that one of the things they are looking  
 20 for, and this goes at the heart of whether  
 21 the maturities can be extended post 2012, it  
 22 goes to what our efforts are relative to  
 23 getting new contract extensions. And that's  
 24 really -- the legislation was that simple.  
 25 It just assumed we're out there

1 point.  
 2 So, I think over the next  
 3 eight to ten quarters we will be able to  
 4 document a lot of progress along this  
 5 critical path, but clearly to be able to jump  
 6 right into 11 before we get through 1  
 7 through 10, I think would be kind of suicidal  
 8 in the expectation.

9 So we needed to kind of reset  
 10 that expectation that we need to go through  
 11 these other processes, and then we'll be in a  
 12 much better position to be able to move into  
 13 that one issue that the legislation is  
 14 requiring. Clearly that's the one I think  
 15 our lender -- is what we focused on because,  
 16 clearly, until we get to number 11, I think  
 17 there's clearly going to be a reluctance to  
 18 do anything about contract maturity  
 19 extensions, but clearly that's where we have  
 20 to get to as an organization, because, absent  
 21 that, the impact of the tip fee to overcome  
 22 the still outstanding 26 or so million dollar  
 23 a year cash deficit is still there and that  
 24 has not gone away.

25 And the only way we can

1 renegotiating.  
 2 In thinking of how to kind of  
 3 tee this thing up because, again, this is  
 4 going to be an ongoing report, in April we'll  
 5 file another one now until 2012, that we  
 6 needed, I think, to clear the air on exactly  
 7 what that meant in extending the contracts.  
 8 I don't think we can run out on starting  
 9 blocks tomorrow and start negotiating  
 10 contracts because there's a lot of front work  
 11 that needs to be done. And part of that  
 12 efforts starts with our Board retreat  
 13 tomorrow.

14 So what we tried to do in  
 15 here, if you look at tab H, is kind of lay  
 16 out kind of a process by which we need to get  
 17 to that point. And if you look in the  
 18 schedule, item 11 in that process is the one  
 19 that the legislation is dealing with because  
 20 until we go through 1 through 10, I don't  
 21 think we as an organization are in a position  
 22 to start talking to towns about contract  
 23 extensions, because the kinds of questions  
 24 they are going to ask are the kind of  
 25 questions we don't have answers to at this

1 reasonably do it is either come up with a  
 2 significant amount of new free cash that  
 3 probably will never approximate those kinds  
 4 of dollars, and contract extensions tied in  
 5 with refinancing is really probably where we  
 6 end up with at the end of the day.

7 The challenge with H is in  
 8 laying out something that unfortunately needs  
 9 to kind of move ahead, but there's a lot of  
 10 other steps in there that the Board obviously  
 11 needs to understand as we move through,  
 12 starting tomorrow, to get from here to there.

13 THE CHAIRPERSON: Ray.

14 DIR. O'BRIEN: I'd just like  
 15 to state again for the record so that nobody  
 16 misunderstands John's comments regarding the  
 17 finance committee's action on the 20 million.  
 18 That action was taken because there are  
 19 several major unresolved items in the budget  
 20 that are still under consideration by staff  
 21 and could, in fact, reach 20 million if all  
 22 of them are decided to go forward. In fact,  
 23 one of those that was presented to us last  
 24 week is also now being presented to the Board  
 25 for approval today, which is going to require

1 some transfer of funds from postponement of  
2 projects that were in this year's budget for  
3 next year to do this one which falls very  
4 similar to the item we talked with Jerry  
5 about before with regard to environmental  
6 responsibility.

7 DIR. SULLIVAN: Plus the other  
8 thing. This will give us a little bit of  
9 breathing room, if you will, with respect to  
10 our tip fee. That was the discussion to get  
11 to that 7 percent level, you know, that does  
12 give us a little bit of breathing room. The  
13 plan that we're looking at today are -- the  
14 financial document we're looking at today is  
15 a little less than 9 percent increase --  
16 about a 9 percent increase that we're looking  
17 at. But it's an ongoing process.

18 THE CHAIRPERSON: Any  
19 questions?

20 DIR. CASSANO: Just one  
21 relative question. Tom, at one time, just  
22 talking informally, you were talking about  
23 some of the concerns going back to the market  
24 driven issues, and so on. Are we stepping up  
25 enforcement on towns and their contracts that

1 MR. KIRK: Yes.

2 DIR. LATHROP: The French  
3 would say, pour accorde de la paix. They  
4 would encourage the others not to.

5 THE CHAIRPERSON: The French  
6 have said a lot on a lot of things.

7 DIR. SULLIVAN: You better  
8 spell that for the record.

9 MR. KIRK: We will certainly  
10 take every avenue available to us. We have a  
11 very significant, a very -- we have a penalty  
12 structure that all of the towns adhere to,  
13 and we have the ultimate nuclear threat, if  
14 you will, of closing the doors to  
15 noncooperative haulers, which basically puts  
16 them out of business. So we just have to  
17 judiciously use our capabilities, and we  
18 will.

19 DIR. LATHROP: Thank you.

20 THE CHAIRPERSON: I think one  
21 of the things we may want to do in January,  
22 Jim, in talking about this, we haven't seen  
23 Tom in a while dealing with recycling, Tom  
24 Gavin. Why don't we put him on the agenda.  
25 Maybe he can just talk to us about how the

1 are going to spot markets, and so on?

2 MR. KIRK: Yes. We're in the  
3 process of hiring an enforcement team now.  
4 Up to eight new positions were created by the  
5 Board this summer. Those new positions will  
6 have a dual function of both taking over our  
7 scale houses, our cash registers, if you  
8 will, and also enforcement function.

9 There's a couple reasons  
10 that's important. One is keeping out waste  
11 that shouldn't come to us, and the other is  
12 making sure we get waste that should come to  
13 us.

14 So, yes, this coming fiscal  
15 year will see significant focus on  
16 enforcement and at some cost but certainly  
17 important in meeting our budget plans.

18 DIR. SULLIVAN: Again, it's  
19 certainly in our view that any cost will far  
20 be exceeded by the benefit realized.

21 THE CHAIRPERSON: Sir.

22 DIR. LATHROP: Just a  
23 question. Is it practical to discover who  
24 has been naughty as distinct from nice and  
25 pursue remedy?

1 recycling is going and maybe where there's  
2 potential efficiencies and/or revenue  
3 increases.

4 DIR. SULLIVAN: Let's start  
5 him out with the finance committee.

6 DIR. MARTLAND: I don't want  
7 to belabor the question and take more time,  
8 but I want to go back to the Bridgeport  
9 scenario where some of the quotas in the  
10 towns and what was projected originally are  
11 ridiculous. So how are you going to do that?

12 THE CHAIRPERSON: One of the  
13 things we're doing tomorrow is looking  
14 forward. There's nothing I can do about  
15 yesterday. We have to look forward, and  
16 that's part of that initiative.

17 THE CHAIRPERSON: All right.  
18 This has been discussed. Are there any  
19 further comments, questions, concerns? This  
20 is an important document we have to get  
21 filed.

22 DIR. O'BRIEN: I would like to  
23 just add it is not only an important  
24 document, it was well put together by staff,  
25 Jim and Tom and Bettina and the rest of the

1 staff involved.  
 2 THE CHAIRPERSON: This thing  
 3 has been beaten through a lot.  
 4 DIR. O'BRIEN: Rob, Bettina  
 5 and Jim did a great job with it.  
 6 THE CHAIRPERSON: All those in  
 7 favor?  
 8 Opposed?  
 9 Abstained?  
 10 MR. KIRK: If I can make one  
 11 comment. I do want to address some of the  
 12 discussion regarding tip fees and targets. I  
 13 think it's important for the Board to  
 14 remember ultimately that we have an absolute  
 15 responsibility to set a tip fee that covers  
 16 our costs and debt service. That's beyond  
 17 dispute.  
 18 It's probably also important  
 19 to note that for every dollar that we don't  
 20 charge this year, we, by definition, will not  
 21 be collecting it for the following years  
 22 through 2012. So for every ton dollar not  
 23 collected in tip fee now, there are many,  
 24 many tons, eight or nine ton dollars not  
 25 collected in future years that will have to

1 make very substantial cost savings  
 2 assumptions. There's no business talking  
 3 about \$70 tip fees. That doesn't assume very  
 4 significant reductions in costs moving  
 5 forward that we think we can do and are  
 6 planning on in order to meet that 70 or  
 7 perhaps even lower tip fee. So, thank you.  
 8 THE CHAIRPERSON: Ray, do you  
 9 have a comment to that, or can I move  
 10 forward?  
 11 DIR. O'BRIEN: My comment to  
 12 that one is we also have to realize we're not  
 13 setting these tip fees in a vacuum. We're  
 14 setting them against towns that are looking  
 15 at, even this year in their current budget --  
 16 they faced a lot of budget problems last  
 17 year, most of the towns I'm familiar with.  
 18 So the tip fees are not being set in a  
 19 vacuum. They can't be just set based on one  
 20 set of criteria. We have to look at the  
 21 entire package, and that's one of the reasons  
 22 why the finance committee set a target of  
 23 68.50. It also should relieve some of the  
 24 enforcement issues about towns not delivering  
 25 because it will be competitive against market

1 be paid back at some point.  
 2 So it's important, I think, to  
 3 recognize the critical nature of meeting our  
 4 financial expectations sooner rather than  
 5 later. Money that we borrow from the state  
 6 will be paid back with interest. And as Jim  
 7 says, there's a point of diminishing returns,  
 8 which we think is 18 to 24 months away from  
 9 today, where it doesn't make sense to borrow  
 10 any more money. We don't want to be in a  
 11 position where we have to borrow money or it  
 12 doesn't make sense.  
 13 And finally, creating economic  
 14 incentives for misbehavior by haulers or even  
 15 towns is certainly not in our best interest.  
 16 Having a target of market rate tip fees is  
 17 beneficial for everyone. If we are fortunate  
 18 enough to have sufficient revenues to be able  
 19 to discount below that, that's great, but we  
 20 have to be careful how far we discount below  
 21 that such that we start tracking waste in the  
 22 system and it costs us much more to deal  
 23 with.  
 24 And the final comment is the  
 25 preliminary budgets you see here today do

1 rates.  
 2 THE CHAIRPERSON: Let's go on  
 3 to project reports, Mid-Conn, Board action  
 4 for refurbishing of --  
 5 DIR. O'BRIEN: I would move  
 6 the resolution that follows tab 3.  
 7 DIR. CASSANO: Second.  
 8 THE CHAIRPERSON: Who's going  
 9 to speak to that?  
 10 MR. KIRK: I just very quickly  
 11 note that the need to rebuild conveyor 202 at  
 12 the Mid-Conn project is not in dispute. It's  
 13 sorely in need of repair. It's becoming a  
 14 problem for us as far as plant capabilities.  
 15 The expenditure is significant so we're  
 16 asking Board approval because it's over  
 17 \$50,000. I would only add that due to the  
 18 concerns, in that we don't believe the  
 19 conveyor should be in the condition it's in  
 20 at this point in time, we think there should  
 21 be a couple more years left in the life of  
 22 the conveyor, and we will be working with our  
 23 contractors to ensure that the \$237,000 we  
 24 spend will give us the sort of life we  
 25 anticipate on that conveyor moving forward.

1 There's still a few issues  
2 we're working with the MDC to resolve. But  
3 the need for the conveyor rebuild is not in  
4 dispute. The timing is such it needs to be  
5 done to meet their outage schedule this  
6 coming month, so I'd ask the Board to  
7 favorably resolve this.

8 THE CHAIRPERSON: Ray.  
9 DIR. O'BRIEN: I have two  
10 questions, Tom. One, has the payback period  
11 been verified, or do we have our own opinion  
12 on what MDC calculated?

13 And the second one is the  
14 improved PM system that's talked about in the  
15 third paragraph, does that have any impact on  
16 operating costs? In other words, are you  
17 putting more frequent inspections, more  
18 personnel involved, or what is involved in  
19 that PM package?

20 MR. KIRK: The first question  
21 is, yes, we have reviewed and examined the  
22 payback period estimation of MDC, and after  
23 some back and forth it meets our conditions.  
24 For the PM, Floyd, did you want to address  
25 that specifically? Our major function moving

1 manufacturer's recommendations and make sure  
2 that we adhere to those procedures. I think  
3 quite often the procedures are satisfactory.  
4 The question is are they being adhered to on  
5 a regular basis. I don't know the answer to  
6 that because I'm new, and I'm trying to get  
7 to know the folks at MDC.

8 And Dominick and I have met,  
9 and he's assured me that we'll work well  
10 together and try to deal with these issues  
11 that we've had in the past.

12 THE CHAIRPERSON: The plant  
13 will be shut down for 2.5 to three days?

14 MR. GENT: I think it's going  
15 to be coupled with other things going on  
16 during an outage. There's going to be an  
17 outage in January and an outage in February.

18 THE CHAIRPERSON: For business  
19 disruption, so to speak, are we going to be  
20 able to stockpile all this stuff? How will  
21 that work?

22 MR. KIRK: This is a scheduled  
23 outage.

24 MR. GENT: It's a scheduled  
25 outage. We have storage on the tipping

1 forward is to be a lot closer involved and do  
2 a lot more contract administration, be more  
3 effective at the eyes and ears.

4 MR. GENT: Yes, I think  
5 there's two other components besides PM that  
6 we think will help the life: One is we're  
7 looking at a different type of wheel, which  
8 will help; additional skirting so that we get  
9 less spillage on the rail. Because the rail  
10 is the critical component, we want to  
11 maintain the life of the rail. Once you get  
12 wear and tear on that, it affects the  
13 tracking of the conveyor.

14 So the PM procedure we would  
15 want to work with MDC to see what can be done  
16 to improve on the current procedures. I  
17 don't say that we have anything specifically  
18 I can tell you -- can identify at this point  
19 in time. I don't think it's really an  
20 additional labor cost. I think it's just  
21 maybe thinking a little bit smarter about how  
22 that conveyor is maintained.

23 So we would be working with  
24 MDC once this is put in -- or actually prior  
25 to it being put in to look at the

1 floor, we have storage on the RDF area, and  
2 we also divert waste.

3 THE CHAIRPERSON: I guess my  
4 concern is that there isn't a backlog by  
5 accident or design someplace that then  
6 suddenly starts to come into the plant during  
7 our outage.

8 MR. KIRK: There shouldn't be.

9 MR. GENT: There shouldn't be.

10 THE CHAIRPERSON: There  
11 shouldn't be.

12 MR. GENT: I guess I can't  
13 speak to that because I haven't been through  
14 this process at this particular plant, but  
15 normally there should be no disruption of  
16 service to any of the customers.

17 MR. KIRK: The outages are a  
18 routine event for the most part. When  
19 planned, we can ascertain the waste that's  
20 expected and deal with it. It becomes a  
21 little more problematic when they are an  
22 unplanned outage, and that's one of the  
23 important reasons for performing this inside  
24 an outage so that months from now we don't  
25 have plant outages caused by this conveyor

1 being down unexpectedly.  
 2 MR. GENT: We have two  
 3 processing lines, so, if we would be  
 4 operating one of the processing lines, we  
 5 have three boilers.  
 6 THE CHAIRPERSON: You're  
 7 confident that the second line will continue  
 8 to operate?  
 9 MR. GENT: I'm certain that  
 10 it will be operating.  
 11 THE CHAIRPERSON: Perhaps you  
 12 just want to preshut down one of them and  
 13 make sure that the other one is in place and  
 14 running.  
 15 MR. KIRK: Oh, yes, that's  
 16 all, of course, done in anticipation of any  
 17 outage.  
 18 THE CHAIRPERSON: The Chair is  
 19 just being cautious.  
 20 MR. GENT: I totally agree  
 21 with you being concerned about being  
 22 cautious. I think every attempt will be made  
 23 to make sure that we conduct the outage in a  
 24 proper manner.  
 25 THE CHAIRPERSON: Ray.

1 DIR. O'BRIEN: The other  
 2 question I had was on the time of the outage.  
 3 That will come when we're on a fixed cost  
 4 rather than variable for electricity -- fixed  
 5 price rather?  
 6 MR. KIRK: We're always on  
 7 fixed price. Well, it will depend on when  
 8 that turnover -- when the 250,000 hours turn  
 9 over, and I don't know where we're  
 10 anticipating that to happen.  
 11 MR. GENT: I can check on  
 12 that.  
 13 MR. KIRK: And even when that  
 14 date is and whether or not it falls on which  
 15 side of that, in either case, whether it's  
 16 3.2 cents or whatever our contract rate is,  
 17 it's not going to be a big difference. The  
 18 January rate is pretty close to the CL&P  
 19 rate.  
 20 DIR. O'BRIEN: Okay.  
 21 THE CHAIRPERSON: Anyone else?  
 22 MR. KIRK: For January, at  
 23 least.  
 24 THE CHAIRPERSON: All right.  
 25 As we get closer to this time that it will be

1 shut down, will it be pre or post our January  
 2 meeting?  
 3 MR. GENT: When is the  
 4 meeting?  
 5 THE CHAIRPERSON: Fourth  
 6 Thursday.  
 7 MR. ARRUDA: I twill be in  
 8 concert with the power block outage in  
 9 February.  
 10 THE CHAIRPERSON: So in our  
 11 January meeting maybe you can just get a  
 12 comfort level that everything is in place,  
 13 and then at that time we'll know what the  
 14 rate is for Ray's question.  
 15 MR. GENT: Yes, I'll be able  
 16 to update you on that.  
 17 THE CHAIRPERSON: Any other  
 18 questions? Hearing none, I'll call for a  
 19 vote.  
 20 All those in favor?  
 21 Opposed?  
 22 Abstained?  
 23 So moved.  
 24 THE CHAIRPERSON: Mr.  
 25 Chairman, I'd like to move the resolution

1 that follows tab 3 regarding the spot waste  
 2 services.  
 3 THE CHAIRPERSON: Four.  
 4 DIR. O'BRIEN: Tab 4.  
 5 MR. KIRK: This is a routine  
 6 entering an agreement with a couple different  
 7 haulers. In the unlikely event we will need  
 8 to supplement -- I shouldn't say unlikely.  
 9 But we don't plan on having to go out there  
 10 and get spot waste. But in the event we need  
 11 spot waste to keep the plant running, we have  
 12 the desire to have contracts with a couple of  
 13 different haulers that will bring in waste.  
 14 When we are in a position to be trying to  
 15 attract waste into the plant, it is  
 16 invariably because generation rates are low  
 17 everywhere and as a result you end up having  
 18 to offer a very attractive tip fee. It's our  
 19 desire and plan to not utilize these  
 20 projects, but they are important to have in  
 21 place.  
 22 THE CHAIRPERSON: Is there any  
 23 reason why USA doesn't charge for wood chips?  
 24 It's a zero fee as opposed to a dollar fee.  
 25 MR. KIRK: It depends. That's

1 a market-based rate. Sometimes there's value  
2 to it. So if we can get it for zero, that's  
3 usually a pretty good price. We'll burn wood  
4 chips instead of coal.

5 DIR. O'BRIEN: These rates are  
6 well below what we have identified as market  
7 substantially. I am wondering two questions.  
8 Number one, why they weren't set to float the  
9 market so that you can negotiate the rate at  
10 the time you needed the rate. And secondly,  
11 that these rates, whatever they are agreed  
12 to, would apply only when we ask them to  
13 bring in waste, not if they deliver waste  
14 from outside the system just because they  
15 feel like it?

16 MR. KIRK: That's correct.  
17 The applicability of these discounted rates  
18 are only if we are in dire need for waste and  
19 can't find it anyplace else.

20 DIR. SULLIVAN: If you're in  
21 dire need, supply and demand tells you have  
22 to buy cheap.

23 DIR. O'BRIEN: I know. I'd  
24 rather see these numbers as a floor rather  
25 than as a fixed.

1 treatment system that follows tab 5.  
2 DIR. MARTLAND: Second.  
3 MR. KIRK: For this particular  
4 item, Peter is here to help us answer any  
5 questions if we have them. I do want to say  
6 that it's a little bit complicated issue, ash  
7 treatment, and we discussed this at length  
8 with the environmental dedicated board  
9 member, Ray O'Brien, last week. And I  
10 believe Director O'Brien is comfortable with  
11 our approach.

12 But, in essence, this is a  
13 system we propose to install at Mid-Conn to  
14 assure complete compliance with ash quality,  
15 residue quality. We think it's necessary to  
16 assure compliance. We are in compliance now,  
17 but it's necessary to assure it moving  
18 forward. It presents the best practice in  
19 the industry. It certainly is the best  
20 practice moving forward. Our risk in not  
21 doing so, in not installing this, is we would  
22 necessarily adopt potential for a failed ash  
23 test, which would be very costly. It would  
24 characterize our waste as hazardous waste and  
25 would have to be deposited outside the state

1 MR. KIRK: In effect they are,  
2 because our first call would be to whoever  
3 has waste, and if we can get it in at even 50  
4 cents better, we'd go there before we went to  
5 this. So this ends up being a floor price.

6 DIR. O'BRIEN: All right.

7 THE CHAIRPERSON: If you look  
8 at paragraph 2 on the next page, the terms of  
9 this agreement is for one year for on-call  
10 services.

11 DIR. SULLIVAN: Just from a  
12 sense of history, Tom, what's our track  
13 record been with respect to the spot?

14 MR. KIRK: If you look at page  
15 2, you see '02 delivery of 16,000 tons, '03,  
16 12,000 tons at Mid-Conn and much smaller in  
17 Wallingford. It's very, very weather and  
18 economy related.

19 THE CHAIRPERSON: Any other  
20 questions? Comments?

21 All right. All those in  
22 favor? Opposed?

23 Abstained?

24 DIR. O'BRIEN: I'd like to  
25 move the resolution regarding the ash

1 at a very significant cost. We don't think  
2 that's likely, but it is possible without  
3 this particular addition made to the plant.

4 In short, we're convinced the  
5 addition is warranted. And importantly, we  
6 did an exhaustive elimination process of  
7 alternatives to this particular process.  
8 With the help of our contractor, Covanta, and  
9 with insights from other industry experts and  
10 consultants, we're very convinced this is a  
11 warranted addition and that this is the most  
12 appropriately conservative approach to  
13 assuring of ash quality.

14 THE CHAIRPERSON: Ray.

15 DIR. O'BRIEN: Based on the  
16 comments Tom made and the meeting I had with  
17 him and Peter, Peter and his staff have done  
18 a really good job of tracking this down,  
19 doing all the homework necessary to take a  
20 look at the system technically. And from my  
21 perspective it's also the right thing to do  
22 with an environmental responsibility point of  
23 view. So I would urge the Board to approve  
24 the agreement as requested.

25 DIR. MARTLAND: I have a

1 question. Calcium and lime, I always thought  
2 they were desirable.

3 MR. KIRK: Yes, they are  
4 because they help tie up some of the bad  
5 actors inside the ash. This dolomitic lime  
6 will be adding a significant amount.

7 DIR. MARTLAND: It will add?

8 MR. KIRK: Yes.

9 DIR. MARTLAND: Because I was  
10 reading here, and I got the impression that  
11 it had too much.

12 MR. KIRK: Well, actually  
13 there's a window we have to fit inside. So,  
14 yes, you can add too much to cause other  
15 problems, but generally speaking, this  
16 dolomitic system is very forgiving in that it  
17 buffers the ash to such a pH level that it's  
18 very difficult to add too much and cause  
19 problems. And if you add a reasonable  
20 amount, if you're absolutely sure essentially  
21 that your ash --

22 DIR. O'BRIEN: Too much fly  
23 ash. I think he's referring to the comment  
24 regarding the fly ash versus bottom ash.  
25 There's more than needed in the fly ash

1 to be recognized. Steve and I will go around  
2 about that quite a bit, I'm sure.

3 DIR. MARTLAND: Who wrote the  
4 spec, Covanta, or us?

5 MR. KIRK: Covanta.

6 DIR. O'BRIEN: But thoroughly  
7 reviewed by Peter and staff.

8 DIR. MARTLAND: The only  
9 thing, from an old spec writer, when the  
10 numbers are fairly close you felt you wrote a  
11 good spec, but when there's a big spread you  
12 begin to get scared.

13 MR. KIRK: I just point out  
14 that Covanta has done this in many of their  
15 plants. They are very familiar with it and  
16 are experts so I'm sure we're getting a good  
17 price.

18 THE CHAIRPERSON: Do you want  
19 to speak to this, Pete?

20 MR. EGAN: Not unless anyone  
21 has any questions.

22 THE CHAIRPERSON: Are you  
23 comfortable with the specs?

24 MR. EGAN: Yes.

25 THE CHAIRPERSON: Floyd, are

1 system.

2 MR. KIRK: That's a good  
3 point. We will optimize our other lime  
4 addition to recognize the fact that we're  
5 adding buffering capacity to the ash residue  
6 now. So that even though we're adding, say,  
7 a hundred dollars a shift of dolomite lime,  
8 we might be able to reduce the amount of  
9 pebble lime we're adding because of the  
10 impact the dolomitic lime is having. It now  
11 becomes an observation issue for the operator  
12 and CRRA.

13 THE CHAIRPERSON: The  
14 installation of this will necessitate another  
15 agreement with Covanta at an additional cost?

16 MR. KIRK: Yes, because our  
17 present governing agreement requires us to  
18 reimburse them for costs associated with  
19 operating. Operating this is very  
20 straightforward and, I believe, simple and a  
21 very minor cost. It's essentially a silo  
22 with a screw conveyor that comes with  
23 premeasured amounts of, I think, a powder  
24 commodity into the ash stream, but it is not  
25 without operation impact, and that will have

1 you comfortable with this?

2 MR. GENT: Yes, I am. I think  
3 we just want to make sure on the O&M side  
4 that we negotiate the lowest O&M fee  
5 possible. So we're not asking for approval  
6 on the O&M costs at this point in time.  
7 We'll be coming back on that.

8 THE CHAIRPERSON: All right.  
9 Any discussion on this? Any comments?

10 All those in favor?

11 Opposed?

12 So moved.

13 I just mention -- I don't know  
14 if everybody on the board has met Floyd. So  
15 I'll let Tom introduce.

16 MR. KIRK: I would like to  
17 introduce Floyd. In case some of you have  
18 not met him yet, Floyd is, I guess, the  
19 newest addition to our team. He's operations  
20 director here. Floyd Gent comes to us from a  
21 wealth of experience in the independent  
22 generation business and some specific  
23 experience in the MERC and PERC projects in  
24 May. And the perc project is very similar to  
25 the Mid-Conn project in that it's an RDF

1 system and it had some significant financial  
2 issues to deal with earlier on in this  
3 project that caused some significant problems  
4 with the participating towns. So he's a good  
5 addition to the team, and he's jumped right  
6 in.

7 MR. GENT: I look forward to  
8 the challenges.

9 THE CHAIRPERSON: We welcome  
10 you. Board action under general, attachment  
11 number 6, somebody put that on the table for  
12 me.

13 DIR. O'BRIEN: Move to put it  
14 on the table regarding the consulting  
15 services.

16 DIR. SULLIVAN: Second.

17 THE CHAIRPERSON: All right.  
18 Tom, do you want to speak to this one?

19 MR. KIRK: Sure. In keeping  
20 with our procurement policy requirements, we  
21 have performed a request for qualifications  
22 for a number of different consulting  
23 services. We don't intend to use even a  
24 small number of these. But for different  
25 projects that we anticipate we will need

1 it.

2 THE CHAIRPERSON: Andy?

3 DIR. SULLIVAN: Fine.

4 THE CHAIRPERSON: There's a  
5 note in there that if any of these contracts  
6 exceed \$50,000 it would have to come to the  
7 Board. So that's in there as well.

8 DIR. CASSANO: Is it also fair  
9 to say that simply because of limitations of  
10 our staff we're supposed to have this?

11 MR. KIRK: We would certainly  
12 have the list anyway. But, yes, we will  
13 utilize the people more than probably be  
14 necessary if we didn't have the staff,  
15 actually without question.

16 THE CHAIRPERSON: Questions?

17 DIR. LAURETTI: Yes. The last  
18 point that you raised about the requirement  
19 to come back to the Board for anything over  
20 50,000.

21 THE CHAIRPERSON: It's in the  
22 financial summary.

23 DIR. LAURETTI: That would be  
24 on a per annum basis, is it collectively  
25 going forward or is it on a case by case?

1 consulting help for, we wanted to make sure  
2 we had at our disposal qualified  
3 organizations, consultants that we could call  
4 and utilize as needed.

5 Each of these companies have  
6 met our requirements, viewed our contracts  
7 and are willing to sign our contracts such  
8 that we would be able to use them at their  
9 prescreened and agreed-to rates. For routine  
10 needs more or less from time to time we will  
11 and may have larger projects that we will  
12 bid, and when those amounts meet the required  
13 policy amounts for Board approval, we'll come  
14 back to the Board for specific approval for  
15 those jobs.

16 THE CHAIRPERSON: Bud, do you  
17 want to speak to this? Are you comfortable  
18 with this list?

19 DIR. COHN: I don't know  
20 the --

21 THE CHAIRPERSON: As to the  
22 process.

23 DIR. COHN: I was reading  
24 through the backup. It seems like the  
25 process was done properly. So I'm okay with

1 DIR. O'BRIEN: It's per  
2 project.

3 DIR. LAURETTI: So conceivably  
4 you could have the same firm that would be  
5 well over 50,000 if required on a couple of  
6 different projects?

7 DIR. COHN: If it's different  
8 projects. If it's a continuation of the same  
9 project that goes over 50,000 then it comes  
10 to the Board.

11 THE CHAIRPERSON: That was  
12 policy's recommendation. Correct?

13 DIR. COHN: Yes.

14 DIR. LAURETTI: So in most  
15 instances there's no way of knowing if  
16 they'll reach that \$50,000 threshold at its  
17 inception?

18 THE CHAIRPERSON: We can take  
19 a look at that through finance.

20 DIR. LAURETTI: I'm just  
21 trying to understand how it will work.

22 MR. KIRK: We have to track on  
23 a project-by-project basis cumulative  
24 spending. If we were to, say, take RS Lynch  
25 and give them \$10,000 worth of work,

1 follow-on work, another 15,000 and 20,000 and  
2 eventually get to the 50,000 mark, before we  
3 exceeded 50,000 we would need to come back to  
4 the Board. But from a practical standpoint,  
5 if we anticipate this project is going to  
6 reach 50,000, we would come to the Board  
7 initially.

8 DIR. LAURETTI: Sometimes  
9 these projects start to feed off themselves.  
10 And while well intended, it's overintended.

11 THE CHAIRPERSON: And if you  
12 look back at some of the history going back  
13 to the MCAPS and things as we came on board,  
14 that's why we did it this way. That's why we  
15 have all of these things come through the  
16 finance committee to be monitored. And  
17 that's why, just as the Chair asked before,  
18 I've asked for our director of recycling to  
19 report to us in January.

20 Sir.

21 DIR. LATHROP: I would  
22 respectfully suggest to the finance committee  
23 that we not fall in love with any given name  
24 here and that we try to move those contracts  
25 around because where you get hosed is down

1 THE CHAIRPERSON: Further  
2 comments?

3 MR. KIRK: I would like to add  
4 something to the agenda here.

5 THE CHAIRPERSON: We've got a  
6 motion on the table. All those in favor?  
7 Opposed?

8 Abstained?  
9 So moved.

10 THE CHAIRPERSON: Let's finish  
11 with general item number 7.

12 DIR. O'BRIEN: I move the  
13 resolution that follows tab 7.

14 THE CHAIRPERSON: Yes.

15 DIR. CASSANO: Second.

16 DIR. O'BRIEN: Question. I no  
17 longer have access as I used to to be able to  
18 look up the various regs. But my  
19 understanding of the delegation was to the  
20 senior official on site, and that was  
21 intended primarily for companies or  
22 organizations who had a headquarter somewhere  
23 else so there were no officers on site in  
24 Connecticut. So one person could be  
25 delegated -- in this case it would be Tom --

1 the road. Once they feel you're comfortable  
2 with them --

3 DIR. MARTLAND: He's smart.

4 DIR. SULLIVAN: Keep a  
5 competitive edge.

6 MR. KIRK: It was our desire  
7 to have as wide a spectrum of companies as  
8 possible.

9 DIR. SULLIVAN: Of course, we  
10 don't want to spread it around so much that  
11 we've got a \$55,000 contract and then all of  
12 a sudden we're at \$75,000, and we say, wait a  
13 minute, we're dealing with the same general  
14 parameter and we found that we violated our  
15 \$50,000 threshold.

16 DIR. LAURETTI: Andy, is that  
17 somewhat similar to the motions that we're  
18 going to be asked to be passing judgement on  
19 very shortly as it pertains to the attorneys?

20 DIR. SULLIVAN: Similar,  
21 right.

22 DIR. LAURETTI: Same standard  
23 now?

24 DIR. SULLIVAN: Yes,  
25 absolutely.

1 and then only in his absence would he  
2 delegate somebody else, that it was not the  
3 intent of DEP that it would be routine  
4 delegation to an alternate. I don't know if  
5 I'm correct on that interpretation of the  
6 statute, but I just bring that up.

7 THE CHAIRPERSON: My  
8 recollection before Tom came on board, and I  
9 was acting, if you will, the president had  
10 that authority, and I delegated it to Peter  
11 with the Board's approval to sign some stuff.  
12 And I think if Tom were to do that, he would  
13 notify the Board at least. But we do have an  
14 expert on the environment aside from the  
15 president.

16 DIR. O'BRIEN: I have no  
17 objection to that. I just want to make sure  
18 that we're understanding the language and the  
19 intent of that regulation correctly.

20 THE CHAIRPERSON: Tom, do you  
21 want to speak to it?

22 MR. KIRK: Actually, I'd like  
23 Ann to. I'm not familiar with the intent of  
24 DEP's actions there. But as a matter of  
25 practice, if I'm available to sign it, I sign

Draft

1 it. Peter would sign when it's either  
 2 extraordinarily routine or for some reason  
 3 I'm not available.  
 4 DIR. O'BRIEN: I have no --  
 5 DIR. LAURETTI: Extenuating  
 6 circumstances.  
 7 DIR. O'BRIEN: I have no  
 8 concerns with Peter signing it. I just want  
 9 to be sure that we're in compliance with the  
 10 law and the regulation in delegating --  
 11 THE CHAIRPERSON: Let's have  
 12 Ann answer.  
 13 DIR. LAURETTI: Before we get  
 14 into it, I'd just like to ask one question.  
 15 The signator is still binding upon the  
 16 Authority regardless of who it is.  
 17 THE CHAIRPERSON: Well, the  
 18 Board's action --  
 19 DIR. LAURETTI: Authorizes  
 20 that.  
 21 THE CHAIRPERSON: --  
 22 authorizes it.  
 23 MR. KIRK: I guess without  
 24 this authorization the concern might be that  
 25 that would be an argument that could be made,

1 fine for the president. He's the one who has  
 2 all of the authority.  
 3 For him to assign any of the  
 4 other authority as a check and balance, this  
 5 statute requires the Board to basically  
 6 bless, and say, okay, yes, you can redelegate  
 7 A, B, C and D to X, Y and Z, if you will.  
 8 And one of the concerns has been if there's  
 9 someone who signs something that doesn't have  
 10 the delegated authority, that would get into  
 11 the words that the AG was using -- or void.  
 12 So on the safe end, tell Tom  
 13 it's perfectly okay, you have the ability to  
 14 sign or redelegate to your officers and  
 15 employees things that you think that are more  
 16 appropriate for them to do that would be  
 17 necessary for the orderly transaction of  
 18 business because Tom won't be here to sign.  
 19 He can't sign everything. And someone like  
 20 Peter or Floyd would probably be more on top  
 21 of the situation, whatever, but it's in Tom's  
 22 judgment that those individuals would be the  
 23 ones that would sign, and you're basically  
 24 giving him the authority to do that.  
 25 DIR. MARTLAND: My concern is

1 that if Pete signed it without the Board's  
 2 delegation of authority to me to be able to  
 3 delegate it, that there's some question as to  
 4 whether or not that signature would stand.  
 5 THE CHAIRPERSON: Ann, do you  
 6 have the legal answer?  
 7 MS. STRAVALLE-SCHMIDT: Yes.  
 8 I mean, I can't answer as to the DEP. But as  
 9 to the statute as far as delegation, the  
 10 President may, with the approval of the  
 11 directors, assign or redelegate to officers  
 12 and employees of the Authority any of his  
 13 delegated powers that, in his opinion, may be  
 14 necessary, desirable or appropriate for the  
 15 prompt and orderly transaction of business of  
 16 the Authority.  
 17 And the reason that we're  
 18 here, and Tom is correct, one of the  
 19 questions that could be raised because  
 20 there's certain things that are set forth in  
 21 the statute that the Board has exclusive  
 22 jurisdiction over. And that's your duties.  
 23 You can't delegate. The rest of the duties  
 24 are delegated by requiring the President to  
 25 do X, Y and Z with the contract, which is

1 not that he can delegate. My concern is that  
 2 we agree to something with DEP that we really  
 3 didn't have to. So I want to make sure we  
 4 have -- well, I've worked with them and I've  
 5 had them say something that was extra beyond  
 6 the statute, and they twist your arm until  
 7 you get in there. But at any rate, that's my  
 8 concern to make sure we don't give away  
 9 something that isn't absolutely necessary for  
 10 good business practice.  
 11 DIR. O'BRIEN: Again, if Ann  
 12 verifies the DEP legislation regulations, I  
 13 think she'll also find that we are  
 14 required -- and I request we send a copy of  
 15 this resolution to DEP and to Region One so  
 16 it's clear and on the record that Tom is the  
 17 designated hitter, but he may also designate  
 18 Peter, and the Board has approved that. I  
 19 think both agencies, Region One and DEP  
 20 should have a copy of this.  
 21 THE CHAIRPERSON: I saw Peter  
 22 stand. Pete.  
 23 MR. EGAN: If I may just make  
 24 a comment. We will do that, Director  
 25 O'Brien. And to answer your first question,

1 the solid waste, the air and the water  
 2 regulations in this state and at the federal  
 3 level speak in fairly specific terms on who  
 4 can sign certain documents, and they use  
 5 definitions. And in the State of Connecticut  
 6 they use the prescribed who in a public or  
 7 private corporation can sign, who in the  
 8 municipality or another governmental agency,  
 9 and they use the term and they allow those  
 10 individuals to sign documents or to delegate  
 11 that authority to what they define as a duly  
 12 authorized representative. Floyd Gent and  
 13 Peter Egan meet the definition, if you will,  
 14 or the intent of what the Government meant  
 15 when they used the word "duly authorized  
 16 representative."

17 So, as far as the government  
 18 is concerned, the president of CRRRA has the  
 19 authority to -- the government will accept  
 20 the president's authorization which we do  
 21 present to the Government in writing or when  
 22 it's executed we send copies to the federal  
 23 and state government. And myself and Floyd  
 24 and, frankly, other director level  
 25 individuals here are considered, if defined

1 specifically talk about individuals that have  
 2 overall operational authority for the  
 3 facilities.

4 THE CHAIRPERSON: I'm sure you  
 5 have, gentlemen, if you take a look at page  
 6 1, the discussion item, the second paragraph  
 7 starting with the third line, it identifies  
 8 the position of director of environmental  
 9 services, the director of operations. It  
 10 then goes, "This signatory authority will be  
 11 extended by the President, in writing, to the  
 12 duly authorized representatives." I think  
 13 some of the questions you asked were  
 14 relative, I think, perhaps to the intent of  
 15 that paragraph.

16 DIR. O'BRIEN: They are, and  
 17 I'm just concerned with the interpretation.  
 18 I'm not concerned. I'm questioning. And I  
 19 also would like to include two directors, two  
 20 paid directors, in the body of the resolution  
 21 that those are the ones that the President  
 22 may delegate to.

23 THE CHAIRPERSON: The two  
 24 paid?

25 DIR. SULLIVAN: Peter and --

1 by the president, as duly authorized  
 2 representatives is the intent of the  
 3 regulations.

4 THE CHAIRPERSON: I think that  
 5 would be by level of expertise and  
 6 responsibility. That's how I looked at it.  
 7 And that's why I would have John Clark sign  
 8 off or Peter.

9 MR. EGAN: There is one rule  
 10 that speaks even more specifically to  
 11 individuals who have operating authority over  
 12 certain facilities, and it's the Title 5 air  
 13 operating permit regulations. And in that  
 14 case because our director of operations  
 15 oversees operations of the trash-to-energy  
 16 plants, authority will be giving the director  
 17 of operations to sign Title 5 documents to  
 18 trash-to-energy plants, because the director  
 19 of environmental affairs oversees landfill  
 20 operations. Title 5 signatory authorization  
 21 is given only to the director of  
 22 environmental affairs for signing landfill  
 23 related Title 5 documents. In that  
 24 particular rule it gets down to that level of  
 25 oversight requirement where they do

1 DIR. O'BRIEN: And Floyd.

2 THE CHAIRPERSON: Well, it  
 3 says director of environmental, director of  
 4 operations.

5 DIR. O'BRIEN: That's not part  
 6 of the resolution.

7 DIR. SULLIVAN: It says  
 8 ratification of those previously signed.

9 DIR. O'BRIEN: The first  
 10 resolved I'm suggesting include those two  
 11 positions.

12 MR. KIRK: Okay. Why don't we  
 13 put it this way: We'll change the resolution  
 14 to say the President to delegate two  
 15 designated members, comma, director of  
 16 operations, director of environmental  
 17 services.

18 DIR. O'BRIEN: That's to  
 19 ratify what's already been done in the past.

20 DIR. SULLIVAN: Why don't we  
 21 treat that as a friendly amendment.

22 THE CHAIRPERSON: We're going  
 23 to take Mr. Clark's name out, and we're going  
 24 to put Floyd's name in on the second  
 25 paragraph.

1 DIR. SULLIVAN: That's a  
 2 ratification. The second paragraph is a  
 3 ratification.  
 4 DIR. O'BRIEN: That leaves you  
 5 off the hook, Mike.  
 6 DIR. SULLIVAN: Yes, that  
 7 ratifies what they did. That's a friendly  
 8 amendment, and I accept it.  
 9 Did you second it?  
 10 DIR. O'BRIEN: Yes, sir.  
 11 THE CHAIRPERSON: Thanks, Ray.  
 12 Andy, you all set with that?  
 13 DIR. SULLIVAN: Yes.  
 14 DIR. MARTLAND: Just to  
 15 reiterate, I got caught in the thing  
 16 financially that it was first brought up for  
 17 Greenwich and because of their high income it  
 18 became a moot question, but when you talk in  
 19 terms of Bridgeport and Waterbury, it would  
 20 have made us a noncompliance. I just want to  
 21 make sure that we don't make an agreement for  
 22 Bridgeport that all of a sudden bounces to  
 23 Hartford.  
 24 THE CHAIRPERSON: Woody, do  
 25 you have a problem?

1 everybody secures it, and then we'll take a  
 2 vote to add it to the agenda unless there's  
 3 objection. The resolution regarding the  
 4 initiative to explore the feasibility of  
 5 increasing the capacity of the Hartford  
 6 Landfill.  
 7 Okay. All those in favor of  
 8 adding it to the agenda?  
 9 Opposed?  
 10 Abstained?  
 11 So moved.  
 12 THE CHAIRPERSON: Since the  
 13 president submitted this --  
 14 MR. KIRK: First of all, I  
 15 want to apologize for the late submittal. We  
 16 make every effort to make sure you have this  
 17 information in front of you ahead of time.  
 18 There were a couple of extenuating  
 19 circumstances, the most important being we  
 20 felt it was very important to meet with the  
 21 mayor of the City of Hartford before we even  
 22 brought this to the Board's attention for  
 23 consideration. That meeting occurred the day  
 24 before yesterday.  
 25 But this resolution is more

1 DIR. MARTLAND: So that's my  
 2 only problem.  
 3 THE CHAIRPERSON: I'm not  
 4 technically astute enough to understand all  
 5 those technicalities but --  
 6 DIR. LOVEJOY: We're okay.  
 7 THE CHAIRPERSON: You're okay  
 8 with this?  
 9 DIR. LOVEJOY: As long as we  
 10 know about it.  
 11 THE CHAIRPERSON: All those in  
 12 favor as amended?  
 13 Opposed?  
 14 So moved.  
 15 THE CHAIRPERSON: You wanted  
 16 to add something to the agenda.  
 17 MR. KIRK: Yes. We have a  
 18 late addition. I apologize for this. We  
 19 have a copy for everyone.  
 20 DIR. CASSANO: I'll move the  
 21 adoption of the resolution being circulated.  
 22 DIR. MARTLAND: Second.  
 23 THE CHAIRPERSON: So Steve has  
 24 made a motion to add the item circulated to  
 25 add it to the agenda. We'll wait until

1 far reaching than just the Hartford Landfill.  
 2 Of particular importance to the CRRA and the  
 3 State, I would add, the State has committed  
 4 itself absolutely to trash-to-energy as a  
 5 means of dealing with the solid waste. We  
 6 are in dire need of landfill space. CRRA, I  
 7 believe, has a responsibility for the State  
 8 to find options and alternatives for CRRA  
 9 projects and other projects throughout the  
 10 state to deposit their process residues and  
 11 ash residues. We have two years of room left  
 12 in our Hartford Landfill for the Mid-Conn  
 13 project, as far as process residues goes, and  
 14 about five or six years left on the ash side.  
 15 The only ash landfill in the state with any  
 16 significant capacity is privately owned.  
 17 It's in Putnam.  
 18 This resolution asks the Board  
 19 to direct me and the rest of the CRRA staff  
 20 to, with all delivered speed, evaluate all of  
 21 the opportunities we have available to us to  
 22 increase capacity for future decades and, in  
 23 particular, to investigate the option of  
 24 expanding the Hartford Landfill.  
 25 Quite honestly, that is a

1 legitimate option. Environmentally it's  
2 absolutely an option. It's one we have to  
3 pursue at least to the extent that is it  
4 feasible for us beyond the more technical  
5 considerations. We've started that process  
6 by meeting with Mayor Perez, and there are  
7 many other folks that we will include moving  
8 forward as we investigate our opportunities  
9 to expand that landfill.

10 DIR. LAURETTI: Mr. Chairman,  
11 one point and one question. The point is I  
12 think this is probably long overdue  
13 understanding that the Board has been backed  
14 up with many other issues, as we are all  
15 aware of. This is, as I've said a while  
16 back, probably the most determining factor  
17 for the future, not only of the CRRA, but for  
18 the state in terms of garbage disposal. It's  
19 an absolute must. They do these in other  
20 states in the country, and there's no reason  
21 why it can't happen and shouldn't happen here  
22 in the State of Connecticut. DEP has to be  
23 petitioned fully on this activity. So it's  
24 certainly one that I support.

25 And the question is is that,

1 acute need, two years or less, is for bulky  
2 and process residue, and that is very, very  
3 acute. Quite honestly, that is something  
4 that should have been addressed four or five  
5 years ago.

6 DIR. SULLIVAN: I basically  
7 have two questions. The alternative to  
8 increasing capacity there, it seems to me, is  
9 to transport out of it, out of state even, at  
10 a significant increased cost; am I right?

11 MR. KIRK: Yes. The other  
12 alternatives, which we will pursue because it  
13 is our intention to examine all the options  
14 available to us, but there are fewer options  
15 today than there were 20 years ago. One of  
16 the significant options is export out of  
17 state, and that is a significant cost.

18 DIR. SULLIVAN: And just so  
19 everybody understands, the ramification of a  
20 significant cost factor, as we consider this  
21 resolution out of state, just translates to  
22 an increased tip fee or alternatively more  
23 borrowing. But we went through that earlier  
24 on.

25 The second question is: What

1 Tom, is there any cost associated with the  
2 motion?

3 MR. KIRK: I'm glad you  
4 mentioned that. Initially our desire was to  
5 actually provide a resolution that included  
6 costs of about \$57,000 to actually start  
7 application for an expansion of the Hartford  
8 Landfill. We decided not to provide you with  
9 that resolution and instead to enlarge the  
10 scope of our investigation and feasibility  
11 study because it is not just about the  
12 Hartford Landfill. However, there will be  
13 steps we can take towards application of an  
14 extension, expansion, vertical expansion of  
15 the Hartford Landfill, that will not cost as  
16 much as \$50,000.

17 DIR. LAURETTI: Is this for  
18 ash at the Hartford Landfill?

19 MR. KIRK: This is primarily  
20 -- the vertical expansion we will initially  
21 consider at the Hartford Landfill will be  
22 bulky waste and process residue, which is  
23 where the acute need is. That space runs out  
24 in two years. The ash landfill at Hartford  
25 has about six years of space left. But the

1 reaction did you get from Hartford City Hall?

2 MR. KIRK: It was encouraging.  
3 Mayor Perez understood our issues and was  
4 very informed on the issue. He has some  
5 concerns and, of course, we have a difference  
6 of opinion with the City of Hartford over the  
7 long-term costs of closing and monitoring the  
8 landfill moving forward. It's quite honestly  
9 my hope that that dispute or that  
10 disagreement could be resolved as part of a  
11 potential expansion.

12 DIR. LAURETTI: What's the  
13 available acreage at the Hartford Landfill?

14 MR. EGAN: The entire large  
15 land form that's permitted for the bulky and  
16 the process residue is 80 acres. The  
17 available capacity that remains, 24 months'  
18 worth, is essentially located on the south  
19 side of the landfill. I'm not sure if that  
20 answered your question.

21 DIR. LAURETTI: What's the  
22 available acreage for that expansion?

23 MR. KIRK: What's the table  
24 top?

25 MR. EGAN: Approximately 25

1 acres. The top table of the current landfill  
2 is 25 acres.

3 DIR. LAURETTI: So this is a  
4 vertical expansion?

5 MR. KIRK: Yes.

6 MR. EGAN: This would be a  
7 vertical expansion.

8 THE CHAIRPERSON: Steve.

9 DIR. CASSANO: It's ironic  
10 this meeting is today. We applied for our  
11 expansion in 1976, and at 1:00 o'clock today  
12 we are announcing that we just received, in  
13 fact, get permits this week, that we do have  
14 a 12-year expansion that's been approved for  
15 bulky waste. Obviously, the bulky waste site  
16 in Manchester isn't included as part of our  
17 contract with CRRRA. It's, in effect, a  
18 regional bulky waste site. Obviously, this  
19 is important because we have a long future  
20 and need. But I think from CRRRA's point of  
21 view it's going to take a couple of years,  
22 probably for any kind of an expansion, and  
23 that expansion will help the regional.

24 THE CHAIRPERSON: The point  
25 here we've talked about, we took a look at

1 THE CHAIRPERSON: I think the  
2 resolution, and I would agree on those, that  
3 basically what we're saying in the steering  
4 committee is ask new management to proceed  
5 and take a look at all of our options, and  
6 that's what we're doing here.

7 DIR. LATHROP: That's fine.

8 THE CHAIRPERSON: We're taking  
9 a look at all of our options. The more  
10 specific piece of this is what we will be  
11 doing tomorrow as we start to formulate the  
12 business plan, the business model, and moving  
13 forward.

14 DIR. LAURETTI: That's why I  
15 asked the cost question. I'm not sure if Tom  
16 answered it.

17 MR. KIRK: It will be under  
18 \$50,000, at least initially.

19 DIR. SULLIVAN: And how much  
20 time will it buy us?

21 MR. KIRK: The expansion?

22 DIR. SULLIVAN: Yes.

23 MR. KIRK: Good question.

24 That's about an additional six years.

25 DIR. SULLIVAN: The additional

1 the rail system about a year ago; we've taken  
2 a look at barges; we keep exploring different  
3 things. As Tom said, and one of the things  
4 the steering committee was unpleasantly  
5 surprised about is that the time periods were  
6 coming across the organization when there was  
7 really nothing in place yet to solve these  
8 issues. So looking for the expansion.

9 DIR. SULLIVAN: It also speaks  
10 to the issue of our ongoing discussions with  
11 municipalities in terms of renewal of  
12 contracts, too. It's both finance, financial  
13 and capacity. They dovetail together.

14 THE CHAIRPERSON: This, I'm  
15 sure, will be part of our discussion of the  
16 business plan.

17 Sir.

18 DIR. LATHROP: Yes. I don't  
19 know whether anybody else is bothered by  
20 this, but I'm worried by resolutions that  
21 have as loose language as the last clause or  
22 phrase as "substantially as presented and  
23 discussed at this meeting." I think it's a  
24 good idea to have crisper -- you know, this  
25 resolution doesn't seem crisp enough to me.

1 six over the two that we've got. So an eight  
2 year?

3 MR. KIRK: Yes.

4 DIR. O'BRIEN: And that's the  
5 key is we have to look at all these options  
6 in any event, because even if we get the  
7 expansion in a timely manner, that's got a  
8 finite life. And when you do have a plan as  
9 to how you're going to do this, that's when  
10 you'll get more specificity in the  
11 resolution, I think.

12 THE CHAIRPERSON: It comes  
13 even more simple than that, and I'll let  
14 Woody speak, is that this is our core  
15 business to get rid of it. I mean, you know,  
16 there's not an option.

17 DIR. LOVEJOY: What's the  
18 difference between process residue and ash?

19 MR. KIRK: Process residue is  
20 combustion. It's what falls out in the  
21 screening process. It has to be MSW waste.

22 DIR. LOVEJOY: What about the  
23 metal?

24 MR. KIRK: Metals are  
25 recycled, but there are some metals. The

1 process residue is a more dense MSW. You can  
2 get a better price for disposing of it, but  
3 it has to be treated and disposed of as an  
4 MSW waste.

5 DIR. LAURETTI: I'm still a  
6 little bit unclear on this cost question.  
7 Any costs associated with this resolution?

8 MR. KIRK: Yes, there will be  
9 some yet to be determined. Because if the  
10 resolution were to be received favorably by  
11 the Board, it would direct me to start the  
12 process of evaluating the capability of  
13 vertical expansion at Hartford, and that  
14 would necessarily cause us to go back to that  
15 list of consultants that are now in our  
16 stable and choose one or two or perhaps more  
17 to start very preliminary investigations. To  
18 a large extent some of that's been done  
19 already. TRC went through this process.

20 DIR. LAURETTI: Why wouldn't  
21 you make that part of this resolution,  
22 though?

23 MR. KIRK: For two reasons:  
24 One major reason is in our discussions with  
25 the City of Hartford we didn't want to

1 present this to the Board as "via comply."  
2 Is that French?

3 DIR. LAURETTI: Fait accompli.

4 MR. KIRK: Fait accompli.  
5 That's probably Latin, and I should know  
6 that. But that was the major reason. We  
7 didn't want to present it as a done deal  
8 because it's not.

9 DIR. LAURETTI: Are you going  
10 to look at this in-house, or are you going to  
11 have someone from a consulting standpoint  
12 analyze this thing and report back to the  
13 Board?

14 MR. KIRK: Both. The report  
15 will be back to our staff, and most likely at  
16 our January meeting we will be asking for a  
17 approval of a more specific scope of work to  
18 take the next step in the application of the  
19 expansion.

20 THE CHAIRPERSON: We have some  
21 drawings on this from, I think, per you, all  
22 right. I had worked with Peter and Clark.  
23 Didn't we do some predrawings on the  
24 expansion?

25 (Whereupon, Dir. Lathrop left

1 the hearing.)

2 MR. EGAN: Yes. They need to  
3 be refreshed but --

4 DIR. LAURETTI: Why wouldn't  
5 the Board just consider a consensus around  
6 the table to move forward and then January is  
7 two weeks away, the next meeting, with  
8 something more definitive?

9 THE CHAIRPERSON: I think what  
10 we have here is we're putting on the table  
11 something that we have talked about at this  
12 table about moving forward with the plans. I  
13 think when you talk about the Hartford  
14 Landfill you have to be extremely sensitive  
15 to the fact of the residents and their  
16 position. We have to be sensitive of the  
17 fact that there is a closure cost that  
18 Hartford probably can't absorb, nor can we.

19 We have an issue with the DEP.  
20 We've done some preliminaries for other  
21 alternatives that need to be further  
22 explored. This is just bringing it to the  
23 table and saying that this Board is going  
24 move forward, one, on opening up discussions  
25 and taking a look at the alternates for the

1 Hartford Landfill and also feeding into  
2 tomorrow which will begin our business plan.

3 DIR. LAURETTI: All of those  
4 things can be done --

5 THE CHAIRPERSON: It's a  
6 transparency effort.

7 DIR. LAURETTI: All of those  
8 efforts can be accomplished in house.

9 THE CHAIRPERSON:  
10 Transparency. Now one of the key things  
11 we've been doing is putting it on the table  
12 and calling the vote. There it is.

13 DIR. SULLIVAN: I follow along  
14 some of what Mark is saying, I think. There  
15 is an appropriate additional sentence to this  
16 resolution. I'm just going to suggest it and  
17 then get the sense of whether we ought to  
18 propose it as an amendment.

19 Any costs associated with this  
20 resolution will follow the appropriate  
21 finance committee and the Board approval  
22 process. Does that get you to that? Does  
23 that help?

24 DIR. LAURETTI: Yes, it makes  
25 it clearer certainly. I don't think any of

1 us disagree with the intent.  
 2 THE CHAIRPERSON: And I can  
 3 support, if you will, that line, but it's  
 4 part of what has to happen anyway.  
 5 DIR. SULLIVAN: All right.  
 6 Then why don't I --  
 7 DIR. MARTLAND: It's just more  
 8 explicit.  
 9 DIR. SULLIVAN: I'll move the  
 10 resolution with that additional sentence that  
 11 I just enunciated.  
 12 DIR. O'BRIEN: I'll second it.  
 13 THE CHAIRPERSON: Second.  
 14 DIR. MARTLAND: I'll second.  
 15 I thought you're seconding an amendment.  
 16 THE CHAIRPERSON: Steve made  
 17 the motion.  
 18 DIR. O'BRIEN: He made the  
 19 motion to consider that. That was a  
 20 suspension of the rules.  
 21 DIR. SULLIVAN: I'm moving to  
 22 adopt the resolution with the additional  
 23 sentence that I just enunciated.  
 24 DIR. MARTLAND: I'll second  
 25 it.

1 approval as opposed to land form expansion.  
 2 So things are being done differently.  
 3 THE CHAIRPERSON: Okay.  
 4 Further comment? Questions?  
 5 All those in favor?  
 6 Opposed?  
 7 So moved.  
 8 I have to apologize. I do  
 9 have to leave. The Chair is fully aware of  
 10 the next items, but I'm going to ask Steve to  
 11 take over. The only thing before I leave is  
 12 just to remind you the retreat tomorrow, the  
 13 evaluation forms, if you haven't completed  
 14 them, please do so and get them in, and that  
 15 the Chair through the steering committee will  
 16 be filing the mandatory report that has to go  
 17 to the legislature in December, which is this  
 18 next week will be completed and we'll send  
 19 that off to the state.  
 20 And the last thing is perhaps  
 21 on behalf of the Board, the President could  
 22 send a note around to all of our employees  
 23 wishing them a good holiday and a safe,  
 24 healthy and productive new year in their  
 25 personal lives as well as business. I've got

1 THE CHAIRPERSON: Does  
 2 everybody understand what the additional  
 3 sentence is?  
 4 MR. KIRK: Could you read that  
 5 again?  
 6 DIR. SULLIVAN: "Any costs  
 7 associated with this resolution will follow  
 8 the appropriate finance committee and Board  
 9 approval process."  
 10 THE CHAIRPERSON: Okay. Mark?  
 11 DIR. LAURETTI: (Nodding in  
 12 the affirmative.)  
 13 THE CHAIRPERSON: Sir.  
 14 DIR. CASSANO: Just one  
 15 comment on the bright side, by the way, that  
 16 we did apply in '76, but it was November.  
 17 DIR. LAURETTI: You want to  
 18 make that point, don't you, Steve?  
 19 DIR. CASSANO: No. But the  
 20 bright side is I met with the commissioner on  
 21 November 21st of last year with the approval  
 22 in hand, and it was under the commissioner it  
 23 did move forward. The second major change  
 24 for us was that land form is not the fact  
 25 anymore; it's the time line is a 12-year

1 to leave.  
 2 DIR. KNOPP: So do I.  
 3 DIR. O'BRIEN: Are there any  
 4 materials we're supposed to bring with us  
 5 tomorrow?  
 6 MR. KIRK: Angelica is handing  
 7 out the book in preparation for tomorrow's  
 8 meeting. We do have a few more items. Will  
 9 we lose our quorum with Alex gone?  
 10 DIR. CASSANO: We have three  
 11 Board actions that we have to continue with  
 12 so why don't we move on.  
 13 Update the Board on fees and  
 14 expenses with Anderson Kill, attachment 8.  
 15 We're going to need Ann for this?  
 16 MR. KIRK: Yes, if we can ask  
 17 Ann to come in. I do want to jump to item 3.  
 18 The other four items are very  
 19 straightforward.  
 20 DIR. KNOPP: I really have to  
 21 get going, so we have to try to move or table  
 22 these things.  
 23 DIR. CASSANO: The first one,  
 24 item 8, we've gone through this several times  
 25 if you read the summary, attachment 8.

1 DIR. O'BRIEN: Steve, will we  
 2 still have a quorum if Alex has to leave?  
 3 DIR. LAURETTI: No.  
 4 DIR. O'BRIEN: Why not?  
 5 DIR. MARTLAND: Let's not  
 6 argue about that.  
 7 MR. KIRK: Yes, we will still  
 8 have a quorum, Alex.  
 9 DIR. O'BRIEN: I'll move the  
 10 resolution that follows tab 8.  
 11 DIR. CASSANO: Is there a  
 12 second?  
 13 DIR. COHN: Second.  
 14 DIR. LAURETTI: This item has  
 15 been around for a while, and it's been  
 16 kicking back and forth, so I'd like to get  
 17 right into the question part of it, if anyone  
 18 has any objection. The 115,000 where it's  
 19 further resolved, that's in addition to the  
 20 original approval of 300,000?  
 21 MR. KIRK: Yes, that's my  
 22 understanding.  
 23 DIR. LAURETTI: Is the money  
 24 budgeted? Where's it going to come from?  
 25 And shouldn't they come back to us with an

1 explanation before we go forward with that?  
 2 Is it time of the essence type of thing?  
 3 MR. KIRK: I think it's worse  
 4 than that. It's money spent already because  
 5 they're working at the management of the AG.  
 6 DIR. LAURETTI: How many times  
 7 are we going to go through this? If the AG  
 8 is going to override us, then don't even put  
 9 it before us. My position publicly would be  
 10 that the ball's in his court and let him play  
 11 in his court and don't include us. Because  
 12 at the end of the day -- because we're paying  
 13 for it if things don't go well -- I'm saying  
 14 if they don't go well -- we've expended an  
 15 awful lot of money that criticism will be  
 16 levied this way which I will not accept.  
 17 DIR. CASSANO: I don't  
 18 disagree with you at all, but the legislation  
 19 makes it clear that he can make his decisions  
 20 and we have to pay for it.  
 21 DIR. SULLIVAN: Steve, let me  
 22 understand -- is Ann here -- we originally  
 23 approved \$300,000; am I right? The original  
 24 authorization was for 300,000 in June of  
 25 2002. Now, do we spend 266,000 of that

1 300,000; is that what this is saying, this  
 2 memo? I'm not clear. If we spent 266,000 of  
 3 the original 300,000, there's 34,000 left.  
 4 Now we reauthorized in June 115,000 which  
 5 gets you to a cumulative 149,000. And if  
 6 we're asking to pay them 128,000 I think  
 7 aren't we still within the overall -- the  
 8 aggregate authorizations? That I'm not sure  
 9 of. I don't know whether it's we paid the  
 10 original 300,000 and then we got billed  
 11 another 266,000? I'm not sure. I don't know  
 12 how this whole thing -- we need Ann to --  
 13 DIR. LAURETTI: We need an  
 14 accountant.  
 15 DIR. SULLIVAN: We need  
 16 somebody who tells us what the hell do we  
 17 spend.  
 18 DIR. LAURETTI: Ann's the  
 19 attorney. We need an accountant.  
 20 DIR. CASSANO: Here she comes.  
 21 DIR. MARTLAND: But I've got a  
 22 more basic question. I heard on the radio  
 23 that there isn't any Enron anymore. They've  
 24 already been broken up.  
 25 DIR. LAURETTI: Dissolved.

1 DIR. MARTLAND: So there isn't  
 2 an Enron.  
 3 MR. KIRK: Ann, can you give  
 4 us a -- there's some questions on the total  
 5 amount that we paid Anderson Kill and how  
 6 much has been approved for payment.  
 7 MS. STRAVALLE-SCHMIDT: Well,  
 8 we're still working on what's been approved  
 9 for payment. Let me just give you a little  
 10 background in order to answer your question.  
 11 DIR. LAURETTI: I'm just  
 12 amazed at all the confusion over the bill for  
 13 the attorney here ongoing, too.  
 14 DIR. SULLIVAN: Let me phrase  
 15 it -- the original authorization is \$300,000.  
 16 MS. STRAVALLE-SCHMIDT:  
 17 Correct.  
 18 DIR. SULLIVAN: Did we pay  
 19 266,000 against that original authorization?  
 20 MS. STRAVALLE-SCHMIDT: What  
 21 it's saying is -- and this is an issue that I  
 22 have to resolve with accounting -- we got the  
 23 initial 300,000. Then I came back to the  
 24 Board -- and there's an attachment -- that I  
 25 needed an additional 260,000. Let me see

1 where the resolution is.

2 DIR. LAURETTI: It was not at  
3 560,000?

4 MS. STRAVALLE-SCHMIDT: No.  
5 There was an amount if you look -- I'm trying  
6 to find out where it is.

7 DIR. CASSANO: Can I make a  
8 suggestion? Why are we doing this today?

9 MS. STRAVALLE-SCHMIDT:  
10 Because we need to have money in the future  
11 to pay them. See, I was under the  
12 impression --

13 DIR. CASSANO: But we don't  
14 know what the amount is. And I have  
15 difficulty, and I think Mark does and others  
16 do, that we're being asked to blankly approve  
17 money that's still being resolved.

18 MS. STRAVALLE-SCHMIDT: Let me  
19 explain. The money I got was working with  
20 Anderson Kill's accounting department. Okay?  
21 And we had initially gotten the 300,000. And  
22 then when I came to the Board last June I  
23 asked for an additional 240,000. That should  
24 have paid them through the end of May, May  
25 31st.

1 asked for an additional 26,500 because there  
2 were CL&P issues that the Attorney General  
3 didn't anticipate would come up at the  
4 bankruptcy. And then, at that time, Ted  
5 Doolittle was here and said well, we have to  
6 appeal the constructive trust. And I think  
7 the next meeting Paul Rachmuth came, and I  
8 came back with 115,000. Okay?

9 So technically, according to  
10 my records and the records of Anderson Kill,  
11 the 240,000 and the 300,000 should have paid  
12 them off through May 31, 2003 with the  
13 additional 26,500 paying off the CL&P part.  
14 I had them break it out for billing purposes,  
15 the constructive trust and the CL&P part.  
16 The CL&P part was also through May 31, 2003.  
17 Now, what we're just working on right now is  
18 the appeal. Remember they came and talked to  
19 you about how they have to go to the district  
20 court to appeal the constructive trust issue  
21 to see if the judge's decision was correct?  
22 Because basically the judge threw out the  
23 constructive trust, and if we don't get it  
24 back, what we are is we're in line as a  
25 general unsecured creditor.

1 DIR. CASSANO: That was  
2 approved by the Board?

3 MS. STRAVALLE-SCHMIDT: Yes.

4 DIR. LAURETTI: So that's a  
5 total of 540,000 expenditure to Anderson  
6 Kill?

7 MS. STRAVALLE-SCHMIDT: Right.  
8 That should have paid them off. There's some  
9 issue with 40-odd-thousand dollars, and I  
10 haven't resolved that, but I'm going with the  
11 bills that they gave me working with their  
12 accounting department. That would have paid  
13 them through May 31st. There was also --

14 DIR. MARTLAND: Last May?

15 MS. STRAVALLE-SCHMIDT:  
16 May 31, 2003.

17 DIR. SULLIVAN: Then we  
18 authorize 115,000 against which now they're  
19 billing us 150,000; is that what that's  
20 saying?

21 MS. STRAVALLE-SCHMIDT: Yes,  
22 but let me take it step by step. So the  
23 first 300,000 plus the 240,000 was for the  
24 constructive trust the AG wanted to do, which  
25 apparently was dismissed. Then in June we

1 So what happened is they were  
2 supposed to tell me when they reach within  
3 50,000. I don't know if you recall that  
4 there was an issue of why did I choose  
5 50,000. I just chose it as a benchmark so  
6 that I was aware. When they finally got me  
7 some additional information they had gone up,  
8 but I had managed to get a \$20,000 deferral  
9 with a \$12,000 credit. So their bill is  
10 128,000 as opposed to 115,000.

11 Now they are moving forward  
12 with the appeal. So I said, okay, how much  
13 more would you need to finish the appeal, and  
14 that's the 10 to 23,000. And that sum  
15 includes the 8,500 for the over the 115,000,  
16 excluding the 12,000 and the 20,000 deferral  
17 that I got, and they explained the variable.

18 And then I asked them, I  
19 understand there are CL&P issues. And I  
20 don't know if you recall, but CL&P has filed  
21 a claim for the \$220 million against us -- to  
22 Enron, but it's basically against our  
23 interests. Enron has pretty much said we owe  
24 it, and we may have to obviously defend  
25 against CL&P because we obviously don't want

1 CL&P to get the \$220 million. So there may  
2 be additional unanticipated work on that  
3 because no one ever thought CL&P would file a  
4 motion for \$220 million.

5 DIR. MARTLAND: I thought we  
6 made an agreement with the Attorney General  
7 that somebody else was chasing after the 220,  
8 another law firm. Bud? It was Anderson  
9 Kill?

10 DIR. SULLIVAN: No. Pepe and  
11 Hazard was doing the other cases against the  
12 professionals.

13 DIR. MARTLAND: Just the  
14 professionals?

15 DIR. SULLIVAN: I think so,  
16 yes.

17 DIR. MARTLAND: We didn't get  
18 a deal with the Enron where they take a  
19 percentage?

20 DIR. SULLIVAN: No.

21 MS. STRAVALLE-SCHMIDT: We had  
22 talked about that, and the Attorney General's  
23 office told me that because we were doing  
24 the appeal it wasn't appropriate to switch  
25 horses midstream and also because the appeal

1 23,000.

2 DIR. MARTLAND: But you've got  
3 from May until now?

4 MS. STRAVALLE-SCHMIDT: Yes.

5 DIR. MARTLAND: They haven't  
6 been sitting on their hands, so I presume  
7 they have bills for, that, too.

8 MS. STRAVALLE-SCHMIDT: Right.  
9 My memo states, because I had worked with  
10 Anderson Kill, is that their bills -- I have  
11 their bills through October.

12 DIR. MARTLAND: We're going to  
13 be damn near a million dollars.

14 MS. STRAVALLE-SCHMIDT: And we  
15 were over 800,000 for Pepe and Hazard last  
16 year.

17 DIR. SULLIVAN: We'll be  
18 closer to 2 million.

19 DIR. CASSANO: Ray.

20 DIR. O'BRIEN: I'm a little  
21 concerned. I'm pretty good with numbers, and  
22 I can't follow these numbers. And unless  
23 there's some irreversible harm that will come  
24 from tabling to our January meeting so that  
25 we can get the numbers in exactly our format,

1 was a discrete ancillary activity. So I  
2 didn't pursue it. It's a contract with the  
3 AG and Anderson Kill. What I tried to do is  
4 pay their bills and find out what they are  
5 doing.

6 And, as I said, technically we  
7 should have been all paid up through May 31,  
8 2003, based on their records and what we've  
9 already paid them plus the 26,500 for CL&P.  
10 And technically we're just finishing up the  
11 appeal, which they had estimated 115,000  
12 initially in their budget and now they are  
13 saying they need an additional 23,000 to  
14 finish it, and then there's the CL&P issue.

15 DIR. MARTLAND: We're \$566,000  
16 and we're at least eight months behind so we  
17 aren't even up to January 2004. I mean, if  
18 they're still fiddling around, then obviously  
19 they're running the clock.

20 MS. STRAVALLE-SCHMIDT: With  
21 the appeal there's nothing you can do. The  
22 briefs have been filed. They have to wait  
23 for the oral argument in court. And what  
24 they're saying is depending on its oral  
25 argument or not, it's going to be 10,000 to

1 what we authorized and when, what things were  
2 spent on and in what time period, et cetera,  
3 and get us up-to-date, at least to the end of  
4 this year. If there's no irreversible harm,  
5 I'd like to consider tabling this to January.

6 DIR. MARTLAND: Make the  
7 motion.

8 DIR. O'BRIEN: I want to find  
9 out that there's no irreversible harm.

10 MR. KIRK: No. It's just the  
11 payment. The AG is going to authorize that  
12 work.

13 DIR. SULLIVAN: I'll second  
14 it.

15 DIR. O'BRIEN: That's my  
16 motion.

17 DIR. CASSANO: There's no  
18 debate on tabling the motion.

19 All those in favor?

20 Opposed?

21 It is tabled.

22 MS. STRAVALLE-SCHMIDT: Would  
23 the Board like to see the spreadsheet I  
24 prepared initially in order to ask for the  
25 additional funds?

1 DIR. SULLIVAN: Yes, I'd like  
 2 to see that.  
 3 DIR. CASSANO: We need to see  
 4 a total history of allocations, expenditures  
 5 all under one thing. I think it would be a  
 6 lot easier for us.  
 7 DIR. SULLIVAN: Mr. Chairman,  
 8 I'd like to have incorporated in any written  
 9 resolution that we consider in January  
 10 something like this language: Further it's  
 11 the position of this Board that a formal  
 12 presentation be made at our -- I said January  
 13 meeting -- February meeting, 2004 meeting, in  
 14 order to discuss the evaluation of the  
 15 constructive trust argument.  
 16 I really would like the  
 17 Attorney General himself to -- I'd like to  
 18 have him, he and probably Ted Doolittle, make  
 19 a formal presentation as to where he thinks  
 20 we're headed with this constructive trust.  
 21 If it's time to cut bait, then we ought to do  
 22 it. I mean, there's no sense in continuing  
 23 to -- I've always said from the standpoint of  
 24 yes, from a policy standpoint based on the  
 25 legislation we have to deal with it, but

1 DIR. O'BRIEN: That was  
 2 included in my motion to table.  
 3 DIR. CASSANO: Motion was to  
 4 table 8 and 9, items legal 1 and 2.  
 5 Item 3, Board action --  
 6 DIR. O'BRIEN: Item 8 didn't  
 7 have a resolution to it, so it doesn't need  
 8 to be tabled, only item 9.  
 9 DIR. SULLIVAN: Item 9 had the  
 10 resolution.  
 11 DIR. CASSANO: Now we're at  
 12 item 3, payment of legal expenses for former  
 13 CRRRA employees and directors, attachment 10.  
 14 MS. STRAVALLE-SCHMIDT: Excuse  
 15 me. Do you want to be in executive session?  
 16 DIR. LAURETTI: It's not  
 17 listed for executive session.  
 18 MS. STRAVALLE-SCHMIDT: You  
 19 have to take a two-thirds vote to go into  
 20 executive session. I just want to point out  
 21 that some of this should be discussed in  
 22 executive session.  
 23 DIR. CASSANO: We'll hold on  
 24 that.  
 25 Item 4, attachment 11. We'll

1 there is a business side of this equation  
 2 that essentially says, look, we cannot  
 3 continue to put good money -- if it looks  
 4 like that constructive trust theory is out  
 5 the window, then in the line of a general  
 6 creditor with Enron, we're piped, so to  
 7 speak.  
 8 DIR. MARTLAND: Are you making  
 9 a motion, I hope?  
 10 DIR. SULLIVAN: I'm not really  
 11 making any motion since we tabled this, but I  
 12 do want that to be somehow -- you can call  
 13 the appropriate people, but I think the  
 14 Attorney General himself, he did speak to us  
 15 in --  
 16 MS. STRAVALLE-SCHMIDT: June  
 17 2002.  
 18 DIR. SULLIVAN: It's time for  
 19 an update from him.  
 20 DIR. MARTLAND: We have to  
 21 pressure him somehow to get him to come.  
 22 DIR. SULLIVAN: I think it  
 23 would be very helpful.  
 24 DIR. CASSANO: Item 9 is also  
 25 Anderson Kill so that would be part of it.

1 skip 3 until executive session.  
 2 Item 4, attachment 11.  
 3 DIR. O'BRIEN: I move the  
 4 resolution that follows tab 11.  
 5 DIR. CASSANO: Is there a  
 6 second?  
 7 DIR. SULLIVAN: Second.  
 8 DIR. CASSANO: Discussion?  
 9 DIR. O'BRIEN: Now I'd like to  
 10 hear what the discussion of substantially  
 11 presented.  
 12 MR. KIRK: This is a routine  
 13 extension of authority, if you will, to  
 14 continue to use John in developing our  
 15 financial mitigation plan and pursuing the  
 16 loan with the state.  
 17 DIR. LAURETTI: Is this for  
 18 expenses already incurred or going forward?  
 19 MS. STRAVALLE-SCHMIDT: I can  
 20 get extra copies. I thought copies were made  
 21 because I was working with John to get this.  
 22 And I'll just pass it out to the Board, if  
 23 you give me one minute, please.  
 24 DIR. LAURETTI: Tom, is this  
 25 for expenses already incurred, or is this

1 going forward?  
2 MR. KIRK: Pullman and Comley  
3 is roughly six months behind in expenditures,  
4 but I believe this will be for forward  
5 expenses.

6 DIR. LAURETTI: What does that  
7 mean they are six months behind in  
8 expenditures?

9 MR. KIRK: They do the work  
10 and we finally end up paying them six months  
11 later.

12 DIR. CASSANO: So we're six  
13 months behind paying them.

14 MR. KIRK: Between them  
15 sending us the bills late and us having  
16 issues with -- disputes on the bills, we're  
17 very late. At this time of year it becomes  
18 hectic because I think we have a  
19 responsibility to pay them before the end of  
20 their calendar year.

21 DIR. LAURETTI: The bills  
22 should be timely. The disputes should be  
23 timely. Six months is not timely. As  
24 everyone here knows, I make no bones about  
25 it, when it comes to legal fees I take issue

1 for a budget going from July 1, 2003, forward  
2 to continue with the work that they had  
3 already been doing.

4 As far as paying legal bills,  
5 one of the issues is we do audit theft. We  
6 send letters out. I cannot in good conscious  
7 pay the bills without a response back,  
8 because, when the city auditors come in, I  
9 get questioned as to why I sign off on bills  
10 that haven't had a response. I've had to  
11 answer that before. I will not be put in  
12 that position again.

13 Sometimes we forget to respond  
14 to letters, we follow up, they fall through  
15 the cracks. That's what happens. We audit  
16 the bills within a month, three weeks to a  
17 month that they get here. Sometimes the  
18 answers are timely. Sometimes law firms --  
19 like right now I'm trying to pay off law  
20 firms. I'm getting letters back that were  
21 due in July that they haven't bothered to  
22 write back. My feeling is if I remember to  
23 chase them I will, but if they want to get  
24 paid, they have an obligation to respond to  
25 their client.

1 with them because it seems like that there's  
2 never anything clear cut about how the  
3 attorneys get paid. They always get paid and  
4 it's always a lot. We know that.

5 DIR. SULLIVAN: We do rely on  
6 John an awful lot.

7 DIR. LAURETTI: That's not an  
8 issue, Andy.

9 DIR. SULLIVAN: I understand.  
10 I wasn't aware of the fact that they were  
11 that far behind.

12 MR. KIRK: Ann can answer your  
13 specific questions better.

14 The \$50,000 we're asking for,  
15 is that for time already spent by John?

16 MS. STRAVALLE-SCHMIDT: No,  
17 no. The RFS is broken up in two ways: Prior  
18 to the policy procurement meeting -- I forget  
19 whether it was in June -- it was decided that  
20 all RFSs for fiscal year '04 going forward is  
21 July 1st, which have Board authority for  
22 50,000 or more. What I had done with the RFS  
23 is I had not done RFSs before because of the  
24 old way that it was done, broke out what was  
25 done prior to July 1, 2003, and then asked

1 DIR. LAURETTI: I certainly  
2 wouldn't take issue with that. If they don't  
3 want to be timely, then I don't think that we  
4 should be asked to respond to something at  
5 the drop of a hat because it's six months  
6 late. There should be some backup that  
7 accompanies this. And still the question  
8 that I've asked, I don't think I've gotten an  
9 answer to unless it's gone over my head.  
10 Then somebody tell me. Is the 50,000 going  
11 forward or is it for back bills?

12 MS. STRAVALLE-SCHMIDT: As I  
13 did say, the RFS, the first part of it on the  
14 second page shows what they've already  
15 incurred from the September 1, 2000 to  
16 July 30, 2003. I did not come to the Board  
17 with this because prior to our discussion  
18 with PP&P, it had always been that RFSs when  
19 the three-year legal contracts were approved  
20 and the budget was approved, we didn't go for  
21 RFSs for 50,000. Then it was discussed at  
22 the PP&P that once if you have an RFS in  
23 excess of 50,000, you should come to the  
24 Board for approval. So what I did, for  
25 informational purposes, is not only ask for

1 July 1st -- I guess they are going from June  
2 30 to 2004, their estimated cost and what  
3 they've already incurred prior to fiscal year  
4 '04.

5 Now, as far as the tardiness  
6 of the RFP, I'll take responsibility for  
7 that. But as far as paying bills, I just  
8 want to make sure you understand part of  
9 paying the bills is also the burden on the  
10 law firms because we do audit them. And  
11 sometimes we do audit them for 10 or 15  
12 dollars. Sometimes I make a decision where I  
13 will say I'll pay the bill if it's for \$15.  
14 But if it's more than \$100, I'm loath even if  
15 it's like please send me a fax back with one  
16 line so that I have some justification and  
17 you're answering my question.

18 So that's why some of the  
19 bills haven't been paid. And right now I'm  
20 getting answers back from a lot of law firms  
21 that said I can't sign off unless I get an  
22 answer back to put in our file so that if I'm  
23 audited or anyone has any questions I'm not  
24 accused of playing favorites by paying your  
25 bill after I've raised an issue.

1 that, and it's estimated to be 216,000,  
2 you've got to be asking for 216,000.

3 DIR. LAURETTI: No, they are  
4 not. This is a letter to John Stafstrom.  
5 The resolution is in the packet.

6 DIR. FRANCIS: I know, but the  
7 letter says it's 216,000.

8 DIR. CASSANO: Is there a  
9 motion to table this one? Let's come back in  
10 January with a clear explanation.

11 DIR. COHN: Before we do that,  
12 I want to say something.

13 DIR. CASSANO: Bud has the  
14 floor.

15 DIR. COHN: Before we table  
16 this, I want to point out that the wording of  
17 this resolution is not consistent with what  
18 my committee approved. My committee  
19 indicated that contracts in excess of 50,000  
20 have to come to the Board. That's not what  
21 this says. This suspends the rules so that  
22 the contract, regardless of what it is, can  
23 be paid. The resolution should be specific  
24 to the contract you want approved.

25 MS. STRAVALLE-SCHMIDT: I'm

1 DIR. LAURETTI: Okay. So it  
2 sounds like the 50,000 is for bills that have  
3 already been incurred and not going forward.  
4 That's what it sounds like to me.

5 DIR. FRANCIS: It sounds to me  
6 like this resolution is asking us to give the  
7 President authorization to sign a request for  
8 service in the amount of \$216,000; is that  
9 right?

10 DIR. O'BRIEN: I'm not sure of  
11 that.

12 DIR. LAURETTI: No.

13 MS. STRAVALLE-SCHMIDT: It's  
14 108,000.

15 DIR. FRANCIS: It's 216,000 on  
16 this page. Have we had any authorization,  
17 because it was under 50,000 prior to this?

18 MR. KIRK: Yes.

19 DIR. FRANCIS: What was the  
20 other authorization?

21 MR. KIRK: From the Board?

22 No.

23 DIR. FRANCIS: That's right  
24 because it was 50,000, which is my point.  
25 Because now it's in excess of 50,000, we know

1 calling it an RFS because there was an  
2 issue -- I'll change it any way you want.  
3 The contract with Pullman Comely was  
4 approved, but RFSs, we determined were  
5 considered contracts within contracts and any  
6 RFS over the amount of \$50,000.

7 DIR. COHN: My comment still  
8 stands. You're not approving the specific  
9 RFS. You're approving suspending the 50,000.

10 DIR. SULLIVAN: Or amounts in  
11 excess of 50,000. And we don't know how much  
12 the excess is.

13 DIR. MARTLAND: Let's table  
14 it.

15 DIR. CASSANO: I'd like to  
16 recommend before we table the motion that the  
17 finance committee sit with legal, sit with  
18 Tom as part of their next meeting and go over  
19 and get this thing straightened out and  
20 spelled out so we have those answers in short  
21 form, or whatever it is, but simply explained  
22 so we have the issues addressed.

23 DIR. SULLIVAN: To follow that  
24 through, I want to have -- for all our legal  
25 payments I'd like to have a schedule of what

1 we actually paid and when we paid it. I  
2 don't want to go back to 2002, but let's go  
3 from July 1, 2000 and -- no, to June 30th I'm  
4 sorry.

5 DIR. LAURETTI: That ought to  
6 be easy. Give us an accounting of it.

7 DIR. SULLIVAN: That's all I  
8 really --

9 DIR. CASSANO: Motion to  
10 table.

11 DIR. MARTLAND: I so move.

12 DIR. COHN: Second.

13 DIR. CASSANO: All those in  
14 favor?

15 Move to table.

16 Is there a motion to go into  
17 executive session to deal with pending  
18 litigation?

19 DIR. MARTLAND: So moved.

20 DIR. COOPER: Second.

21 DIR. CASSANO: All those in  
22 favor?

23 We are in executive session.

24 (Whereupon, an executive  
25 session was held from 11:36 o'clock a.m.

1 until 12:30 o'clock p.m.)

2 (Chairman Pace noted that no  
3 votes were taken in Executive Session.)

4 (Director O'Brien made a motion  
5 to adjourn and it was seconded by Director  
6 Cooper.)

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## **TAB 2**

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**THREE HUNDRED SIXTY-SIXTH MEETING**

**DECEMBER 23, 2003**

A Special telephonic meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Tuesday, December 23 2003 at 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael Pace

Directors:     Stephen Cassano  
                  Andrew Sullivan  
                  Mark Lauretti (joined at 2:11 a.m.)  
                  Theodore Martland  
                  Mark Cooper  
                  Ray O'Brien

Present from the CRRA staff:

James Bolduc, Chief Financial Officer  
Thomas Kirk, President  
Angelica Mattschi, Corporate Secretary

Chairman Pace called the meeting to order at 2:11 p.m. and noted that a quorum was present.

**EXECUTIVE SESSION**

Chairman Pace requested a motion to convene an executive session in order to discuss a resolution regarding an IRS settlement. Vice Chairman Cassano made the motion which was seconded by Director O'Brien. 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 2:12 p.m.

The Executive Session concluded at 2:25 p.m.

Chairman Pace reconvened the Board meeting at 2:26 p.m.

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

**AUTHORIZATION REGARDING IRS SETTLEMENT**

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

**RESOLVED:** that the Board hereby approves the “Closing Agreement on Final Determination Covering Specific Matters” between CRRA and the Internal Revenue Service (“IRS”) as substantially presented at this meeting;

**FURTHER RESOLVED:** that the Board hereby authorizes the President to sign the aforementioned agreement and authorizes the payment of One Hundred Fifty Thousand (\$150,000) Dollars to the IRS in settlement of the aforementioned matter.

Director Sullivan seconded the motion which was approved. A roll call was taken and the motion was approved by a two-thirds (2/3) vote.

<b>Eligible Voters</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Stephen Cassano, Vice Chairman	X		
Theodore Martland	X		
Ray O’Brien	X		
Andrew Sullivan	X		
Mark Lauretti	X		
Mark Cooper	X		

**ADJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,  
  
Angelica Mattschei  
Corporate Secretary to the Board

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**EXECUTIVE SESSION**

**DECEMBER 23, 2003**

An Executive Session called for the purposes of discussing a resolution regarding an IRS settlement was convened at 2:12 p.m.

**DIRECTORS**

Chairman Pace  
Director Cassano  
Director O'Brien  
Director Lauretti  
Director Martland  
Director Sullivan  
Director Cooper

**STAFF**

Tom Kirk  
James Bolduc

No votes were taken in Executive Session.

The Executive Session was adjourned at 2:25 p.m.

**TAB 3**

**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, 2005  
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, as the same is evidenced by a Master Loan Agreement, dated as of June 27, 2003, by and between the Authority and the State (the "\$2,000,000 Loan"); and

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

**WHEREAS**, 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 financing arrangement, classified as Subordinated Indebtedness under the General Bond Resolution; 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 Authority currently desires to access a portion of such \$93,000,000, in the form of a loan from the State 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 (the "Loan"), which Loan shall be issued: (i) in accordance with the terms, conditions and limitations of the Act, and (ii) pursuant

to the General Bond Resolution, as supplemented by that certain Supplemental Resolution Authorizing the Issuance of \$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 the execution of the Supplemental Resolution as contemplated under the provisions of Article II and Section 10.2 of the General Bond Resolution, to support the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project; and

**WHEREAS**, 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, 2005, 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-268(d) (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 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 10.** This resolution shall take effect immediately.

**Date: January \_\_, 2004**

**Exhibit A**

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**Pullman & Comley, LLC Draft 1/8/04**

**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: January \_\_\_, 2004

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**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 January, 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 "2004 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 2004 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 2004 Supplemental Resolution, shall be deemed to refer to the General Bond Resolution, as supplemented by this 2004 Supplemental Resolution unless the context indicates otherwise.

**Section 1.4. Definitions.** (A) All terms not otherwise defined in this 2004 Supplemental Resolution shall have the same meanings in this 2004 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 2004 Supplemental Resolution, and secured by the Loan Agreement.

“Loan Agreement” means that certain Amended and Restated Master Loan Agreement, dated as of January \_\_\_, 2004, and evidencing the Loan.

“Loan Documents” means the Loan Agreement, the Promissory Note, this 2004 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.

“2004 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.

“2004 Supplemental Resolution” means the resolution adopted by the Authority on January \_\_\_, 2004 entitled “A Supplemental Resolution Authorizing the Issuance of \$20,000,000 Subordinated Indebtedness 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 2004 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 2004 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) 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) 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).

(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 January \_\_, 2004, 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 2004 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 2004 Subordinated Indebtedness/Loan Repayment Account. No Subordinated Indebtedness Reserve Fund shall be established pursuant to this 2004 Supplemental Resolution.

**Section 3.2. 2004 Subordinated Indebtedness/Loan Repayment Account.**

(a) The 2004 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 2004 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, 17<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 2004 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 2004 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 2004 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 January, 2004

**CONNECTICUT RESOURCES  
RECOVERY AUTHORITY**

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

Name: Thomas Kirk

Title: President

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

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

Authorized Officer



**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) 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 2005 and, when available, proposed budget for the Mid-Connecticut Project for the ensuing fiscal year;
- (iii) Three-Year Financial Plan for fiscal years 2005, 2006, and 2007;
- (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, 2003, 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

**TAB 4**

WALLINGFORD PROJECT



**Proposed FY05 Operating & Capital Budgets**

**January 15, 2004**

**RESOLUTION REGARDING THE ADOPTION OF THE  
FISCAL YEAR 2005 WALLINGFORD PROJECT  
OPERATING AND CAPITAL BUDGETS AND TIP FEE**

**RESOLVED:** That the fiscal year 2005 Wallingford Project Operating budget in the amount of \$22,510,100 and the Capital Budget for \$801,000 be adopted as substantially presented in the form as discussed at this meeting.

**FURTHER RESOLVED:** That the fiscal year 2005 member tip fees for municipal solid waste be set at \$56.00 per ton and the fiscal year 2005 tip fees for non-contracted municipal solid waste be set at \$67.00 per ton.

The Wallingford Policy Board unanimously voted to adopt the following resolution at their January 2004 meeting. All five-member municipalities were represented at the meeting. Meeting minutes listing attendees was not available prior to the issuance of this package.

**RESOLUTION REGARDING THE ADOPTION OF THE  
FISCAL YEAR 2005 WALLINGFORD PROJECT  
OPERATING AND CAPITAL BUDGETS AND TIP FEE**

**RESOLVED:** That the fiscal year 2005 Wallingford Project Operating budget in the amount of \$22,510,100 and the Capital Budget for \$801,000 be adopted as substantially presented in the form as discussed at this meeting.

**FURTHER RESOLVED:** That the member tip fees for municipal solid waste be set at \$56 per ton and a tip fee of \$67 per ton be set for non-contracted waste for fiscal year 2005.

**FURTHER RESOLVED:** Be it further resolved that the Policy Board consider at its April meeting the distribution of excess FY 03-04 Tip Fee Stabilization funds as anticipated by CRRA.

# Fiscal Year 2005 Wallingford Project Operating & Capital Budget

*January 22, 2004*

Attached is the proposed fiscal year 2005 operating budget and capital budget and five-year capital plan. Graphical projections through fiscal year 2020 are also included. All increases/decreases reflected below are a comparison between the proposed fiscal year 2005 budget and fiscal year 2003 actual.

The CRRA Finance Committee voted to recommend the attached resolution be presented to the CRRA Board of Directors at the January meeting.

The Wallingford Policy Board adopted the attached resolution on January 6, 2004.

## **Executive Summary**

1. Member tip fees are increased from the FY04 rate of \$55.00 per ton to \$56.00 per ton for FY05
2. The estimated average price per kwh is \$.2201, per the Electric Sales Agreement
3. Estimated member deliveries of 155,000 tons is 1.6% above FY03 deliveries
4. Revenues includes the Use of Bond Proceeds (Debt Service Reserve Fund) of \$500,000 for payment of the outstanding 1991 Series Bonds debt service
5. Includes a \$1,468,000 contribution to the Tip Fee Stabilization Reserve
6. Reflects \$840,000 in additional Waste Transport costs, due to increased export bid results of \$80+ per ton
7. Anticipates \$810,000 in Construction expenditures
8. Incorporates an additional \$100,000 for escalated contract costs relating to Ash Disposal
9. Includes an estimated \$220,000 increase in General Administration costs
10. Deliveries and processing based upon recent historical levels

## Detailed Budget Category Explanations

1. Revenues (\$518k Increase)
  - a. Service Charges Solid Waste – Member (\$293k Increase)
    - Tip Fee increased by \$1 per ton to \$56 per ton
    - Budget assumes a 1.6% increase over actual deliveries accepted at the facility in FY03 (actual member deliveries are in excess of 162,000 tons, but due to plant capacity limitations, tons are diverted away from the facility)
  - b. Service Charges Solid Waste – Spot (\$15k Decrease)
    - Assumes slightly lower spot deliveries due to anticipated increase in member deliveries
  - c. Electricity (\$260k Decrease)
    - Reflects historical processing levels
    - Although FY03 was a record year, FY04 seems to be trending to prior years processing levels
  - d. Use of Bond Proceeds (\$500k Increase)
    - Reflects payments from the Debt Service Reserve Fund towards the outstanding 1991 Series Bonds
2. Expenditures (\$3,185,000 Increase)
  - a. General Administration (\$225k Increase)
    - Increase reflects CRRA administration budget
  - b. Debt Service (\$700k Decrease)
    - Reflects a decrease in debt service payments
  - c. Resource Recovery Facility (\$2.65M Increase)
    - Includes increase in Solid Waste Tax (Statutory Requirement)
    - Reflects higher PILOT payment (Contract)
    - Anticipates higher insurance premiums (Market)
    - Includes higher operating costs due to indices changes and increased processing (Historical)

- Includes contribution to Tip Fee Stabilization Fund (\$1.4M)
  - Construction costs include installation of a fly ash conditioning system (\$450k), carbon injection system (\$100k), boiler generator tube bank upgrades (\$45k) and general plant upgrades (\$50k)
- d. Ash Disposal (\$105k Increase)
- Assumes increase in tons processed (Historical)
  - Reflects higher disposal rate (Contract)
- e. Waste Transport (\$840k Increase)
- Reflects the increased costs to export waste (\$82 per ton from \$67 per ton)
  - Includes an assumed increase for tons diverted to the Mid-Connecticut Project
- f. Recycling (\$25k Increase)
- Anticipates increased recycling activities
- g. Landfill Wallingford (\$40k Increase)
- Includes Construction expenditures for storm water improvements and land surface amendments that may be necessary as the landfill settles

### **Risk Assessment**

1. The inability of the plant to process current waste volumes. Although it is anticipated that increased enforcement will aid in turning away non-member waste currently being misrepresented as member deliveries, the cost to divert or export excess member deliveries has risen over 22% in one year. The need for additional economical disposal options continues to be a high priority for this project. Possible short-term disposal facilities may include the Windsor/Bloomfield Landfill or the Bridgeport Project.
2. Budget assumes current plant operator (Covanta) will continue to operate the facility under the existing terms of the contract while in bankruptcy or upon emerging from bankruptcy.

### **Recommendation**

Adopt municipal solid waste tip fees for member deliveries of \$56 per ton and non-contracted deliveries of \$67 for fiscal year 2005. Increase enforcement to eliminate undesired and misrepresented deliveries or waste streams.

# WALLINGFORD PROJECT PROPOSED FY05 BUDGET

ASSUMPTIONS		ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>Tip Fees</b>	Municipal Tip Fee	\$55.00	\$55.00	\$56.00
	Spot Tip Fee	\$59.26	\$60.00	\$60.00
<b>Power Production</b>	KWH/ton of MSW Processed	445	420	450
	Total KWH Produced	66,510,600	58,800,000	65,250,000
	Contract Rate KWH	58,700,838	51,802,800	57,615,750
	Avoided Cost Rate KWH	7,809,762	6,997,200	7,634,250
	Vendor Guarantee	48,000,000	48,000,000	48,000,000
	Additional KWH Produced	18,510,600	10,800,000	17,250,000
	Contract Rate	\$0.2218	\$0.2413	\$0.2427
	Avoided Cost Rate	\$0.0444	\$0.0350	\$0.0500
	Average Rate	\$0.2009	\$0.2167	\$0.2201
<b>Delivery/Processing</b>	Member MSW Tons	152,491	165,000	155,000
	Non-Member MSW Tons	2,307	2,000	2,000
	Total MSW Tons	154,798	167,000	157,000
	MSW Processed	149,336	140,000	145,000
<b>Ash Residue</b>	Ash Residue Rate	33.42%	35.00%	34.00%
	Ash Tons	49,915	49,000	49,300
	Ash Disposal Fee Putnam	\$36.44	\$37.56	\$37.92
	Ash Hauling Fee	\$21.62	\$22.26	\$22.92
<b>Operating Fees</b>	Annual Operating Fee	\$46.20	\$47.19	\$48.29
	AOF-Additional Service Fee	\$9.77	\$10.00	\$10.24
	AOF-Transfer Fee	\$9.55	\$9.77	\$10.00
<b>Waste Transportation</b>	<b>Metals</b>			
	Tons Delivered	59	75	75
	Total Loads	15	17	19
	Rate Per Load	\$125.00	\$125.00	\$150.00
	<b>Bulky Waste / Non - Procesible</b>			
	Tons Delivered	194	350	350
	Total Loads	45	106	106
	Rate Per Load	\$125.00	\$125.00	\$150.00
	Rate Per Ton	\$75.00	\$75.00	\$85.00
	<b>Residential Drop Off</b>			
	Tons Delivered	2,663	n/a	2,800
	Total Loads	1,156	1,213	1,215
	Rate Per Load	\$47.50	\$48.93	\$50.40
	MSW Exportation (Out-State)	4,866	27,000	12,000
	Rate Per Ton	\$67.46	\$70.00	\$85.00
	MSW Diversions (In-State)	8,083	0	8,000
	Rate Per Ton (1)	\$6.00	\$12.75	\$20.00
	<b>Misc.</b>	Inflation Estimate	2.79%	2.50%

(1) Represents the difference between the per ton fee paid by the hauler and the actual disposal rate.  
n/a = Not used in calculation of budget.

# WALLINGFORD PROJECT PROPOSED FY05 BUDGET

## REVENUE AND EXPENDITURE SUMMARY

### REVENUES

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
71-001-000-40101	Service Charge Solid Waste - Members	\$8,387,001	\$9,075,000	\$8,680,000
71-001-000-40103	Service Charge Solid Waste - Spot	\$136,239	\$120,000	\$120,000
71-001-000-43101	Electricity	\$13,106,952	\$11,806,636	\$12,845,500
71-001-000-45150	Miscellaneous Income	\$12,925	\$15,000	\$15,000
71-001-000-46101	Interest Income	\$348,607	\$340,000	\$349,900
71-001-000-48202	Use of Bond Proceeds (DSRF)	\$0	\$0	\$499,700
	<b>Total Revenues</b>	<b>\$21,991,724</b>	<b>\$21,356,636</b>	<b>\$22,510,100</b>

### EXPENDITURES

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
71-001-501-xxxxx	General Administration	\$615,191	\$641,597	\$838,950
71-001-502-xxxxx	Debt Service/Administration	\$6,240,753	\$5,740,490	\$5,534,500
71-001-503-xxxxx	Resources Recovery Facility (a)	\$7,629,560	\$8,592,715	\$10,287,465
71-001-504-xxxxx	Ash Disposal	\$2,892,097	\$2,931,006	\$2,999,500
71-001-505-xxxxx	Waste Transport	\$571,323	\$2,252,979	\$1,409,700
71-001-506-xxxxx	Recycling	\$30,992	\$55,000	\$55,000
71-001-801-xxxxx	Landfill - Wallingford	\$1,344,593	\$1,142,850	\$1,384,985
	<b>Total Expenditures</b>	<b>\$19,324,509</b>	<b>\$21,356,637</b>	<b>\$22,510,100</b>
	<b>Balance</b>	<b>\$2,667,215</b>	<b>(\$0)</b>	<b>\$0</b>

(a) Includes excess revenues of \$1.4 million to be contributed to the Tip Fee Stabilization Fund.  
 DSRF = Debt Service Reserve Fund

# WALLINGFORD PROJECT PROPOSED FY05 BUDGET

## EXPENDITURE DETAIL

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>GENERAL ADMINISTRATION</b>				
71-001-501-52101	Postage and Delivery Fees	\$24	\$500	\$500
71-001-501-52104	Telephone & Pagers	\$513	\$3,000	\$1,000
71-001-501-52302	Miscellaneous Services	\$3,093	\$10,000	\$10,000
71-001-501-52305	Business Meetings & Travel	\$7	\$500	\$500
71-001-501-52355	Mileage Reimbursement	\$731	\$1,000	\$1,000
71-001-501-52404	Building Operations	\$805	\$2,500	\$2,500
71-001-501-52505	Claims/Losses	\$2,500	\$0	\$0
71-001-501-52602	Bad Debt Expense	\$0	\$5,000	\$5,000
71-001-501-52856	Legal	\$101,598	\$125,000	\$125,000
71-001-501-52875	Insurance Broker	\$8,833	\$21,000	\$13,500
71-001-501-52899	Other Consulting Services	\$19,459	\$10,000	\$5,000
71-001-501-53304	Electricity	\$1,312	\$2,500	\$2,500
71-001-501-53309	Other Utilities	\$0	\$250	\$500
71-001-501-57820	Local Administration	\$37,066	\$40,365	\$41,600
71-001-501-57840	Allocation-Salaries	\$240,080	\$230,986	\$349,140
71-001-501-57850	Allocation-Overhead	\$199,170	\$188,995	\$281,210
	<b>Subtotal</b>	<b>\$615,191</b>	<b>\$641,597</b>	<b>\$838,950</b>
			4.3%	30.8%
<b>DEBT SERVICE/ADMINISTRATION</b>				
71-001-502-52856	Legal	\$0	\$10,000	\$10,000
71-001-502-55523	Interest - 91 Series	\$186,125	\$104,234	\$56,400
71-001-502-55527	Interest - 98 Series A	\$1,039,628	\$903,756	\$755,600
71-001-502-55560	Principal - 91 Series	\$0	\$750,000	\$593,750
71-001-502-55560	Principal - 98 Series A	\$0	\$3,932,500	\$4,078,750
71-001-502-55560	Principal Repayment	\$5,015,000	\$0	\$0
71-001-502-55585	Trustee Fees	\$0	\$40,000	\$40,000
	<b>Subtotal</b>	<b>\$6,240,753</b>	<b>\$5,740,490</b>	<b>\$5,534,500</b>
			-8.0%	-3.6%

# WALLINGFORD PROJECT PROPOSED FY05 BUDGET

## EXPENDITURE DETAIL

Account	Description	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>RESOURCES RECOVERY FACILITY</b>				
71-001-503-52302	Miscellaneous Expenses	\$16,200	\$0	\$0
71-001-503-52415	Grounds Maintenance	\$0	\$2,500	\$2,500
71-001-503-52502	Fees/Licenses	\$2,750	\$2,750	\$4,500
71-001-503-52506	Solid Waste Tax (Dioxin Tax)	\$149,680	\$140,000	\$217,500
71-001-503-52507	Payments in Lieu of Taxes	\$1,059,588	\$1,112,567	\$1,230,200
71-001-503-52640	Insurance Premiums	\$258,840	\$300,000	\$453,300
71-001-503-52701	Contract Operating Charges	\$6,125,433	\$6,048,913	\$6,241,050
71-001-503-52649	Tip Fee Stabilization Contribution	\$0	\$837,985	\$1,468,415
71-001-503-52858	Engineering	\$17,069	\$25,000	\$25,000
71-001-503-56605	Construction	\$0	\$123,000	\$645,000
	<b>Subtotal</b>	<b>\$7,629,560</b>	<b>\$8,592,715</b> 12.6%	<b>\$10,287,465</b> 19.7%
<b>ASH DISPOSAL</b>				
71-001-504-52706	Contract Hauling - Ash	\$1,078,510	\$1,090,740	\$1,130,000
71-001-504-52711	Disposal Fees - Ash	\$1,813,587	\$1,840,266	\$1,869,500
	<b>Subtotal</b>	<b>\$2,892,097</b>	<b>\$2,931,006</b> 1.3%	<b>\$2,999,500</b> 2.3%
<b>WASTE TRANSPORT</b>				
71-001-505-52704	Transfer Fees	\$46,451	\$263,708	\$120,000
71-001-505-52705	Metals/Non-Processibles Hauling	\$22,554	\$39,271	\$48,500
71-001-505-52707	Contract Hauling - Other	\$64,128	\$60,000	\$61,200
71-001-505-52710	Disposal Fees (Export / Diversion)	\$438,190	\$1,890,000	\$1,180,000
	<b>Subtotal</b>	<b>\$571,323</b>	<b>\$2,252,979</b> 294.3%	<b>\$1,409,700</b> -37.4%
<b>RECYCLING</b>				
71-001-506-52617	Electronics Collections	\$30,992	\$45,000	\$45,000
	Fluorescent Bulb Collections	\$0	\$10,000	\$10,000
	<b>Subtotal</b>	<b>\$30,992</b>	<b>\$55,000</b> 77.5%	<b>\$55,000</b> 0.0%
<b>LANDFILL - WALLINGFORD</b>				
71-001-801-52302	Miscellaneous Services	\$1,172	\$7,500	\$7,200
71-001-801-52415	Grounds Maintenance	\$22,295	\$55,000	\$55,660
71-001-801-52502	Fees/Licenses/Permits	\$10,150	\$12,750	\$19,125
71-001-801-52650	Postclosure Reserve	\$1,075,000	\$750,000	\$1,000,000
71-001-801-52858	Engineering	\$34,589	\$30,000	\$21,000
71-001-801-52901	Environmental Testing	\$101,559	\$125,600	\$126,000
71-001-801-56605	Construction	\$99,828	\$162,000	\$156,000
	<b>Subtotal</b>	<b>\$1,344,593</b>	<b>\$1,142,850</b> -15.0%	<b>\$1,384,985</b> 21.2%

# Fiscal Year 2005 - 2009 Proposed Wallingford Project Capital Improvement Budget

23-Dec-03

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

<u>Expenditures</u>	Adopted FY04	Projected FY04	Proposed FY05	Projected FY06	Projected FY07	Projected FY08	Projected FY09
Resource Recovery Facility	\$600	\$95	\$645	\$695	\$100	\$100	\$0
Wallingford Landfill	\$162	\$0	\$156	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$762	\$95	\$801	\$695	\$100	\$100	\$0
Funding Source (1)	\$285	\$95	\$801	\$695	\$100	\$100	\$0
Additional Funding Requirements (2)	(\$477)	\$0	\$0	\$0	\$0	\$0	\$0

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

(2) Additional funds would come from the operating account, should construction occurs.

### Proposed FY05 Capital Projects

Resource Recovery Facility

Wallingford Landfill

Includes \$450k for the installation of a fly ash conditioning system, \$100k for a carbon injection system, \$45k for boiler generator tube bank upgrades and \$50k for general  
Assumes \$150k for stormwater improvements and land surface amendments plus \$6k for installation of gas monitoring probes.

### Future Capital Projects

Resource Recovery Facility

Wallingford Landfill

Future projects include the construction of an ash loadout building (\$200k), installation of a Selective Non-Catalytic Reduction (SNCR) system (\$400k), \$45k for additional boiler generator tube bank upgrades, and other general improvements.

Activities should be minimized to improvements required as a result of the landfill settling.

**Wallingford Postclosure Reserve Funding Analysis**

**Wallingford Landfill Postclosure Reserve Funding Analysis**

Reserve Earnings Rate Assumption: 4.75% 1.58%  
 Annual Inflation Rate Assumption: 3.00%

Fiscal Year	Post Year	Reserve Opening Balance	Reserve Contributions	Estimated Reserve Interest	Estimated Postclosure Current Cost (1)	Inflated Postclosure Current Costs	Reserve Closing Balance
01		\$1,723,322	\$1,425,000	\$148,439	\$0	\$0	\$3,296,761
02		\$3,296,761	\$0	\$86,149	\$1,264,650	\$0	\$3,382,910
03		\$3,382,910	\$1,075,000	\$64,214	\$510,400	\$0	\$4,522,124
04		\$4,522,124	\$750,000	\$71,600	\$350,400	\$0	\$5,343,724
05		\$5,343,724	\$1,000,000	\$84,609	\$315,400	\$0	\$6,428,333
06	1	\$6,428,333	\$1,000,000	\$101,782	\$290,400	\$0	\$7,530,115
07	2	\$7,530,115	\$0	\$357,680	\$275,400	\$0	\$7,887,796
08	3	\$7,887,796	\$0	\$374,670	\$275,400	\$0	\$8,262,466
09	4	\$8,262,466	\$0	\$392,467	\$275,400	\$0	\$8,654,933
10	5	\$8,654,933	\$0	\$411,109	\$275,400	\$338,707	\$8,727,335
11	6	\$8,727,335	\$0	\$414,548	\$275,400	\$348,868	\$8,793,015
12	7	\$8,793,015	\$0	\$417,668	\$275,400	\$359,335	\$8,851,349
13	8	\$8,851,349	\$0	\$420,439	\$275,400	\$370,115	\$8,901,673
14	9	\$8,901,673	\$0	\$422,829	\$275,400	\$381,218	\$8,943,285
15	10	\$8,943,285	\$0	\$424,806	\$275,400	\$392,655	\$8,975,436
16	11	\$8,975,436	\$0	\$426,333	\$275,400	\$404,434	\$8,997,335
17	12	\$8,997,335	\$0	\$427,373	\$275,400	\$416,567	\$9,008,141
18	13	\$9,008,141	\$0	\$427,887	\$275,400	\$429,064	\$9,006,964
19	14	\$9,006,964	\$0	\$427,831	\$275,400	\$441,936	\$8,992,859
20	15	\$8,992,859	\$0	\$427,161	\$275,400	\$455,194	\$8,964,825
21	16	\$8,964,825	\$0	\$425,829	\$275,400	\$468,850	\$8,921,804
22	17	\$8,921,804	\$0	\$423,786	\$275,400	\$482,916	\$8,862,674
23	18	\$8,862,674	\$0	\$420,977	\$275,400	\$497,403	\$8,786,248
24	19	\$8,786,248	\$0	\$417,347	\$275,400	\$512,325	\$8,691,270
25	20	\$8,691,270	\$0	\$412,835	\$275,400	\$527,695	\$8,576,411
26	21	\$8,576,411	\$0	\$407,380	\$275,400	\$543,526	\$8,440,264
27	22	\$8,440,264	\$0	\$400,913	\$275,400	\$559,831	\$8,281,345
28	23	\$8,281,345	\$0	\$393,364	\$275,400	\$576,626	\$8,098,083
29	24	\$8,098,083	\$0	\$384,659	\$275,400	\$593,925	\$7,888,817
30	25	\$7,888,817	\$0	\$374,719	\$275,400	\$611,743	\$7,651,792
31	26	\$7,651,792	\$0	\$363,460	\$275,400	\$630,095	\$7,385,157
32	27	\$7,385,157	\$0	\$350,795	\$275,400	\$648,998	\$7,086,954
33	28	\$7,086,954	\$0	\$336,630	\$275,400	\$668,468	\$6,755,116
34	29	\$6,755,116	\$0	\$320,868	\$275,400	\$688,522	\$6,387,462
35	30	\$6,387,462	\$0	\$303,404	\$275,400	\$709,178	\$5,981,689
			\$5,250,000		\$10,717,850	\$13,058,195	

(1) Costs in nominal dollars

# WALLINGFORD PROJECTED RESERVE BALANCES

1/5/2004

Fiscal Year-End (A)	Operating (B)	Wallingford Risk (C)	Total	Interest Rate	Tip Fee Stabilization (D)	Landfill Post-Closure (E)
2003	Actual \$14,311,148	\$1,047,107	\$15,358,255		\$6,687,660	\$4,522,124
2004	Adopted \$14,651,100	\$1,047,107	\$15,698,207	1.5%	\$7,625,900	\$5,343,724
2005	Proposed \$14,886,600	\$1,047,107	\$15,933,707	1.5%	\$9,208,700	\$6,428,333
2006	Projected \$15,284,900	\$1,047,107	\$16,332,007	2.5%	\$11,315,800	\$7,530,115
2007	Projected \$15,693,200	\$1,047,107	\$16,740,307	2.5%	\$15,403,700	\$7,887,796
2008	Projected \$16,111,700	\$1,047,107	\$17,158,807	2.5%	\$18,889,000	\$8,262,466
2009	Projected \$16,540,700	\$1,047,107	\$17,587,807	2.5%	\$22,044,400	\$8,654,933
2010	Projected \$16,980,400	\$1,047,107	\$18,027,507	2.5%	\$19,550,800	\$8,727,335

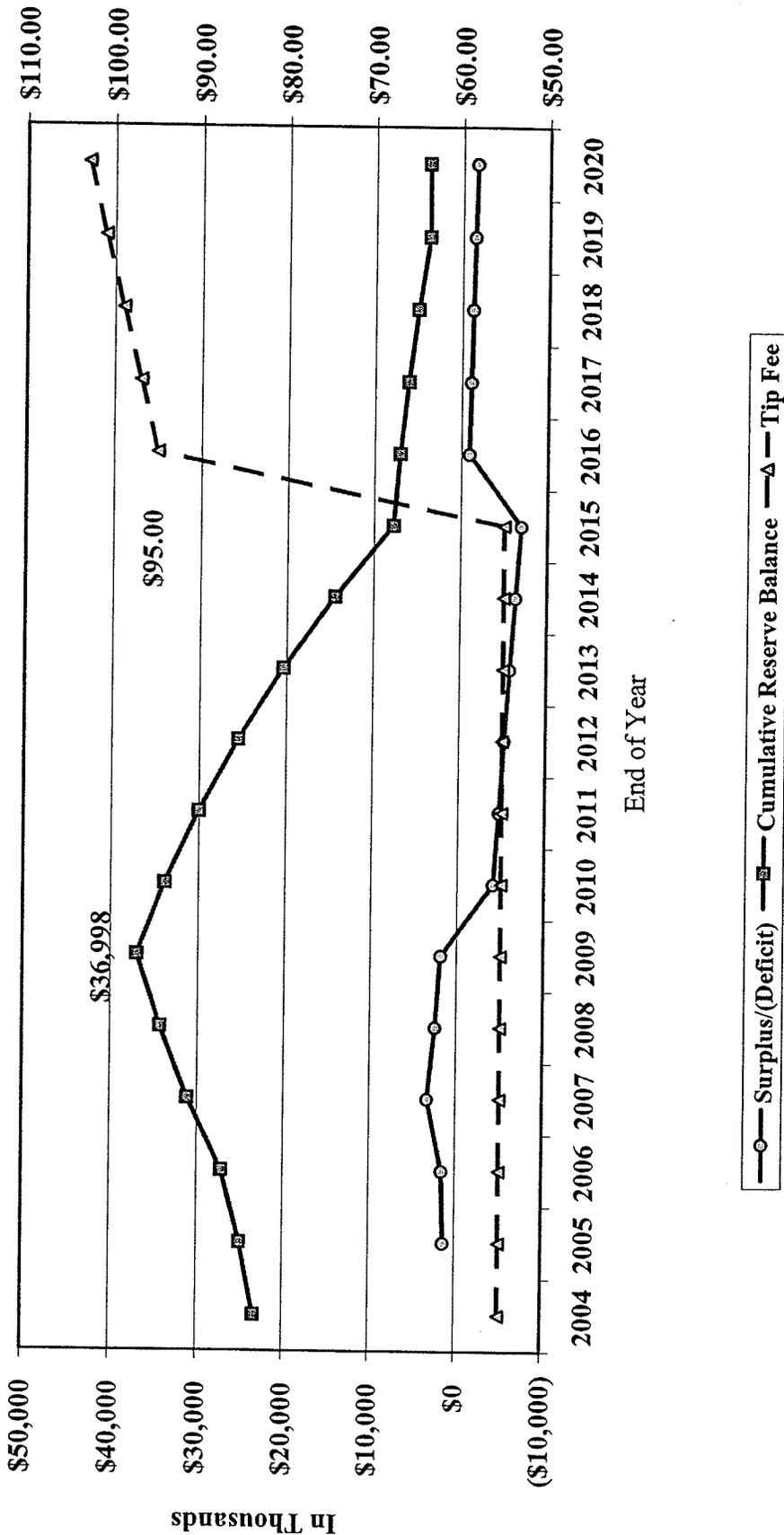
**Total Available Funds (FY10) Remaining (Excluding LF Postclosure)**

**\$37,578,307**

**Assumptions**

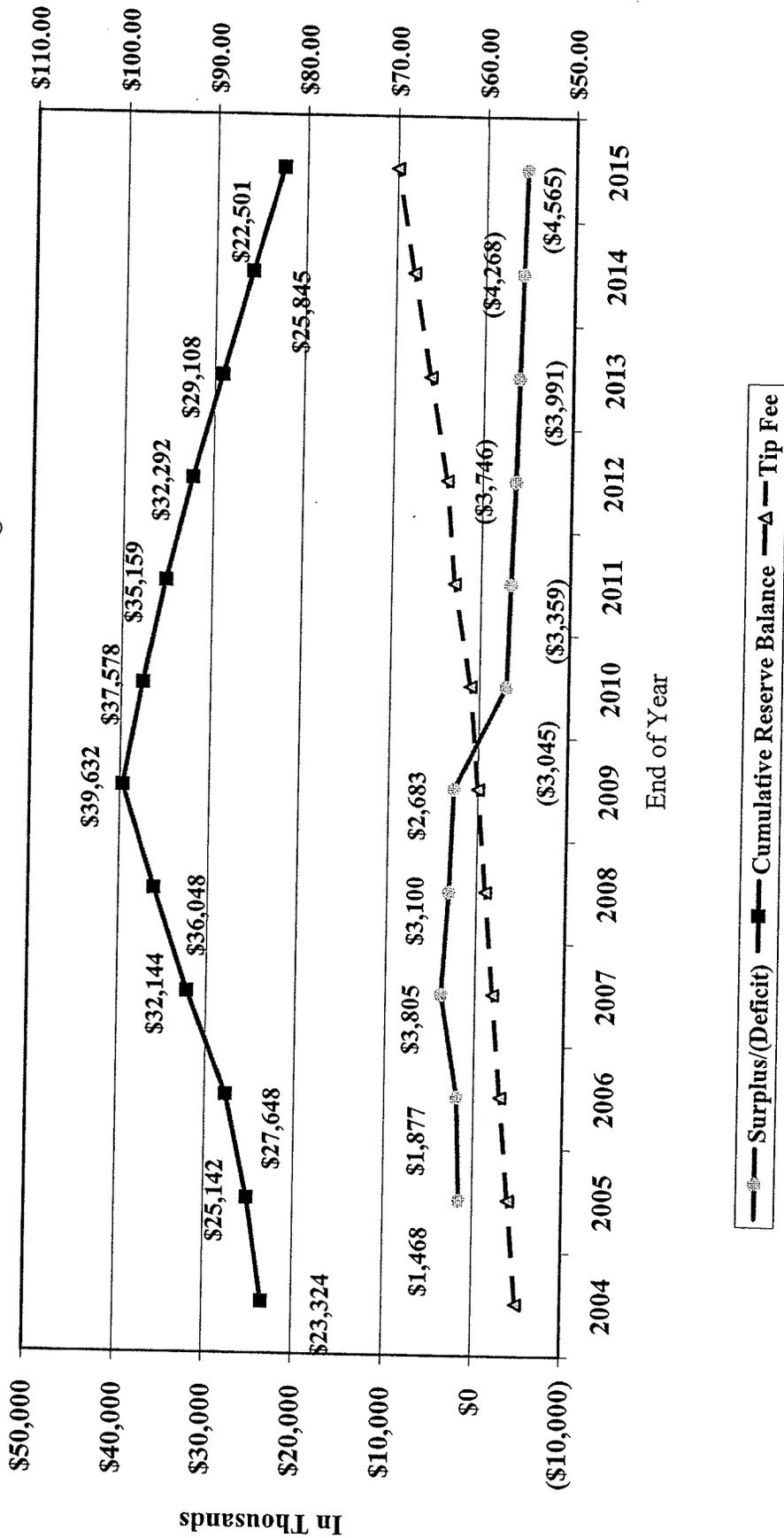
- (A) Balances as of June 30.
- (B) Represents general operating account. Includes interest earnings from the operating account and risk fund.
- (C) Risk reserve assessment to be performed FY05. Interest earnings reported in general operating account.
- (D) Account required by contract, retains interest earnings.
- (E) Account established to pay for 30 years post closure costs associated with the Wallingford landfill. Refer to postclosure worksheet for details.

**Wallingford Project - December 2003 Projections  
Surplus/(Deficit) and Reserve Balance Projections  
Tip Fee Set At \$55 Per Ton Through 2015**



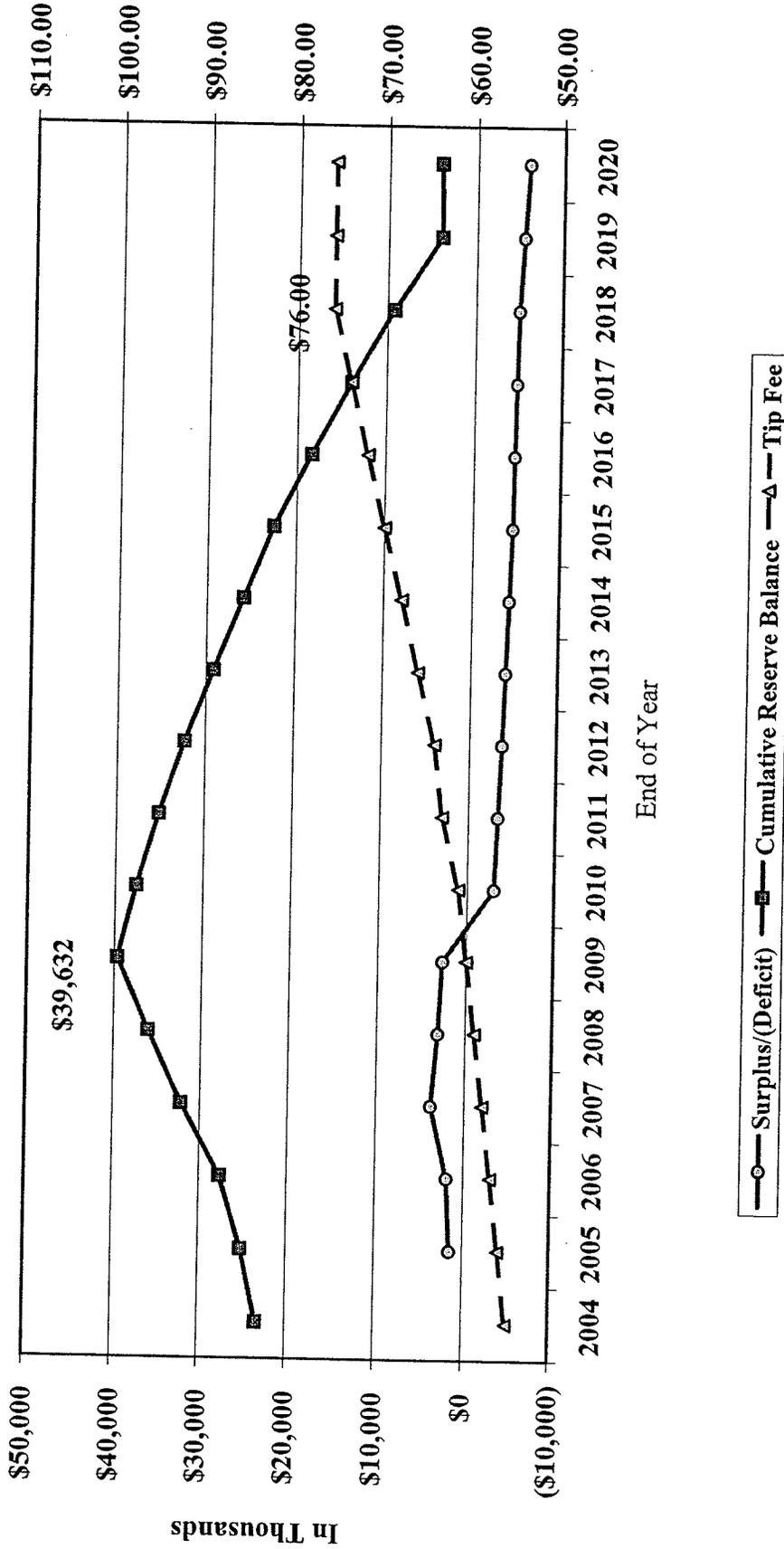
Reserves include operating account, risk reserve and tip fee stabilization fund.

**Wallingford Project - December 2003 Projections  
Surplus/(Deficit) and Reserve Balance Projections  
Tip Fee Escalating \$1 Per Ton Per Year Through 2010**



Reserves include operating account, risk reserve and tip fee stabilization fund.

**Wallingford Project - December 2003 Projections  
Surplus/(Deficit) and Reserve Balance Projections  
Tip Fee Set Escalating Minimum of \$1 Per Ton Per Year**



Reserves include operating account, risk reserve and tip fee stabilization fund.

**TAB 5**

**BRIDGEPORT PROJECT**

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**Proposed FY05 Operating & Capital Budget**

**January 15, 2004**

**RESOLUTION REGARDING THE ADOPTION OF THE  
FISCAL YEAR 2005 BRIDGEPORT PROJECT  
OPERATING AND CAPITAL BUDGETS AND TIP FEE**

**RESOLVED:** That the fiscal year 2005 Bridgeport Project Operating budget in the amount of \$50,262,500, which includes \$2,700,330 for the recycling budget, and the Capital Budget for \$929,000 be adopted as substantially presented in the form as discussed at this meeting.

**FURTHER RESOLVED:** That the fiscal year 2005 Bridgeport Project municipal solid waste member town tipping fee of \$64.50 per ton for the market component of the tip fee and \$8.00 per ton for the minimum commitment component of the tip fee for an all-inclusive fee of \$72.50 be adopted.

**FURTHER RESOLVED:** That the fiscal year 2005 Stamford and New Canaan recycling tipping fees of \$3.75 per ton be adopted.

The Southwest Connecticut Regional Recycling Operating Committee ("SWEROC") unanimously voted to adopt the following resolution at their January 2004 meeting. Meeting minutes listing attendees was not available prior to the issuance of this package.

**RESOLUTION REGARDING THE ADOPTION OF THE  
FISCAL YEAR 2005 BRIDGEPORT PROJECT RECYCLING  
OPERATING BUDGET AND TIP FEE**

**RESOLVED:** That the fiscal year 2005 Bridgeport Project Recycling Operating budget in the amount of \$2,700,330 be adopted as substantially presented in the form as discussed at this meeting.

**FURTHER RESOLVED:** That the fiscal year 2005 Stamford and New Canaan tipping fees of \$3.75 per ton be adopted.

The Solid Waste Advisory Board ("SWAB") unanimously, with the City of Norwalk representative abstaining, voted to adopt the following resolution at their January 2004 meeting. Meeting minutes listing attendees was not available prior to the issuance of this package.

**RESOLUTION REGARDING THE ADOPTION OF THE  
FISCAL YEAR 2005 BRIDGEPORT PROJECT  
OPERATING AND CAPITAL BUDGETS AND TIP FEE**

**RESOLVED:** That the fiscal year 2005 Bridgeport Project Operating budget in the amount of \$50,262,500 and the Capital Budget for \$929,000 be adopted as substantially presented in the form as discussed at this meeting.

**FURTHER RESOLVED:** That the fiscal year 2005 Bridgeport Project member town tipping fee of \$64.50 per ton for the market component of the fee and \$8.00 per ton for the minimum commitment component of the tip fee for an all-inclusive fee of \$72.50 be adopted.

# Fiscal Year 2005 Bridgeport Project Operating & Capital Budget

*January 22, 2004*

Attached is the proposed fiscal year 2005 operating budget and capital budget and five-year capital plan and projections through fiscal year 2009.

The CRRA Finance Committee voted to recommend the attached resolution be presented to the CRRA Board of Directors at the January meeting.

The Southwest Regional Operating Committee and Solid Waste Advisory Board adopted the attached resolutions on January 7, 2004.

## **Executive Summary**

- The market component of the tip fee is set at \$64.50 per ton and the minimum commitment component of the tip fee is set at \$8.00 per ton. This represents a 2.1% increase from the current FY04 rates of \$63 and \$8, respectively
- Contract deliveries are estimated to be 230,000 tons in FY05 as compared to 236,000 in FY04
- The proposed budget is projected to increase by \$66,000 in FY05 as compared to FY04
- Revenues
  - Member deliveries based upon historical levels
  - Contract deliveries are estimated to be slightly below FY03 actual deliveries
  - Recycling Sales estimates based upon projected future market conditions
  - Includes Use of the Board Designated Reserves (Shelton Landfill Future Use Reserve) to fund construction projects at the landfill
- Expenditures
  - General Administration expenses assumes settlement of outstanding Wheelabrator issues
  - Landfill – Waterbury includes \$100,000 contribution to closure reserve
  - Transfer Station costs are up due to increased construction activity

## Detailed Explanations

### A. Revenues

- a. Service Charges Solid Waste – Members (\$650k Increase)
  - Deliveries based upon historical levels
  - Includes \$1.50 per ton increase on market component
- b. Service Charges Solid Waste – Contract (\$925k Decrease)
  - Assumes Waste Management continues to deliver 150,000 tons in FY05
  - Assumes contract deliveries are below current rates
- c. Use of Board Designated Reserves (\$760k Increase)
  - The FY04 budget included additional future use expenditures. These expenditures are now budgeted to occur in FY05

### B. Expenditures

- a. Resource Recovery Facility (\$2.5M Decrease)
  - Includes increase in Solid Waste Tax (Statutory Requirement)
  - Reflects higher PILOT payment (Contract)
  - Anticipates higher insurance premiums (Market)
  - Includes slightly lower Contract Operating Charges due to the anticipated decline in contract deliveries
- b. Waterbury Landfill (\$100k Increase)
  - Includes contribution to closure reserve for \$100,000

# BRIDGEPORT PROJECT - PROPOSED FY05 OPERATING BUDGET

## ASSUMPTIONS

ASSUMPTION	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	ADOPTED FY05
<b>Pricing Summary</b>	Base Member Tip Fee	\$62.00	\$63.00	\$64.50
	Minimum Commitment Charge	\$7.00	\$8.00	\$8.00
	Orange Municipal Base Tip Fee	\$62.00	\$62.02	\$62.23
	Bethany Base Tip Fee	\$61.14	\$67.97	\$70.97
	East Haven / Woodbridge Base Tip Fee	\$62.00	\$68.55	\$71.26
	Bridgeport Municipal Base Tip Fee	\$58.32	\$57.82	\$60.26
	Contract Tip Fee (Average)	\$64.15	\$64.89	\$62.18
	CRRA Diversion Tip Fee	\$58.00	\$62.50	\$63.50
	Member Recyclables	\$0.00	\$0.00	\$0.00
	Recyclables - Stamford/N.Canaan	\$11.13	\$7.69	\$3.75
	Recyclables - New Haven		\$0.00	\$0.00
<b>Tonnage Summary</b>	Project Member Waste	383,197	380,900	380,900
	CRRA Contract Waste	194,121	216,500	175,000
	CRRA Diverted Waste	34,238	20,000	55,000
	Total Project Waste	611,556	617,400	610,900
	RESCO Spot Waste	140,574	102,600	109,100
	MSW Processed	742,602	720,000	720,000
	CRRA Member Recyclables	47,483	47,000	47,000
	CRRA Recyclables -Stamford/N. Canaan	7,223	7,500	7,500
	FCR Spot Recyclables	6,285	5,300	6,000
	Total Recyclables	60,991	59,800	60,500
	Orange MSW	5,403	5,200	5,200
	Bethany MSW	1,387	1,500	1,500
	East Haven MSW	13,099	13,100	13,100
	Woodbridge MSW	3,570	3,500	3,500
	Bridgeport Municipal MSW	63,211	64,100	64,100
	Weston MSW	5,115	4,000	4,000
Wilton MSW	8,437	8,000	8,000	
<b>Ash Residue</b>	Ash Rate (% of MSW Processed)	24.0%	24.5%	24.5%
	Total Ash Generation	178,273	176,400	176,400
	Ash Hauling Rate	\$14.47	\$14.80	\$14.91
	Ash Disposal Rate	\$29.62	\$30.34	\$30.59
	Ash Residue Fee 0 - 207,192 Tons	\$22.64	\$23.06	\$23.56
<b>Other Operating</b>	RESCO Base Fee (unadjusted) [Preliminary]	\$54.57	\$55.59	\$56.79
	Municipal Share Credit	\$4.53	\$5.55	\$6.76
	RESCO Fee - SWDA	\$54.66	\$56.15	\$56.92
	Marketing of Recyclables @ 50%	\$32.73	\$20.00	\$25.00
	Operating Payment - FCR	\$34.80	\$35.46	\$36.12
	Basic Rent - FCR	\$47,658	\$48,552	\$49,462
	Equipment Rent	\$41,159	\$41,159	\$41,159
	Percentage Rent - FCR	\$8.55	\$8.71	\$8.87
	Recycling Residue Rate	2.77%	3.50%	3.50%
	Orange Municipal Subsidy	\$3.82	\$3.89	\$3.96
	Wilton Hauling Subsidy	\$9.50	\$10.50	\$11.50
	Weston Hauling Subsidy	\$10.50	\$10.82	\$11.14
Wilton & Weston Municipal Subsidy	\$4.15	\$4.23	\$4.31	
Norwalk Municipal Subsidy	\$1.38	\$1.41	\$1.44	
<b>Miscellaneous</b>	Inflation Estimate	1.12%	2.50%	2.50%
	Contract Escalator 75% of Inflation Estimate	0.84%	1.88%	1.88%

# BRIDGEPORT PROJECT PROPOSED FY05 OPERATING BUDGET

## REVENUE & EXPENDITURE SUMMARY

### REVENUES

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
34-001-000-40101	Service Charges Solid Waste - Members	\$27,016,467	\$27,750,405	\$28,397,600
34-001-000-40102	Service Charges Solid Waste - Contracts	\$14,340,613	\$15,298,972	\$14,373,800
34-001-000-41105	Ash Disposal Fees	\$4,032,543	\$4,067,784	\$4,156,000
34-001-000-42101	Recycling Sales	\$1,940,763	\$1,149,269	\$1,387,900
34-001-000-45101	Rental Income	\$1,132,034	\$1,118,335	\$1,136,200
34-001-000-45150	Miscellaneous Income	\$29,863	\$0	\$0
34-001-000-46101	Interest Income	\$48,888	\$30,000	\$51,000
34-403-000-48401	Use of Postclosure Reserve	\$559,049	\$0	\$0
34-403-000-xxxxx	Use of Board Designated Reserves (1)	\$0	\$630,000	\$760,000
34-001-000-48201	Use of Undesignated / Unrestricted Reserves	\$0	\$151,278	\$0
<b>Total Revenues</b>		<b>\$49,100,220</b>	<b>\$50,196,043</b>	<b>\$50,262,500</b>

### EXPENDITURES

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
34-001-501-xxxxx	General Administration	\$778,307	\$1,289,417	\$1,109,300
34-001-502-xxxxx	Debt Service/Administration	\$2,168,945	\$2,160,506	\$2,124,650
34-001-503-xxxxx	Resources Recovery Facility	\$33,013,562	\$33,166,753	\$33,150,259
34-001-504-xxxxx	Ash Disposal	\$7,858,551	\$7,962,696	\$8,026,200
34-001-505-xxxxx	Waste Transport	\$483,920	\$468,040	\$478,200
34-001-506-xxxxx	Regional Recycling	\$2,359,506	\$2,628,996	\$2,700,330
34-001-701-xxxxx	Landfill - Shelton	\$1,653,545	\$2,266,725	\$2,263,361
34-001-702-xxxxx	Landfill - Waterbury	\$9,955	\$14,800	\$117,700
34-001-7xx-xxxxx	Transfer Stations	\$191,167	\$238,110	\$292,500
<b>Total Expenditures</b>		<b>\$48,517,458</b>	<b>\$50,196,043</b>	<b>\$50,262,500</b>
<b>Balance</b>		<b>\$582,762</b>	<b>\$0</b>	<b>\$0</b>

(1) Shelton Landfill Future Use Reserve

# BRIDGEPORT PROJECT - PROPOSED FY05 OPERATING BUDGET

## EXPENDITURE DETAIL

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>GENERAL ADMINISTRATION</b>				
34-001-501-52101	Postage & Delivery Fees	\$3,021	\$3,500	\$3,600
34-001-501-52104	Telephone & Pagers	\$5,588	\$7,400	\$9,300
34-001-501-52106	Copier	\$3,503	\$3,100	\$3,500
34-001-501-52115	Advertising	\$566	\$0	\$1,000
34-001-501-52201	Office Equipment	\$0	\$500	\$0
34-001-501-52202	Office Supplies	\$57	\$500	\$300
34-001-501-52302	Miscellaneous Services	\$157	\$5,000	\$300
34-001-501-52305	Business Meetings and Travel	\$2,017	\$750	\$770
34-001-501-52355	Mileage Reimbursement	\$5,227	\$6,000	\$6,000
34-001-501-52401	Vehicle Repair/Maintenance	\$0	\$500	\$0
34-001-501-52403	Office Equipment Service	\$0	\$500	\$0
34-001-501-52602	Bad Debt Expense	\$0	\$5,000	\$5,000
34-001-501-52612	Fuel	\$68	\$100	\$100
34-001-501-52856	Legal	\$77,824	\$300,000	\$85,000
34-001-501-52875	Insurance, Consulting and Brokerage Services	\$7,167	\$15,000	\$10,900
34-001-501-52899	Other Consulting	\$1,393	\$17,525	\$0
34-001-501-54482	Computer Hardware	\$0	\$3,000	\$2,000
34-001-501-54483	Computer Software	\$183	\$2,000	\$1,000
34-001-501-57820	Local Administration	\$58,036	\$260,000	\$100,000
34-001-501-57840	Allocation-Salaries	\$338,267	\$367,405	\$491,930
34-001-501-57850	Allocation-Overhead	\$275,233	\$291,637	\$388,600
	<b>Subtotal</b>	<b>\$778,307</b>	<b>\$1,289,417</b>	<b>\$1,109,300</b>
			8.0%	-14.0%
<b>DEBT SERVICE/ADMINISTRATION</b>				
34-001-502-52856	Legal	\$0	\$5,000	\$0
34-001-502-52859	Financial	\$0	\$5,000	\$0
34-001-502-55517	Interest - Guaranteed Borrowing	\$196,642	\$172,256	\$145,500
34-001-502-55535	Interest - 00 Series	\$365,663	\$313,250	\$259,150
34-001-502-55560	Principal Repayment	\$1,595,000	\$1,645,000	\$1,705,000
34-001-502-55585	Trustee Fees	\$11,640	\$20,000	\$15,000
	<b>Subtotal</b>	<b>\$2,168,945</b>	<b>\$2,160,506</b>	<b>\$2,124,650</b>
			-2.8%	-1.7%

# BRIDGEPORT PROJECT - PROPOSED FY05 OPERATING BUDGET

## EXPENDITURE DETAIL

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>RESOURCES RECOVERY FACILITY</b>				
34-001-503-52502	Fees/Licenses/Permits	\$2,750	\$2,750	\$4,200
34-001-503-52506	Dioxin Tax	\$611,548	\$617,400	\$916,350
34-001-503-52507	Payment in Lieu of Taxes	\$2,212,344	\$2,288,821	\$2,321,100
34-001-503-52508	Municipal Subsidies	\$20,639	\$20,228	\$20,600
34-001-503-52640	Insurance	\$284,830	\$300,000	\$368,500
34-001-503-52701	Contract Operating Charges	\$29,747,016	\$34,668,387	\$34,771,309
34-001-503-52701	Less Refinancing Savings	Incl Above	(\$1,305,885)	(\$1,129,000)
34-001-503-52701	Less Municipal Share	Incl Above	(\$3,427,947)	(\$4,125,800)
	Subtotal	\$29,747,016	\$29,934,555	\$29,516,509
34-001-503-xxxxx	Municipal Share Replacement Reserve	\$133,910	\$0	\$0
34-001-503-52858	Engineering	\$525	\$3,000	\$3,000
34-001-503-56605	Construction	\$0	\$0	\$0
	<b>Subtotal</b>	\$33,013,562	\$33,166,753 3.4%	\$33,150,259 0.0%
<b>ASH DISPOSAL</b>				
34-001-504-52706	Contract Hauling-Ash	\$2,579,747	\$2,610,720	\$2,630,100
34-001-504-52711	Disposal Fees-Ash	\$5,278,804	\$5,351,976	\$5,396,100
	<b>Subtotal</b>	\$7,858,551	\$7,962,696 7.7%	\$8,026,200 0.8%
<b>WASTE TRANSPORT</b>				
34-001-505-52509	Transfer/Transport Subsidies	\$483,920	\$468,040	\$478,200
	<b>Subtotal</b>	\$483,920	\$468,040 -10.0%	\$478,200 2.2%
<b>REGIONAL RECYCLING</b>				
34-001-506-52104	Telephone & Pagers	\$1,007	\$0	\$0
34-001-506-52202	Office Supplies	\$913	\$3,000	\$3,080
34-001-506-52404	Building Operations	\$55,185	\$63,000	\$64,580
34-001-506-52409	Other Repairs and Maintenance	\$0	\$15,000	\$21,000
34-001-506-52415	Grounds Maintenance	\$250	\$5,000	\$5,130
34-001-506-52502	Fees/Licenses/Permits	\$2,080	\$2,000	\$3,000
34-001-506-52617	Electronic Recycling	\$8,954	\$0	\$19,500
34-001-506-52701	Contract Operating Charges	\$1,766,239	\$1,932,462	\$1,968,540
34-001-506-52707	Contract Hauling-Other	\$0	\$5,000	\$5,130
34-001-506-52710	Disposal Fees-Solid Waste	\$84,382	\$121,394	\$105,880
34-001-506-52858	Engineering	\$263	\$5,000	\$5,130
34-001-506-53304	Electricity	\$27,988	\$25,000	\$28,690
34-001-506-53309	Other Utilities	\$15,673	\$19,000	\$19,480
34-001-506-56605	Construction	\$22,516	\$10,000	\$10,000
34-001-506-57820	Local Administration	\$167,480	\$168,386	\$172,600
34-001-506-57840	Allocation-Salaries	\$101,931	\$141,789	\$148,230
34-001-506-57850	Allocation-Overhead	\$85,249	\$112,965	\$120,360
	<b>Subtotal</b>	\$2,359,506	\$2,628,996 0.4%	\$2,700,330 2.7%

# BRIDGEPORT PROJECT - PROPOSED FY05 OPERATING BUDGET

## EXPENDITURE DETAIL

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>LANDFILL - SHELTON</b>				
34-403-701-52104	Telephone & Pagers	\$3,763	\$4,000	\$4,000
34-403-701-52302	Miscellaneous Services	\$0	\$3,000	\$2,000
34-403-701-52404	Building Operations	\$1,597	\$2,500	\$2,500
34-403-701-52407	Project Equipment Maintenance	\$19,793	\$60,000	\$58,500
34-403-701-52415	Grounds Maintenance	\$104,099	\$102,500	\$73,500
34-403-701-52502	Fees/Licenses/Permits	\$22,575	\$22,150	\$33,300
34-403-701-52645	Postclosure Expense	\$0	\$0	\$0
34-403-701-52647	Future Use Reserve	\$630,000	\$0	\$0
34-403-701-52650	Post Closure Reserve	\$450,000	\$650,000	\$800,000
34-403-701-52701	Contract Operating Charges	\$157,766	\$159,575	\$180,000
34-403-701-52709	Other Operating Charges	\$1,021	\$2,000	\$2,000
34-403-701-52858	Engineering	\$27,938	\$190,000	\$63,500
34-403-701-52901	Environmental Testing	\$176,974	\$151,000	\$161,000
34-403-701-53304	Electricity	\$35,330	\$36,000	\$43,200
34-403-701-53309	Other Utilities	\$1,875	\$5,000	\$3,700
34-403-701-55582	Letter of Credit Fees	\$6,510	\$7,000	\$7,000
34-403-701-56605	Construction/Future Use	\$14,304	\$872,000	\$775,000
34-403-701-58403	Contingency	\$0	\$0	\$54,161
	<b>Subtotal</b>	\$1,653,545	\$2,266,725 24.4%	\$2,263,361 -0.1%
<b>LANDFILL - WATERBURY</b>				
34-001-702-52104	Telephone & Pagers	\$250	\$0	\$500
34-001-702-52302	Miscellaneous Services	\$3,437	\$2,500	\$3,000
34-001-702-52502	Fees/Licenses/Permits	\$1,800	\$1,800	\$2,700
34-001-702-xxxxx	Closure Reserve	\$0	\$0	\$100,000
34-001-702-xxxxx	Postclosure Reserve	\$0	\$0	\$0
34-001-702-52858	Engineering	\$131	\$5,000	\$5,000
34-001-702-52901	Environmental Testing	\$4,337	\$5,500	\$6,500
	<b>Subtotal</b>	\$9,955	\$14,800 7.2%	\$117,700 695.3%
<b>TRANSFER STATIONS</b>				
34-001-xxx-52404	Building Operations	\$0	\$0	\$0
34-001-xxx-52407	Project Equipment Maintenance	(\$3,955)	\$0	\$0
34-001-xxx-52502	Fees/Licenses/Permits	\$16,463	\$15,850	\$24,000
34-001-xxx-52508	Municipal Subsidy	\$16,719	\$11,280	\$11,500
34-001-xxx-52858	Engineering	\$3,152	\$0	\$6,000
34-001-xxx-52901	Environmental Testing	\$136,638	\$89,980	\$107,000
34-001-xxx-56605	Construction	\$22,150	\$121,000	\$144,000
	<b>Subtotal</b>	\$191,167	\$238,110 11.7%	\$292,500 22.8%

# BRIDGEPORT PROJECT - PROPOSED FY05 OPERATING BUDGET

## EXPENDITURE DETAIL

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>TRANSFER STATION - DARIEN</b>				
34-001-710-52502	Fees/Licenses/Permits	\$2,125	\$1,850	\$2,800
34-001-710-52858	Engineering	\$394	\$0	\$1,000
34-001-710-52901	Environmental Testing	\$19,520	\$12,640	\$15,000
34-001-710-56605	Construction	\$14,630	\$8,000	\$4,000
	<b>Subtotal</b>	\$36,669	\$22,490	\$22,800
			-1.6%	1.4%
<b>TRANSFER STATION - FAIRFIELD</b>				
34-001-711-52502	Fees/Licenses/Permits	\$1,850	\$1,850	\$2,800
34-001-711-52858	Engineering	\$394	\$0	\$1,000
34-001-711-52901	Environmental Testing	\$19,520	\$12,640	\$15,000
34-001-711-56605	Construction	\$5,358	\$15,000	\$8,000
	<b>Subtotal</b>	\$27,122	\$29,490	\$26,800
			14.1%	-9.1%
<b>TRANSFER STATION - GREENWICH</b>				
34-001-712-52502	Fees/Licenses/Permits	\$3,625	\$3,625	\$5,500
34-001-712-52858	Engineering	\$394	\$0	\$1,000
34-001-712-52901	Environmental Testing	\$19,520	\$12,640	\$15,000
34-001-712-56605	Construction	\$0	\$20,000	\$12,000
	<b>Subtotal</b>	\$23,539	\$36,265	\$33,500
			105.8%	-7.6%
<b>TRANSFER STATION - MILFORD</b>				
34-001-713-52502	Fees/Licenses/Permits	\$3,275	\$3,275	\$4,900
34-001-713-52858	Engineering	\$394	\$0	\$1,000
34-001-713-52901	Environmental Testing	\$19,520	\$12,640	\$15,000
34-001-713-56605	Construction	\$5,624	\$40,000	\$67,000
	<b>Subtotal</b>	\$28,813	\$55,915	\$87,900
			68.0%	57.2%

# BRIDGEPORT PROJECT - PROPOSED FY05 OPERATING BUDGET

## EXPENDITURE DETAIL

ACCOUNT	DESCRIPTION	ACTUAL FY03	ADOPTED FY04	PROPOSED FY05
<b>TRANSFER STATION - NORWALK</b>				
34-001-714-52407	Project Equipment Maintenance	(\$3,955)	\$0	\$0
34-001-714-52502	Fees/Licenses/Permits	\$1,775	\$1,850	\$2,800
34-001-714-52508	Municipal Subsidy	\$16,719	\$11,280	\$11,500
34-001-714-52858	Engineering	\$394	\$0	\$1,000
34-001-714-52901	Environmental Testing	\$19,518	\$12,640	\$15,000
34-001-714-56605	Construction	(\$3,462)	\$21,000	\$24,000
	<b>Subtotal</b>	<b>\$30,989</b>	<b>\$46,770</b>	<b>\$54,300</b>
			9.4%	16.1%
<b>TRANSFER STATION - SHELTON</b>				
34-001-715-52502	Fees/Licenses/Permits	\$400	\$400	\$600
34-001-715-52858	Engineering	\$394	\$0	\$0
34-001-715-52901	Environmental Testing	\$0	\$1,500	\$2,000
34-001-715-56605	Construction	\$0	\$2,000	\$4,000
	<b>Subtotal</b>	<b>\$794</b>	<b>\$3,900</b>	<b>\$6,600</b>
			-70.9%	69.2%
<b>TRANSFER STATION - TRUMBULL</b>				
34-001-716-52502	Fees/Licenses/Permits	\$1,913	\$1,500	\$2,300
34-001-716-52858	Engineering	\$394	\$0	\$1,000
34-001-716-52901	Environmental Testing	\$19,520	\$12,640	\$15,000
34-001-716-56605	Construction	\$0	\$11,000	\$16,000
	<b>Subtotal</b>	<b>\$21,827</b>	<b>\$25,140</b>	<b>\$34,300</b>
			4.8%	36.4%
<b>TRANSFER STATION - WESTPORT</b>				
34-001-717-52502	Fees/Licenses/Permits	\$1,500	\$1,500	\$2,300
34-001-717-52858	Engineering	\$394	\$0	\$0
34-001-717-52901	Environmental Testing	\$19,520	\$12,640	\$15,000
34-001-717-56605	Construction	\$0	\$4,000	\$9,000
	<b>Subtotal</b>	<b>\$21,414</b>	<b>\$18,140</b>	<b>\$26,300</b>
			-44.2%	45.0%
	<b>Total Transfer Stations</b>	<b>\$191,167</b>	<b>\$238,110</b>	<b>\$292,500</b>

**Bridgeport Postclosure Reserve Funding Analysis**

**Shelton Landfill Postclosure Reserve Funding Analysis**

Reserve Earnings Rate Assumption: 4.50% 1.5%  
 Annual Inflation Rate Assumption: 3.00%

Fiscal Year	Post Year	Reserve Opening Balance	Reserve Contributions	Estimated Reserve Interest	Current Cost	Estimated Postclosure Current Costs	Reserve Closing Balance
03	3	\$2,305,415					\$2,308,014
04	4	\$2,308,014	\$650,000	\$34,620	\$933,361	\$0	\$2,992,634
05	5	\$2,992,634	\$800,000	\$44,890	\$690,000	\$0	\$3,837,524
06	6	\$3,837,524	\$800,000	\$172,689	\$650,000	\$0	\$4,810,212
07	7	\$4,810,212	\$800,000	\$216,460	\$638,000	\$0	\$5,826,672
08	8	\$5,826,672	\$800,000	\$262,200	\$476,000	\$0	\$6,888,872
09	9	\$6,888,872	\$800,000	\$309,999	\$476,000	\$0	\$7,998,871
10	10	\$7,998,871	\$0	\$359,949	\$466,425	\$573,644	\$7,785,177
11	11	\$7,785,177	\$0	\$350,333	\$461,425	\$584,519	\$7,550,990
12	12	\$7,550,990	\$0	\$339,795	\$441,425	\$575,960	\$7,314,825
13	13	\$7,314,825	\$0	\$329,167	\$424,425	\$570,392	\$7,073,601
14	14	\$7,073,601	\$0	\$318,312	\$424,425	\$587,503	\$6,804,409
15	15	\$6,804,409	\$0	\$306,198	\$409,425	\$583,742	\$6,526,865
16	16	\$6,526,865	\$0	\$293,709	\$376,925	\$553,527	\$6,267,047
17	17	\$6,267,047	\$0	\$282,017	\$388,925	\$588,284	\$5,960,781
18	18	\$5,960,781	\$0	\$268,235	\$376,925	\$587,237	\$5,641,779
19	19	\$5,641,779	\$0	\$253,880	\$376,925	\$604,854	\$5,290,805
20	20	\$5,290,805	\$0	\$238,086	\$376,925	\$623,000	\$4,905,891
21	21	\$4,905,891	\$0	\$220,765	\$346,925	\$590,617	\$4,536,040
22	22	\$4,536,040	\$0	\$204,122	\$353,925	\$620,610	\$4,119,552
23	23	\$4,119,552	\$0	\$185,380	\$339,425	\$613,039	\$3,691,893
24	24	\$3,691,893	\$0	\$166,135	\$339,425	\$631,430	\$3,226,597
25	25	\$3,226,597	\$0	\$145,197	\$339,425	\$650,373	\$2,721,421
26	26	\$2,721,421	\$0	\$122,464	\$339,425	\$669,885	\$2,174,000
27	27	\$2,174,000	\$0	\$97,830	\$339,425	\$689,981	\$1,581,849
28	28	\$1,581,849	\$0	\$71,183	\$214,725	\$449,586	\$1,203,446
29	29	\$1,203,446	\$0	\$54,155	\$214,725	\$463,074	\$794,527
30	30	\$794,527	\$0	\$35,754	\$214,725	\$476,966	\$353,314
			\$4,650,000		\$7,566,325	\$12,288,224	

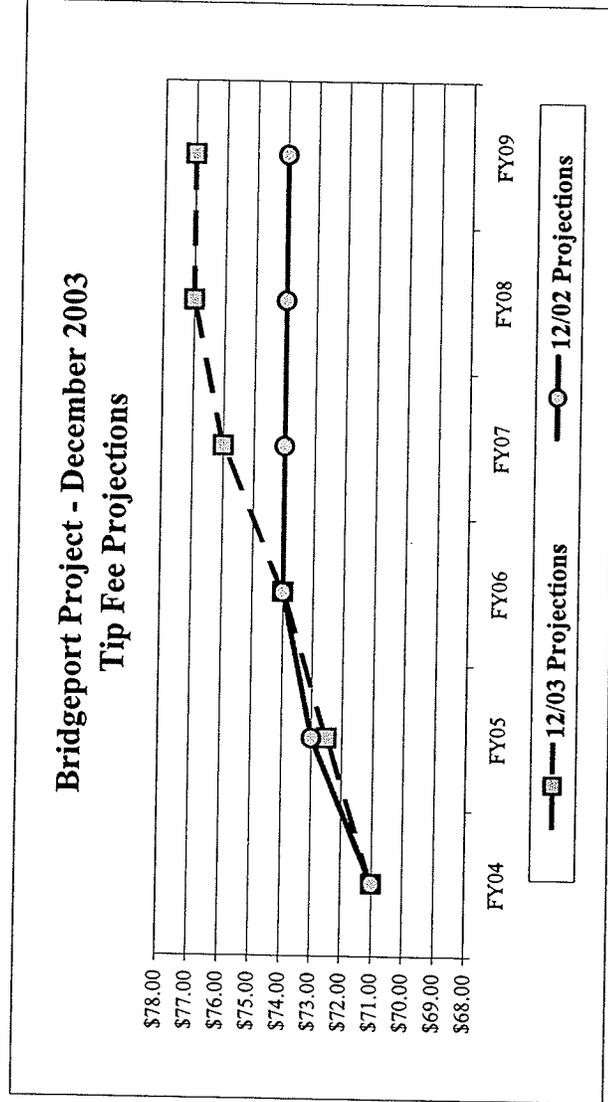
# BRIDGEPORT PROJECT

## Retained Earnings Analysis and Projection

Fiscal Year	Status	Beginning Balance (1)	Projected Surplus/(Deficit)	Actual Source/(Use) of Reserves (2)	Ending Balance
FY03	Actual	\$3,865,786	\$582,762	\$0	\$3,865,786
FY04	Adopted	\$3,865,786	\$300,000	\$0	\$4,165,786
FY05	Proposed	\$4,165,786	\$0	\$0	\$4,165,786
FY06	Projected	\$4,165,786	\$549,691	\$0	\$4,715,476
FY07	Projected	\$4,715,476	(\$618,058)	(\$618,058)	\$4,097,419
FY08	Projected	\$4,097,419	(\$2,007,467)	(\$2,007,467)	\$2,089,952
FY09	Projected	\$2,089,952	\$154,302	\$0	\$2,244,253

(1) Consists of Operating Fund, Municipal Share Replacement Reserve, Recycling Trust, and Risk Reserve

(2) Actual Source/(Use) of Reserves generated from Operating Activity



# Fiscal Year 2005 - 2009 Proposed Bridgeport Project Capital Improvement Budget

1/7/04

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

<u>Expenditures</u>	Adopted FY04	Projected FY04	Proposed FY05	Projected FY06	Projected FY07	Projected FY08	Projected FY09
Resource Recovery Facility	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Shelton Landfill	\$1,010	\$100	\$775	\$0	\$0	\$0	\$0
Waterbury Landfill	\$0	\$0	\$0	\$0	\$500	\$0	\$0
Recycling Facility	\$0	\$0	\$10	\$0	\$0	\$0	\$0
Transfer Stations	\$151	\$125	\$144	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$1,161</b>	<b>\$225</b>	<b>\$929</b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>	<b>\$0</b>
<b>Funding Source (1)</b>	<b>\$1,161</b>	<b>\$125</b>	<b>\$169</b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>	<b>\$0</b>
Future Use Reserve (2)	\$0	\$100	\$760	\$0	\$0	\$0	\$0
Additional Funding Requirements (3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

(2) A portion of the Shelton Landfill expenses are to be paid for from the Shelton Landfill Future Use Reserve.

(3) Additional funds would come from the operating account, should construction occurs.

### Proposed FY05 Capital Projects

Shelton Landfill  
Transfer Stations

Continue future use construction projects (\$760k) and construct roof over flare (\$15k).

Overhead door replacement (\$38k), Roof Replacement (\$50k), Tipping Floor Repairs (\$15k), Paving (\$19k),

Miscellaneous & Compactor Repairs (\$22k).

### Future Capital Projects

Waterbury Landfill

Initiate closure of landfill.

## **TAB 6**

## **RESOLUTION REGARDING THE DISSOLUTION OF CERTAIN BRIDGEPORT PROJECT RESERVE ACCOUNTS**

**RESOLVED:** That the Risk Fund, Municipal Share Replacement Reserve, Recycling Trust, and Landfill Replacement Reserve for the Bridgeport Project be dissolved.

**FURTHER RESOLVED:** The existing reserve balances (shown below) be reclassified from Unrestricted / Board Designated to Unrestricted Undesignated and be placed in the project operating account:

The reserve balances as of June 30, 2003 were as follows:

Risk Fund	\$2,543,653
Municipal Share Replacement Reserve	\$ 134,717
Recycling Trust	\$ 50,000
Landfill Replacement Reserve	\$ 0
Total Reserves	<u>\$2,728,370</u>

# Connecticut Resources Recovery Authority

## Bridgeport Reserve Analysis

*January 22, 2004*

During the annual audit of the CRRA financial statements for fiscal year 2003, the Authority's Auditors noted that the Bridgeport Project was in a negative undesignated reserve position as shown in the attached Exhibit A of Schedule of Net Assets. This situation arose from prior designation of assets when there were insufficient funds, prior period losses and the accrual of 100% postclosure liabilities. Dissolving certain unrestricted Board designated reserves and applying these amounts to the negative undesignated / unrestricted balance will ameliorate this position.

Management is seeking a recommendation to submit the attached resolution to the CRRA Board of Directors for adoption at the January 2004 meeting. The following is a more detailed explanation of the attached. Balances are as of November 30, 2003.

- Dissolve the Bridgeport Project Risk Fund (\$2,543,653) – Fund originally established to protect CRRA projects against catastrophic losses.
- Dissolve the Municipal Share Replacement Reserve (\$134,717) – Fund originally set up to cover future increases in the service fee payment as a result of the depletion of the municipal share fund.
- Dissolve the Recycling Reserve (\$50,000) – No documentation was located as to its purpose.
- Dissolve the Landfill Replacement Reserve – Fund originally established for the purpose of purchasing future landfill space. An accrual of \$800,000 was setup, however the funds were never set aside.

In the spring of 2004, CRRA will have performed an independent review to confirm the amounts required to fund the closure and post-closure reserves for the Shelton and Waterbury Landfills. Therefore, until this review has been completed, Management is not seeking to modify the designation of these unrestricted Board designated reserves at this time.

The Shelton Landfill Future Use Reserve is subject to and is likely to become a Restricted reserve based upon an on-going review of the Shelton Landfill permit.

Copies of the Individual Reserve Summaries are also attached for your review.

## Connecticut Resources Recovery Authority

**Account:** RISK FUNDS

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

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

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

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

<b>Fund Amounts As Of June 30, 2003:</b>	Bridgeport	\$2,543,653
	Mid-Connecticut	\$4,766,503
	Southeast	\$ 251,972
	Wallingford	<u>\$1,047,107</u>
	Total	<u>\$8,609,235</u>

### **Supporting Documentation:**

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

### **Recommendation:**

*That the CRRA Board of Directors recognize there are insufficient assets due to inadequacies in past tip fees to continue the classification of the Bridgeport Project portion of this fund as Board designated and due to this circumstance, the Bridgeport Project portion of the unrestricted funds be dissolved. This account would then be reclassified as undesignated unrestricted. Management plans to conduct a risk assessment for all projects in June 2004. Any future risk reserves for the Bridgeport Project would require funding from tip fee increases.*

## Connecticut Resources Recovery Authority

**Account:** MUNICIPAL SHARE REPLACEMENT RESERVE

**Project:** Bridgeport

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

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

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

**Fund Amount As Of June 30, 2003:** \$134,717

**Supporting Documentation:**

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

**Recommendation:**

*That the CRRA Board of Directors recognize there are insufficient assets due to inadequacies in past tip fees to continue the classification of the Bridgeport Project portion of this fund as Board designated and due to this circumstance, the Bridgeport Project portion of the unrestricted funds be dissolved. This account would then be reclassified as undesignated unrestricted.*

## Connecticut Resources Recovery Authority

**Account:** BRIDGEPORT RECYCLING TRUST

**Project:** Bridgeport

**Purpose:** Unknown.

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

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

**Fund Amount As Of June 30, 2003:** \$50,000

**Supporting Documentation:**

No documentation has been located

**Recommendation:**

*That the CRRA Board of Directors recognize there are insufficient assets due to inadequacies in past tip fees to continue the classification of the Bridgeport Project portion of this fund as Board designated and due to this circumstance, the Bridgeport Project portion of the unrestricted funds be dissolved. This account would then be reclassified as undesignated unrestricted.*

## Connecticut Resources Recovery Authority

**Account:** LANDFILL REPLACEMENT RESERVE

**Project:** Bridgeport

**Purpose:** For the purchase of future landfill space.

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

**Fund Source:** Never Funded

**Fund Amount As Of June 30, 2003:** \$0

### **Supporting Documentation:**

Prior staff documents indicate that the account was established by the Board in 1991. Unfortunately, no references to the account were found in the Board minutes pertaining to this period.

### **Recommendation:**

*That the CRRA Board of Directors recognize there are insufficient assets due to inadequacies in past tip fees to continue the classification of the Bridgeport Project portion of this fund as Board designated and due to this circumstance, the Bridgeport Project portion of the unrestricted funds be dissolved. This account would then be reclassified as undesignated unrestricted. Reverse the original journal entry.*

**TAB 7**

**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.

**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 average rate of return realized by the Authority as calculated on a month-end basis;

**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**

DESCRIPTION	Current		Management		Optional	
	100 Constitution (17th & 18th)	100 Constitution (5th & 6th)	100 Constitution (5th & 6th)	100 Constitution (5th & 6th)	CRRA Facilities	CRRA Facilities
<u>SQUARE FEET</u>						
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		
<u>COSTS</u>						
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	\$859,461	(e)	\$2,000,000		
Expensed	\$229,000	\$90,800		\$90,800		
Total	\$1,083,000	\$950,261		\$2,090,800		
Total Financing Costs <sup>(b)</sup>						
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	\$3,567,922	(e)	\$2,729,950		
Tenant Costs <sup>(d)</sup>	\$196,290	\$194,228		\$196,290		
Total Costs	\$7,716,290	\$5,488,139	(e)	\$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 includes payments due for financing costs from 1999 relocation.
- n/a = Not Applicable



**Connecticut Resources Recovery Authority  
CRRR 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%

**CURRENT LEASE (1)**

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Total
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

**PROPOSED LEASE (2)**

Move Costs	\$90,800															
Lease	\$0	(\$180,000)	(\$398,400)	(\$403,200)	(\$408,000)	(\$412,800)	(\$422,400)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Costs	\$28,800	\$118,660	\$122,220	\$125,890	\$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	\$590,630
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	\$2,430,720
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	\$5,947,590

Net Lease Savings (Cost) (\$361,183)  
Cumulative Lease Savings (Cost) Nominal \$ (\$466,193)

Discount Rate 5.00%

Lease	\$104,751
NPV (6.25 Year Analysis) 2010	(\$138,046)
NPV (8.25 Year Analysis) 2012	\$572,891
NPV (11.25 Year Analysis) 2015	\$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)
  - CRRR 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 CRRR 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 November 30, 2003	\$2,379,191
Proposed Relocation Loan	<u>(\$860,000)</u>
Subtotal	<u>\$1,519,191</u>
Remaining Budget Contributions for FY04	\$375,000
Remaining Estimated Expenses for FY04	<u>(\$375,000)</u>
Estimated Balance as of June 30, 2004	<u>\$1,519,191</u>
Average Historical Annual Expenses	\$750,000

**TAB 8**

## RESOLUTION REGARDING THE PAYMENT OF CERTAIN LEGAL INVOICES

**WHEREAS:** CRRA has entered into Legal Service Agreements with various law firms to perform legal services including, but not limited to, Enron-related issues; and

**WHEREAS:** CRRA wishes to make payment for the legal services previously rendered from June 2002 until January 31, 2004 and to seek authorizations for expected legal fees from February 1, 2004 through June 30, 2004.

**NOW THEREFORE, it is RESOLVED:** that the following amounts be authorized for payment for legal expenses incurred through January 31, 2004:

Enron-related:

<u>Firm:</u>	<u>Amount:</u>
Anderson Kill & Olick	\$ 21,000
Pullman & Comley	56,000
Halloran & Sage	341,000
McCarter & English	159,000
Rogin Nassau Caplan Lassman & Hirtle	33,000
Santos & Seeley	34,000
Brown Rudnick	24,000
Sidley Austin Brown & Wood	127,000

Non-Enron-related:

<u>Firm:</u>	<u>Amount:</u>
McCarter & English	\$ 539,000
Halloran & Sage	53,000
Brown Rudnick	297,000
Sidley Austin Brown & Wood	99,000
Cohn Birnbaum	149,000
Kainen & Escalere & Michale	86,000
Perakos Zitser	71,000
Pullman & Comley	172,000

**FURTHER RESOLVED:** that the following amounts be authorized for expected legal fees to be incurred from February 1, 2004 through June 30, 2004:

Enron-related:

<u>Firm:</u>	<u>Amount:</u>
Anderson Kill & Olick	\$ 115,000
Halloran & Sage	50,000
McCarter & English	200,000
Rogin Nassau Caplan Lassman & Hirtle	40,000
Santos & Seeley	25,000
Furey, Donovan, Racy & Daly, PC	25,000

Non-Enron-related:

<u>Firm:</u>	<u>Amount:</u>
McCarter & English	\$ 150,000
Halloran & Sage	100,000
Brown Rudnick	75,000
Sidley Austin Brown & Wood	75,000
Cohn Birnbaum	25,000
Kainen & Escalere & Michale	30,000
Perakos Zitser	50,000
Pullman & Comley	75,000

**Connecticut Resources Recovery Authority**  
**Legal Expenditure Analysis**

As of November 30, 2003

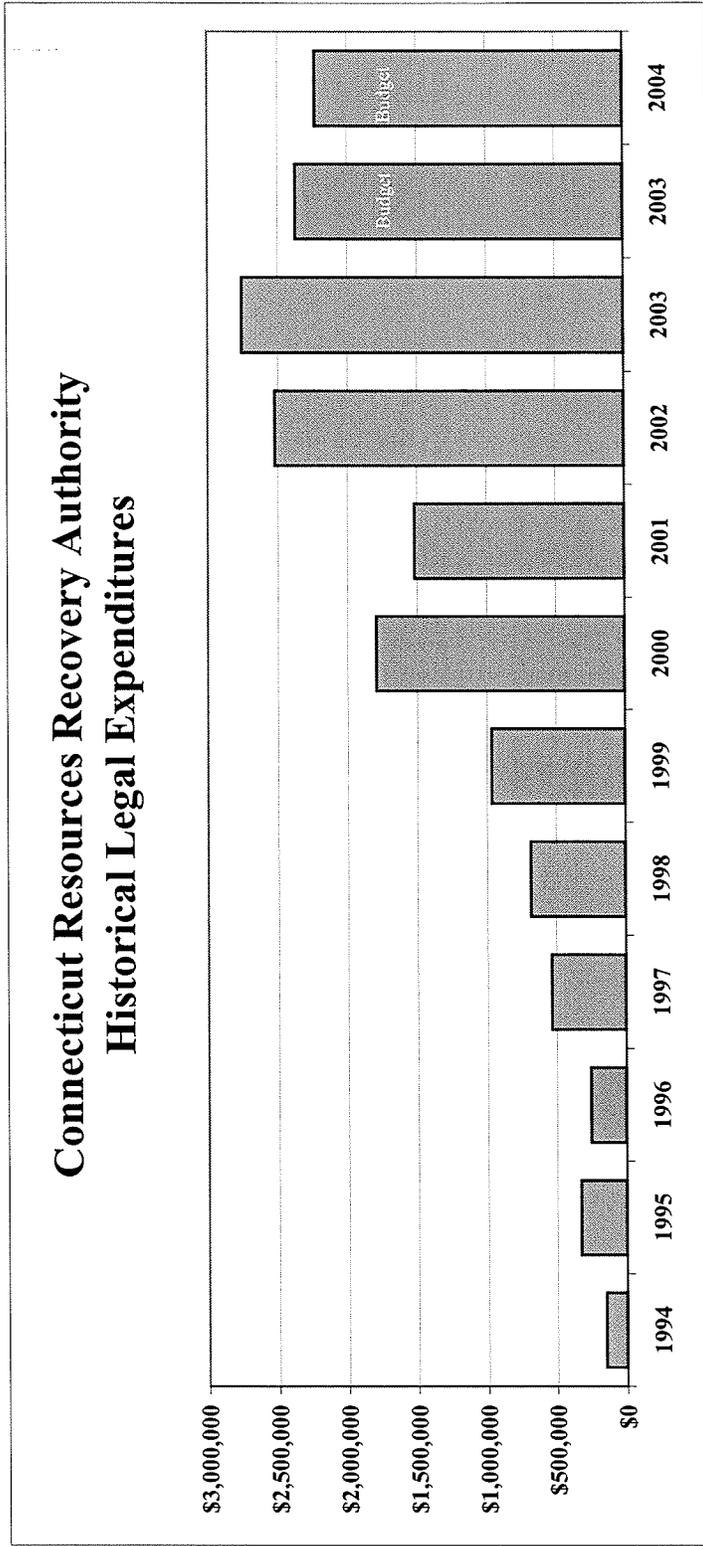
	<u>Enron Related</u>	<u>Other</u>	<u>Total</u>
Paid Through 11/30/03	\$1,957,343	\$955,455	\$2,912,798
Required for work through 1/31/04	\$115,106	\$310,000	\$425,106
Required for work through 6/30/04	\$515,000	\$580,000	\$1,095,000
Total	<u>\$2,587,449</u>	<u>\$1,845,455</u>	<u>\$4,432,904</u>

	<u>Estimate / Actual</u>	<u>Budget</u>	<u>Variance</u>
Fiscal Year 2003*	\$2,757,759	\$2,372,000	(\$385,759)
Fiscal Year 2004	\$1,675,145	\$2,230,000	\$554,855
Total			<u>\$169,096</u>

\*Assumes FY03 year end accruals equal FY02 accruals.

**Connecticut Resources Recovery Authority  
Historical Summary of Legal Expenditures**

Legal Expenditures	Actual 1994	Actual 1995	Actual 1996	Actual 1997	Actual 1998	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Budget 2003	Budget 2004
Mid-Connecticut Project	\$29,073	\$191,134	\$68,438	\$96,498	\$98,933	\$371,979	\$1,131,683	\$751,085	\$2,029,798	\$2,290,716	\$1,500,000	\$1,500,000
Bridgeport Project	\$40,793	\$15,024	\$29,820	\$231,926	\$159,895	\$238,756	\$460,441	\$151,705	\$229,467	\$77,824	\$325,000	\$300,000
Wallingford Project	\$17,948	\$4,033	\$1,409	\$8,437	\$17,776	\$35,778	\$13,122	\$98,016	\$22,182	\$101,598	\$125,000	\$125,000
Southeast Project	\$17,166	\$77,010	\$38,509	\$20,890	\$37,742	\$71,509	\$19,424	\$73,161	\$31,601	\$43,316	\$55,000	\$55,000
General Fund	\$44,290	\$42,910	\$117,723	\$177,877	\$369,551	\$246,045	\$168,427	\$444,849	\$206,026	\$244,305	\$367,000	\$250,000
<b>Total</b>	<b>\$149,270</b>	<b>\$330,111</b>	<b>\$255,899</b>	<b>\$535,628</b>	<b>\$683,897</b>	<b>\$964,067</b>	<b>\$1,793,097</b>	<b>\$1,518,816</b>	<b>\$2,519,074</b>	<b>\$2,757,759</b>	<b>\$2,372,000</b>	<b>\$2,230,000</b>



**TAB 9**

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

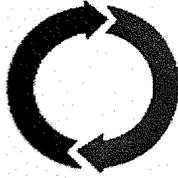
**RESOLVED:** That the revised Investment Policy of the Connecticut Resources Recovery Authority be adopted substantially in the form as discussed at this meeting.

## OVERVIEW

At the November 14, 2003 Finance Committee meeting, Finance Committee members reviewed the attached revised Investment Policy and voted to submit it to the Board for their consideration. The Investment Policy was included in the November 20, 2003 Board package, but no action was taken at that time as public notice was required. Accordingly, the attached Investment Policy has been duly publicly noticed.

The following is a summary of the steps to be taken by Management with regard to developing a process for investing excess cash:

- Update to existing Investment Policy (current policy dated March 1996)
- Approve a revised Investment Policy
- Identify available funds and accounts within the four projects that could produce greater interest earnings
- Identify potential investment vehicles and options for investment of these funds and maximization of terms (long-term – short-term) and liquidity, in compliance with the approved Investment Policy
- Identify optimal investment approach for investing excess cash (i.e. market averaging), in accordance with the approved Investment Policy
- Develop, monitor and report to the Finance Committee on a semi-annual basis
- Review need(s) for external advisory services for investment strategy, investing services and performance monitoring and reporting



CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY

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

Adopted by the Board of Directors March 21, 1996  
First Revision Adopted by the Board of Directors January 22, 2004

# 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 evidence 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 \_\_\_\_\_, 2004.

Approved by:

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Michael A. Pace  
Chairman

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Thomas D. Kirk  
President

**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;
- 7.) (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;
- 8.) Participation certificates for the combined investment pool administered by the State Treasurer pursuant to No. 236 of the Public Acts of 1971; and
- 9.) 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.

**TAB 10**

## **AUTHORIZATION FOR LEGISLATIVE ACTION**

**RESOLVED:** That the President is hereby authorized to seek legislative amendments or revisions to the appropriate Connecticut General Statutes as the President, in his best judgment, believes necessary to enhance the flexibility, efficiency and effectiveness of CRRA operations by consolidating quarterly and annual financial reports made to state executive and legislative offices as required by statute.

# TAB 11

**AUTHORIZATION FOR LEGISLATIVE ACTION**

**RESOLVED:** That the President is hereby authorized to seek legislative amendments or revisions to the appropriate Connecticut General Statutes as the President, in his best judgment, believes necessary to create a task force to study the re-use, recycling and disposal of ash produced at waste-to-energy plants.

## TAB 12

**RESOLUTION RE: APPOINTMENT OF BOARD COMMITTEES**

**RESOLVED:** Pursuant to the Bylaws and CRRA's enabling statute, the Board hereby creates the following committee to have such powers and responsibilities that the Board of Directors shall determine from time to time. Said Committee shall be established for a one (1) year period.

**EXECUTIVE COMMITTEE** comprising as members: Michael Pace, as committee chair, Andrew M. Sullivan Jr., Stephen Cassano and Benson R. Cohn.

**FURTHER RESOLVED:** Pursuant to the Bylaws and CRRA's enabling statute, the board hereby re-appoints the following committees and members to have such powers and responsibilities that the Board of Directors shall determine from time to time. These Committees shall be established for a one (1) year period.

**ORGANIZATION SYNERGY AND HUMAN RESOURCES COMMITTEE** comprising as members: Stephen Cassano, as committee chair, James Francis, and Mark Cooper.

**FINANCE COMMITTEE** comprising as members: Andrew M. Sullivan, Jr., as committee chair, Jim Francis, Benson R. Cohn, Mark Lauretti, Theodore Martland and Raymond O'Brien.

**POLICIES & PROCUREMENT COMMITTEE** comprising as members, Benson R. Cohn, as committee chair, Theodore H. Martland, as vice chair, Alex Knopp and Raymond O'Brien.

**TAB 13**

**RESOLUTION REGARDING  
PERSONAL COMPUTER PURCHASE**

**RESOLVED:** That the President is hereby authorized to enter into an agreement with Dell Computer Corporation to purchase computer equipment, substantially as discussed and presented at this meeting.

# Connecticut Resources Recovery Authority

## Contract Summary for Contract entitled

### Personal Computer Purchase

Presented to the CRRA Board on:	January 22, 2004
Vendor/ Contractor(s):	Dell Computer Corporation
Effective date:	January 23, 2004
Contract Type/Subject matter:	Personal Computer Purchase
Facility(ies) Affected:	Not Applicable
Original Contract:	Not Applicable
Term:	Not Applicable
Contract Dollar Value:	\$94,000.00
Amendment(s):	Not applicable
Term Extensions:	Not applicable
Scope of Services:	Purchase 45 personal computers and 9 laptop computers
Other Pertinent Provisions:	Not Applicable

# Connecticut Resources Recovery Authority

## Personal Computer Purchase

*January 22, 2004*

### Executive Summary

It is anticipated that the CRRA Board of Directors will approve the purchase of new Personal Computers (PCs) for CRRA in conjunction with the move of the administrative offices from the 17<sup>th</sup> and 18<sup>th</sup> floors to the 5<sup>th</sup> and 6<sup>th</sup> floors of 100 Constitution Plaza.

This is to request approval of the Board of Directors for the President to enter into an agreement with Dell Computer Corporation for up to \$94,000 to purchase the necessary computers.

### Discussion

Pursuant to CRRA's Systems Plan, practically all of CRRA's PCs are now past their planned replacement dates. The warranties on them have expired. It is anticipated that the Board of Directors, recognizing the advantages to replacing the PCs in conjunction with the move of CRRA's administrative offices, will authorize funds for computer capital expenditures in the amount of \$110,000.

CRRA staff developed specifications for new PCs and laptop computers. Using the specifications, staff obtained price quotations from the four largest PC manufacturers: Dell, IBM, HP/Compaq and Gateway. Of the four similarly configured systems, the Dell model was the least expensive. In addition, Dell signed a PC contract with the State of Connecticut on December 29, 2003. For these reasons, as well as Dell's excellent reputation for quality equipment, Dell Computer Corporation was selected for recommendation for the contract.

The number of computers needed is 45 PCs and 9 laptop computers. The cost of these computers from Dell Computer Corporation, including shipping and configuration, is \$94,000.00.

The table on the following page indicates some of the major features of the new PCs. For comparison purposes, the same features of the current PCs are also indicated.

<b>Feature</b>	<b>New PC</b>	<b>Current PC</b>
Processor	Pentium 4, 2.8 GHZ	Pentium 2, 500 mHZ
RAM	512 MB	256 MB
Additional Drive	CD-RW	CD
Monitor	17" Flat Panel	17" CRT
Operating System	Windows XP	Windows 2000
On-Site Service/Support	3 Years	Expired

### **Financial Summary**

It is anticipated that the CRRA Board of Directors will authorize \$110,000.00 from the Fiscal Year 2004 General Fund budget for computer capital expenditures. In addition to the \$94,000.00 for the purchase, configuration and delivery of PCs, under the \$110,000 authorization CRRA will purchase Windows Office XP as the personal productivity software for each computer.

**TAB 14**

**RESOLUTION REGARDING**  
**ADOPTION OF REVISED PROCUREMENT**  
**POLICIES AND PROCEDURES**

**RESOLVED:** That the Board of Directors hereby adopts the revised “Procurement Policies and Procedures,” substantially as discussed and presented at this meeting.

# **Connecticut Resources Recovery Authority Adoption of Revised Procurement Policies and Procedures**

*January 22, 2004*

## **Executive Summary**

The CRRA Board of Directors, at its November 21, 2002 meeting, adopted "Procurement Policies and Procedures". Since adoption of the "Procurement Policies and Procedures," several changes have been made/proposed in CRRA's procurement structure (e.g., the centralized procurement function). In addition, in almost 12 months of experience with the "Procurement Policies and Procedures," a number of changes have been identified that would make the procurement function more efficient.

This is to request adoption by the Board of Directors of the revised "Procurement Policies and Procedures."

## **Discussion**

Two versions of the revised "Procurement Policies and Procedures" follow. The first version is the revised "Procurement Policies and Procedures" you are being asked to adopt today. The second version is a blueline/strikeout version that highlights all of the changes between the November 21, 2002 "Procurement Policies and Procedures" and the document recommended for adoption today.

CRRA staff proposed these revisions to the Board's Policy and Procurement Committee in November 2003. The Policy and Procurement Committee has reviewed the revisions and voted to recommend that the Board adopt the revised "Procurement Policies and Procedures." Proper notice of the "Procurement Policies and Procedures" has been placed in the Connecticut Law Journal.



**PROCUREMENT  
POLICIES AND PROCEDURES**

**EFFECTIVE JANUARY 22, 2004**

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# CONNECTICUT RESOURCES RECOVERY AUTHORITY PROCUREMENT POLICIES AND PROCEDURES

## 1. PREAMBLE

### 1.1 General Policy

It shall be the general policy and presumption of the CRRA that Contracts for the procurement of supplies, materials, equipment, property or services shall be entered into pursuant to a Competitive Process (as defined below in Section 2.2.3 of these Policies And Procedures). CRRA is an Equal Opportunity and Affirmative Action employer and does not discriminate in its contracting for the procurement of supplies, materials, equipment, property or services, or any other of its business practices. CRRA is committed to complying with the Americans With Disability Act of 1990 (ADA) and does not discriminate on the basis of disability in its contracting for the procurement of supplies, materials, equipment, property or services, or any other of its business practices. In accordance with the *Connecticut General Statutes* Section 32-9e et seq., CRRA must set aside certain amounts of its Contracts to small contractors and minority business enterprises, and, therefore, CRRA will strive to identify and contact small contractors and minority business enterprises in order to attempt to satisfy its statutory obligations. In its Contract selection process, CRRA shall, insofar as is practicable and assuming all things are comparable between price and quality, give preference to entities or persons based in Connecticut.

### 1.2 Benefit

The provisions of these Policies And Procedures are solely for the benefit of CRRA and its member municipalities.

### 1.3 Officials Not to Benefit

None of the following individuals shall have any interest in any CRRA Contract:

- (a) An official, employee, or immediate family member of an official or employee of the State of Connecticut;
- (b) Member, ad hoc member, or immediate family member of a member or an ad hoc member of the Board of Directors of CRRA, including any member's designee(s) or said designee's immediate family member; and
- (c) Employee or immediate family member of an employee of CRRA.

## 2. AUTHORITY, EFFECTIVENESS AND DEFINITIONS

### 2.1 Authority and Effectiveness

These Policies And Procedures are adopted pursuant to Section 22a-265(6), Section 22a-266(b) and (c) and Section 22a-268a of the Act and in accordance with Section 1-121 of the Connecticut General Statutes. These Policies And Procedures replace those adopted December 20, 1988, as amended, April 21, 1994, November 21, 2002 and January 22, 2004.

### 2.2 Definitions

Unless the context shall otherwise require, the following words and terms shall have the following meanings:

#### 2.2.1 "Act"

"Act" shall mean the Connecticut Solid Waste Management Services Act, Sections 22a-257 et seq. of the *Connecticut General Statutes*, as amended or supplemented.

#### 2.2.2 "Agreement"

"Agreement" shall mean a Contract that results from the Request for Qualifications process specified in Section 4.5.1, the Request for Proposals process specified in Section 4.5.2 or the Request for Bids process specified in Section 4.5.3 of the Policies And Procedures and for other goods and services where the procurement of the goods and services requires terms in addition to or different from the terms provided by the Purchase Order Form.

#### 2.2.3 "Board" or "Board of Directors"

"Board" or "Board of Directors" shall mean the Board of Directors of CRRA as constituted pursuant to Section 22a-261 of the Act.

#### 2.2.4 "Competitive Process"

"Competitive Process" shall mean a contracting process by which CRRA purchases or procures goods and services that requires vendors to compete against one another for the business of CRRA, as further described in Sections 4.1 through 4.7 of these Policies And Procedures and pursuant to Sections 22a-266(b) and 22a-268 of the Act.

#### 2.2.5 "Contract"

"Contract" shall mean a written agreement, in the form of an Agreement, Purchase Order Form ("PO") or Request For Professional Or Technical Services ("RFS"), between CRRA and a designated vendor(s) pursuant to which the vendor agrees to provide goods and services to CRRA in conformance with the

provisions specified therein and wherein all of the provisions required by the Connecticut General Statutes for a contract are incorporated.

2.2.6 "CRRA"

"CRRA" shall mean the Connecticut Resources Recovery Authority, as defined in the Act.

2.2.7 "CRRA Project"

"CRRA Project" shall mean the Mid-Connecticut Project, the Wallingford Project, the Southeast Project, or the Bridgeport Project.

2.2.8 "DAS"

"DAS" shall mean the Department of Administrative Services as defined in Section 4a-1 of the Connecticut General Statutes, as amended or supplemented.

2.2.9 "DEP"

"DEP" shall mean the Department of Environmental Protection as defined in the Connecticut General Statutes, as amended or supplemented.

2.2.10 "DOIT"

"DOIT" shall mean the Department of Information Technology as defined in Section 4d-2 of the Connecticut General Statutes, as amended or supplemented.

2.2.11 "DOT"

"DOT" shall mean the Department of Transportation as defined in the Connecticut General Statutes, as amended or supplemented.

2.2.12 "Emergency Situation"

"Emergency Situation" shall mean a situation whereby purchases are needed to remedy a situation that creates a threat to public health, welfare, safety or critical governmental or CRRA service or function. The existence of such a situation creates an immediate and serious need that cannot be met through the normal procurement methods and the lack of which would seriously threaten: (i) the health or safety of any person; (ii) the preservation or protection of property; (iii) the imminent and serious threat to the environment; or (iv) the functioning of CRRA. Any such situation shall be documented with written evidence of said situation.

2.2.13 "Facility"

"Facility" shall mean a Resources Recovery Facility, as defined in the Act.

2.2.14 "Person(s)"

"Person(s)" shall mean a natural person, corporation or other artificial person including, but not limited to, a partnership, association, or municipality.

2.2.15 "Personal Services"

"Personal Services" shall mean services requiring specialized skills, knowledge and resources in the application of technical or scientific expertise, or the exercise of professional, artistic or management discretion or judgment.

2.2.16 "Policies And Procedures"

"Policies And Procedures" shall mean the entire CRRA Procurement Policies And Procedures document that is addressed herein.

2.2.17 "Procurement Committee"

"Procurement Committee" shall mean the committee as established by the Board responsible for developing these Policies And Procedures and implementing the same.

2.2.18 "Public Notice"

"Public Notice" shall mean, at a minimum, posting of a notice of a Solicitation for goods and services on the CRRA web site and publication of the notice of Solicitation in at least one newspaper with general circulation in the area where the goods and services would be employed and/or an appropriate trade journal. The notice shall include a description of the purpose of the Solicitation and directions on how to respond to the Solicitation. Whenever practicable, the date of the last publication of a notice shall be at least thirty (30) days prior to the closing date for accepting responses to the notice. A good faith effort shall be exerted to aggressively solicit the participation of minority and women-owned businesses in all Solicitations.

2.2.19 "Purchase Order Form" or "PO"

"Purchase Order Form" or "PO" shall mean the standard CRRA Purchase Order Form, as approved and authorized by use by the Chief Financial Officer, which may be revised from time-to-time by the Chief Financial Officer. Purchase Order Forms may be used as provided in Sections 3 and 4 of these Policies And Procedures.

2.2.20 "Real Property Purchase"

"Real Property Purchase" shall refer to the purchase of real property as referred to in Section 22a-265(10) of the Act.

#### 2.2.21 "Request for Bid" or "RFB"

"Request for Bid" or "RFB" shall mean the process as described in Section 4.5.3 of these Policies And Procedures by which CRRA procures goods or services. Each RFB shall include, but not be limited to, a detailed description of the specific goods, services, jobs, or tasks requested which will contain exact specifications, the required minimum qualifications, criteria for review of bids, and the deadline for submitting bids. In the foregoing RFB process, CRRA may negotiate any terms submitted by the bidders in the RFB process.

#### 2.2.22 "Request for Proposal" or "RFP"

"Request for Proposal" or "RFP" shall mean the process as described in Section 4.5.2 of these Policies And Procedures by which CRRA procures goods or services. Each RFP shall include, but not be limited to, an outline of the work to be performed, the required minimum qualifications, criteria for review of proposals, the format for proposals and the deadline for submitting proposals. In the foregoing RFP process, CRRA may negotiate any terms submitted by the bidders in the RFP process.

#### 2.2.23 "Request for Qualification" or "RFQ"

"Request for Qualification" or "RFQ" shall mean the process by which CRRA identifies persons to perform services on behalf of, or to provide goods to, CRRA through the solicitation of qualifications, experience, prices and such other matters as CRRA determines may bear on the ability to perform services as set forth in more detail in Section 4.5.1 of these Policies And Procedures.

#### 2.2.24 "Request for Professional and Technical Services" or "RFS"

"Request for Professional and Technical Services" or "RFS" shall mean a Contract through which CRRA procures specific professional and/or technical services within an existing Contract, as set forth in Section 4.5.1 of these Policies And Procedures, from those firms selected through the Request for Qualification process.

#### 2.2.25 "Small Purchase"

"Small Purchase" shall mean a purchase of goods and services equal to or less than \$2,500 per year. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures.

#### 2.2.26 "Solicitation"

"Solicitation" shall mean that step in the Competitive Process in which bids, proposals and other responses are requested from potential suppliers of the goods and services that are the subject of a particular Competitive Process.

### 3. GENERAL GUIDELINES FOR CONTRACTS

The following general guidelines will apply to all Contracts to purchase goods, property or services entered into by CRRA.

#### 3.1 Presumption of Competitive Process

##### 3.1.1 Presumption

There shall be a presumption that Contracts entered into by CRRA shall be pursuant to a Competitive Process as referred to in Sections 4.1 through 4.7 of these Policies And Procedures, and shall be approved by a two-thirds (2/3) vote of the full Board of Directors if in excess of \$50,000 per Fiscal Year. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures.

##### 3.1.2 Exceptions

Notwithstanding the provisions of Section 3.1.1 above, procurements may be conducted without utilizing a Competitive Process in the following limited circumstances:

- 3.1.2.1 Emergency Situations as determined by the President, Chairman or their respective designee(s);
- 3.1.2.2 Procurements under a DAS, DEP, DOT, DOIT, or any other governmental agency agreement;
- 3.1.2.3 Goods or services for which the contractor has proprietary, patent or intellectual property rights;
- 3.1.2.4 Goods or services that are to be provided by a contractor who is mandated by the general statutes or a public or special act, as documented by CRRA;
- 3.1.2.5 Goods or services provided by a contractor who has special capability or unique experience, as determined by the Chief Financial Officer and the President if the cost of the goods or services is \$10,000 or less and as determined by a two-thirds (2/3) vote of the full CRRA Board of Directors if the cost of the goods or services is more than \$10,000;
- 3.1.2.6 Real property acquisitions covered in Section 5.1 of these Policies And Procedures;
- 3.1.2.7 Contractual arrangement with or procurement from a contractor as part of a settlement of a threatened or pending litigation, arbitration or mediation between such contractor and CRRA, as approved by a two-thirds (2/3) vote of the full Board;

- 3.1.2.8 Small purchases, subject to the restrictions specified in Section 3.1.4 of the Policies And Procedures;
- 3.1.2.9 Goods or services for which a competitive market does not exist, including, but not limited to, utility services (e.g., electricity and sewer service); and
- 3.1.2.10 Obligations incurred pursuant to the Bridgeport, Mid-Connecticut, Southeast or Wallingford Municipal Services Agreements (“MSAs”) or to a municipality pursuant to a payment-in-lieu-of-taxes (“PILOT”) agreement, or other similar agreement. However, when applicable and appropriate, the Competitive Process shall be used to obtain services that are required under the foregoing MSAs and/or PILOTs.

### 3.1.3 Making and Reporting an Exception

The determination that a procurement will not be conducted pursuant to a Competitive Process because it falls within an exception as set forth in Section 3.1.2 above shall be made by the President or Chairman of CRRA and reported thereafter to the Procurement Committee and the Board as soon as practicable, except that a determination of an Emergency Situation will be made as provided in Section 5.10 of these Policies And Procedures.

### 3.1.4 Restrictions on the Use of the Small Purchase Exception

Small purchases are excepted from the requirement to use a Competitive Process if the purchase is approved by the Chief Financial Officer or the President. If the small purchase exception provided in Section 3.1.2.8 above is used for a particular vendor for a particular good or service for three consecutive years and that vendor is the sole provider to CRRA of the good or service, a Competitive Process shall be utilized to procure that good or service for the fourth year.

## 3.2 Approval of Certain Contracts

Any Contract for a period of over five (5) years in duration or a Contract for which the annual consideration is greater than \$50,000 as set forth in Section 22a-268 of the Act shall be approved by a two-thirds (2/3) vote of CRRA’s full Board of Directors.

## 3.3 Non-Budgeted Expenditures

Notwithstanding anything to the contrary set forth in these Policies And Procedures and pursuant to Section 22a-268a(3) of the Connecticut General Statutes, any non-budgeted expenditure in excess of \$5,000 for the acquisition of real or personal property or Personal Services shall require CRRA Board approval.

## 3.4 Best Interests of Served Entity

Notwithstanding anything to the contrary set forth in these Policies And Procedures, pursuant to Section 22a-266(b) of the Act, Contracts for Resources Recovery Facilities, Solid Waste Facilities, Volume Reduction Plants or Solid Waste Management Systems, as

such terms are defined in the Act, shall contain prices and terms deemed by CRRA to be in the best interests of the municipality or region to be served pursuant to such Contracts.

### **3.5 CRRA Control**

Any Contract with private sector entities or persons to carry out the business, design, operating, management, marketing, planning and research and development functions of CRRA shall contain terms and conditions that will enable CRRA to retain overall supervision and control of the business, design, operating, management, transportation, marketing, planning and research and development functions to be carried out or to be performed by such private persons pursuant to such Contract.

### **3.6 Basis, Limitations and Considerations**

Any Contracts entered into pursuant to Section 22a-266 of the Act shall be entered into by CRRA on the same basis and subject to the same limitations and considerations applicable to municipal and regional resources recovery authorities pursuant to subsection (c) of Section 7-273bb of the Connecticut General Statutes and these Policies And Procedures.

### **3.7 Long-Term Contracts**

Whenever a long-term Contract is entered into on other than a competitive bidding basis, the criteria and procedures for said long-term Contract shall conform to the provisions of subdivision (16) of subsection (a) and subsections (b) and (c) of section 22a-266 of the Act.

### **3.8 Purchase Order Form**

#### **3.8.1 Use of the Purchase Order Form**

A Purchase Order Form shall be used for all purchases of goods and services by CRRA. Provided that the Purchase Order Form conforms to all of the statutory requirements for a Contract and has been approved for use as a Contract by CRRA Legal Services Division, the Purchase Order Form may serve as the sole Contract document for the purchase of goods of services. However, if the Purchase Order Form is used in conjunction with an Agreement and/or an RFS, the Purchase Order Form, the Agreement and/or the RFS shall contain language to ensure that there is not a conflict among the provisions of the foregoing legal documents.

#### **3.8.2 Purchases Pursuant to an RFQ, RFP or RFB Process**

For the purchase of goods and services for which the Request for Qualifications process specified in Section 4.5.1, the Request for Proposals process specified in Section 4.5.2 or the Request for Bids process specified in Section 4.5.3 has been used and an Agreement or RFS has been entered into, a Purchase Order Form for the entire amount to be expended under the Agreement or RFS during a Fiscal Year as specified in the Agreement or RFS and the approved budget, and not exceeding the amount specified in the Agreement or RFS and the budget, may be used for all purchases under the Agreement or FRS for that Fiscal Year. When the

Board of Directors has duly approved an Agreement or an RFS under an Agreement, additional Board of Directors approval is not required for the Purchase Order Form covering purchases under the Agreement or RFS.

## **4. COMPETITIVE PROCESS**

### **4.1 Competitive Process**

#### **4.1.1 General Obligation**

Except as provided in Sections 3.1.2.1 through 3.1.2.10 above, or in connection with a Real Property Purchase as provided in Section 5.1 of these Policies and Procedures, Contracts for the procurement of supplies, goods, materials, equipment, property or services by CRRA shall be entered into pursuant to a Competitive Process as detailed below and determined by CRRA.

#### **4.1.2 Multiple Purchases of a Good or Service in the Same Fiscal Year**

For the purchase of goods and/or services costing \$50,000 or less and for Contracts less than three years in length, the Competitive Process specified in Sections 4.2 (for purchases of \$5,000 or less), 4.3 (for purchases of more than \$5,000, but less than or equal to \$25,000), or 4.4 (for purchases of more than \$25,000, but less than or equal to \$50,000) must be followed for the first purchase of a particular good(s) or service(s) in a Fiscal Year. Subject to the provisions of Section 4.1.3, for subsequent purchases of the same good(s) or service(s) during the same Fiscal Year, the results of the first solicitation may be used rather than undertaking a new Competitive Process for each subsequent purchase within that Fiscal Year. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures. This Section shall not apply to professional or technical services as specified in Section 5.3 or to purchases of more than \$50,000 as specified in Section 4.5.

#### **4.1.3 Multiple Contracts with One Vendor During the Same Fiscal Year**

##### **4.1.3.1 Selecting the Competitive Process to Be Followed**

###### **4.1.3.1.1 Conditions**

If all of the following conditions have been met, the requirements of Section 4.1.3.1.2 shall apply:

- (a) CRRA has entered into a Contract with a vendor for goods or services during a Fiscal Year;
- (b) A subsequent Contract is proposed with the same vendor for the same good(s) or service(s) in the same Fiscal Year;

- (c) None of the Contracts individually is in excess of \$50,000 per Fiscal Year;
- (d) None of the Contracts are for professional or technical services as specified in Section 5.3; and
- (e) The cumulative value of the Contracts would exceed the upper limit imposed by Sections 4.2 (\$5,000), 4.3 (\$25,000) or 4.4 (\$50,000).

#### 4.1.3.1.2 The Competitive Process to Be Followed

If all of the conditions specified in Section 4.1.3.1.1 have been met, the Competitive Process to be followed for the subsequent Contract shall be the Competitive Process corresponding to the total amount that would be expended for the good(s) or service(s) from the vendor, including purchases under the subsequent Contract. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures.

#### 4.1.3.2 Board Report

##### 4.1.3.2.1 Conditions

If all of the following conditions have been met, the requirements of Section 4.1.3.2.2 shall apply:

- (a) CRRA has entered into a Contract with a vendor for goods or services during a Fiscal Year;
- (b) CRRA enters into a subsequent Contract with the same vendor for the same good(s) or service(s) in the same Fiscal Year;
- (c) None of the Contracts individually is in excess of \$50,000 per Fiscal Year; and
- (d) The cumulative value of the Contracts exceeds \$50,000 in the Fiscal Year.

##### 4.1.3.2.2 Report to Be Submitted

If all of the conditions specified in Section 4.1.3.2.1 have been met, a report shall be submitted to the appropriate committee(s) of the Board of Directors documenting the multiple Contracts and expenditures thereunder. Board of Directors approval is not required for the initial or

subsequent Contracts in a Fiscal Year when all of the conditions specified in Section 4.1.2.2.1 have been met. Contracts may not be split in amount or duration in order to evade the intent of the Act or the Policies And Procedures. This Section shall not apply to professional or technical services as specified in Section 5.3.

#### 4.1.4 Multiple RFSs with One Service Provider During the Same Fiscal Year

##### 4.1.4.1 Conditions

If all of the following conditions have been met, the requirements of Section 4.1.4.2 shall apply:

- (a) CRRA has entered into an RFS pursuant to Section 4.5.1 for services during a Fiscal Year;
- (b) CRRA enters into a subsequent RFS with the same service provider for the same or other services in the same Fiscal Year;
- (c) None of the RFSs individually is in excess of \$50,000 per Fiscal Year; and
- (d) The cumulative value of all of the RFSs exceeds \$50,000 in the Fiscal Year.

##### 4.1.4.2 Report to Be Submitted

If all of the conditions specified in Section 4.1.4.1 have been met, a report shall be submitted to the appropriate committee(s) of the Board of Directors documenting the multiple RFSs and expenditures thereunder. Board of Directors approval is not required for the initial or subsequent RFSs in a Fiscal Year when all of the conditions specified above are met. RFSs may not be split in amount or duration in order to evade the intent of the Act or the Policies And Procedures.

## 4.2 Purchases of \$5,000 or Less

### 4.2.1 Process

If a good-faith estimate of the value of goods and services to be purchased is \$5,000 or less per Fiscal Year and for which the exception from the Competitive Process for Small Purchases in Section 3.1.2.8 has not been used, at least three potential suppliers shall be solicited for bids. The Solicitation may be made verbally (e.g., by telephone) and the bids may be submitted by vendors verbally (e.g., by telephone). If a vendor submits a bid verbally, CRRA shall send to the vendor a written notice specifying the amount of its bid (See Form \_\_\_\_\_). Public Notice of the Solicitation is not required. However, if Public Notice of the

Solicitation is made, such Public Notice shall satisfy the requirement of soliciting at least three potential suppliers.

#### 4.2.2 Government Approved Vendors

Notwithstanding the requirements of Section 4.2.1 above, goods and services costing \$5,000 or less per Fiscal Year may be purchased from a vendor approved by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement under the terms of said DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement, in lieu of any of the other requirements of the Competitive Process.

#### 4.2.3 Approval

Any purchase of goods and services costing \$5,000 or less per Fiscal Year pursuant to Sections 4.2.1 and 4.2.2 above requires the approval of the head of the CRRA division for which the goods and services are being purchased or the Chief Financial Officer.

### **4.3 Purchases of More Than \$5,000, But Less Than or Equal To \$25,000**

#### 4.3.1 Process

If a good-faith estimate of the value of goods and services to be purchased is more than \$5,000, but less than or equal to \$25,000 per Fiscal Year, at least three potential suppliers shall be solicited for bids. The Solicitation must be made in written form and the bids must be submitted by vendors in written form. Public Notice of the Solicitation is not required. However, if Public Notice of the Solicitation is made, such Public Notice shall satisfy the requirement of soliciting at least three potential suppliers.

#### 4.3.2 Government Approved Vendors

Notwithstanding the requirements of Section 4.3.1 above, goods and services costing more than \$5,000, but less than or equal to \$25,000 per Fiscal Year may be purchased from a contractor approved by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement under the terms of said DAS, DEP, DOT, DOIT, or other governmental or cooperative agency arrangement, in lieu of any of the other requirements of the Competitive Process.

#### 4.3.3 Approval

Any purchase of goods and services costing more than \$5,000, but less than \$25,000 per Fiscal Year pursuant to Sections 4.3.1 and 4.3.2 above requires the approval of the head of the CRRA division for which the goods and services are being purchased and the Chief Financial Officer or the President. Any non-budgeted expenditure in excess of \$5,000 for acquiring real or personal property or Personal Services shall require CRRA Board approval.

#### **4.4 Purchases of More Than \$25,000, But Less Than or Equal To \$50,000**

##### **4.4.1 Process**

If a good-faith estimate of the value of goods and services to be purchased is more than \$25,000, but less than or equal to \$50,000 per Fiscal Year, at least three potential suppliers shall be solicited for bids. The Solicitation must be made in written form and the bids must be submitted by vendors in written form. Public Notice of the Solicitation is not required. However, if Public Notice of the Solicitation is made, such Public Notice shall satisfy the requirement of soliciting at least three potential suppliers. Nothing in the Policies And Procedures shall prohibit the use of the Request for Bids process specified in Section 4.5.3 or the Request for Proposals process specified in Section 4.5.2 for the purchase of goods and services costing more than \$25,000, but less than or equal to \$50,000 per Fiscal Year.

##### **4.4.2 Government Approved Vendors**

Notwithstanding the requirements of Section 4.4.1 above, goods and services costing more than \$25,000, but less than or equal to \$50,000 per Fiscal Year may be purchased from a contractor approved by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement under the terms of said DAS, DEP, DOT, DOIT, or other governmental or cooperative agency arrangement, in lieu of any of the other requirements of the Competitive Process.

##### **4.4.3 Approval**

Any purchase of goods and services costing more than \$25,000, but less than \$50,000 per Fiscal Year pursuant to Sections 4.4.1 and 4.4.2 above requires the approval of the head of the CRRA division for which the goods and services are being purchased, the Chief Financial Officer and the President. Any non-budgeted expenditure in excess of \$5,000 for acquiring real or personal property or Personal Services shall require CRRA Board approval.

#### **4.5 Purchases of More Than \$50,000**

For the purchase of goods and services costing more than \$50,000 per Fiscal Year, the Competitive Process shall be utilized and Public Notice of the Solicitation is required. Pursuant to Section 3.2 of the Policies And Procedures, any Contract for a period of over five (5) years in duration or a Contract for which the annual consideration is greater than \$50,000 requires approval by a two-thirds (2/3) vote of CRRA's full Board of Directors. Pursuant to Section 3.3 of the Policies and Procedures, any non-budgeted expenditure in excess of \$5,000 for the acquisition of real or personal property or Personal Services shall require CRRA Board approval.

#### 4.5.1 Requests for Qualification (“RFQ”)

##### 4.5.1.1 Invitation to Submit Qualifications

Subject to the provisions of Section 5.3, CRRA shall invite interest by Public Notice, and, at CRRA’s sole discretion, publication of the notice of solicitation in one or more trade papers or journals and/or by such other means, such as direct solicitation, that shall produce a good response to the invitation and allow small and/or minority contractors to apply. Normally the RFQ process should be used for professional type services [e.g., legal or engineering]. The Request for Qualification shall solicit the qualifications, experience, prices, terms and such other matters as CRRA determines may bear on the ability to perform. At CRRA’s option, sessions for informational purposes may be held between the date of the last publication of the notice of the solicitation and the closing date for accepting responses to the solicitation. CRRA shall have the right to negotiate with bidders over the terms, prices or rates submitted by the bidder in the RFQ invitation. The Procurement Committee or other committee of cognizance shall identify person(s) to evaluate the qualifications submitted in response to Requests for Qualifications concerning the selection of auditors, legal counsel, underwriters and any other matters the Board or any of the Board’s committees reserve for themselves. The President shall identify person(s) to evaluate the qualifications submitted in response to Requests for Qualifications for all other matters. When the President has identified the persons to evaluate qualifications submitted in response to a RFQ and if the contract(s), if any, resulting from the RFQ requires Board approval, the President shall identify such persons in the documentation submitted to the Board requesting the Board’s approval of such contract(s).

##### 4.5.1.2 Selection of Firms to Make Oral Presentation

On the basis of the written qualifications submitted, a limited number of firms may be selected to make oral presentations to CRRA. Such selection shall be in the sole discretion of CRRA.

##### 4.5.1.3 Selection of Firms for On-Call List

From the firms that submit the written qualifications, the Board shall select firm(s) to constitute an On-Call List. To be on the On-Call List, selected firms must execute services Agreements with CRRA. CRRA may request services from firms on the On-Call List to be provided to CRRA. However, CRRA does not guarantee any work for a firm that is on the On-Call List and has signed a service Agreement with CRRA.

#### 4.5.1.4 Request for Professional and Technical Services or RFS

After completing the RFQ process above, CRRA may determine in its sole and absolute discretion, to engage the services of any one or more professional or technical services provider(s) qualified through the RFQ process. Prices for said services shall be based upon the rates/prices submitted in the RFQ submission or prices negotiated pursuant to Section 4.5.1.1.

#### 4.5.2 Request for Proposals "RFP"

##### 4.5.2.1 RFP Process

CRRA may determine to engage the services of a private sector entity or Person to provide CRRA goods or services. Normally the RFP process should be used where the bidder provides CRRA some insight or plans in its bid, and all bidders are not necessarily of comparable or equal quality. Each Request for Proposal shall include, but not be limited to, a description of the work that CRRA wants to be performed by the Proposer for this RFP [but it may not necessarily contain the exact specifications], the required minimum qualifications, criteria for review of proposals, the format for proposals and the deadline for submitting proposals. After CRRA obtains proposals for a RFP solicitation, CRRA may negotiate any of the terms of said RFP. The Procurement Committee or other committee of cognizance shall identify person(s) to evaluate the proposals submitted in response to Requests for Proposals concerning the selection of auditors, legal counsel, underwriters and any other matters the Board or any of the Board's committees reserve for themselves. The President shall identify person(s) to evaluate the proposals submitted in response to Requests for Proposals for all other matters. When the President has identified the persons to evaluate proposals submitted in response to a RFP and if the contract(s), if any, resulting from the RFP requires Board approval, the President shall identify such persons in the documentation submitted to the Board requesting the Board's approval of such contract(s).

##### 4.5.2.2 Request for Additional Services

After completing the RFP process above and executing an Agreement with the successful bidder, CRRA may determine, in its sole and absolute discretion, it needs to engage the successful bidder for additional services related to but beyond the original scope of the RFP. Such a request for additional services shall be negotiated with the successful bidder and, if possible, based upon the rates/prices submitted in the RFP submission or prices negotiated pursuant to Section 4.5.2.1 above. Any such request for additional services must adhere to the

approval process for Contracts outlined in these Policies And Procedures.

#### 4.5.3 Request for Bids or “RFB”

##### 4.5.3.1 RFB Process

CRRA may determine to engage the services of a private sector entity or Person to provide CRRA goods or services. Normally the RFB process should be used where the primary criterion for CRRA is the price for common or everyday goods or services, and all bidders are of comparable or equal quality. Each Request for Bids or RFB shall include, but not be limited to, a detailed description of the specific goods, services, jobs, or tasks requested which will contain exact specifications, the required minimum qualifications, criteria for review of bids, and the deadline for submitting bids. In the foregoing RFB process, CRRA may negotiate any terms submitted by the lowest responsive bidder in the RFB process. The Procurement Committee or other committee of cognizance shall identify person(s) to evaluate the bids submitted in response to Requests for Bids concerning the selection of auditors, legal counsel, underwriters and any other matters the Board or any of the Board’s committees reserve for themselves. The President shall identify person(s) to evaluate the bids submitted in response to Requests for Bids for all other matters. When the President has identified the persons to evaluate bids submitted in response to a RFB and if the contract(s), if any, resulting from the RFB requires Board approval, the President shall identify such persons in the documentation submitted to the Board requesting the Board’s approval of such contract(s).

##### 4.5.3.2 Request for Additional Services

After completing the RFB process above and executing an Agreement with the successful bidder, CRRA may determine, in its sole and absolute discretion, it needs to engage the successful bidder for additional services related to but beyond the original scope of the RFB. Such a request for additional services shall be negotiated with the successful bidder and, if possible, based upon the rates/prices submitted in the RFB submission or prices negotiated pursuant to Section 4.5.3.1 above. Any such request for additional services must adhere to the approval process for Contracts outlined in these Policies And Procedures.

#### 4.6 Rejection of Proposal

In connection with Sections 4.1 through 4.5, all submitted bids and proposals may be rejected by CRRA.

## 4.7 Award of Contract

In connection with Sections 4.1 through 4.6, CRRA shall select the bidder(s) or contractor(s) deemed to have submitted the most responsive qualified bid(s) or proposal(s), and is deemed in the best interest of CRRA. Contracts greater than \$50,000.00 herein shall be deemed approved by the Board if two-thirds (2/3) of the full Board approves a Contract. As soon as is practicable, CRRA and the selected bidder(s) or contractor(s) shall finalize the Contract(s) embodying the bidder's(s') or contractor's(s') bid(s) or proposal(s). The final Contract shall be deemed awarded to the selected bidder or contractor upon actual execution of the Contract. In its selection of the most responsive bid(s), CRRA may consider, at its sole discretion, some or all of the following selection criteria:

- (a) The quality, availability, adaptability, and efficiency of use of the products and services to the particular use required;
- (b) The degree to which the provided products and services meet the specified needs of CRRA, including consideration, when appropriate, of the compatibility with and ease of integration with existing products, services, or systems;
- (c) The number, scope, and significance of required conditions or exceptions attached or contained in the bid and the terms of warranties, guarantees, bonds, return policies, and insurance provisions;
- (d) Whether the contractor can supply the product or service promptly, or within the specified time, without delay or additional conditions;
- (e) The competitiveness and reasonableness of the total cost or price, including consideration of the total life-cycle cost and any operational costs that are incurred if accepted;
- (f) A cost analysis or a price analysis including the specific elements of costs, the appropriate verification of cost or pricing data, the necessity of certain costs, the reasonableness of amounts estimated for the necessary costs, the reasonableness of allowances for contingencies, the basis used for allocation of indirect costs, and the appropriateness of allocations of particular indirect costs to the proposed contract;
- (g) A price analysis involving an evaluation of prices for the same or similar products or services. Price analysis criteria include, but are not limited to: price submissions of prospective contractors in the current procurement, prior price quotations and contract prices charged by the vendor, prices published in catalogues or price lists, prices available on the open market, and in-house estimates of cost;
- (h) Whether or not the contractor can supply the product or perform the service at the price offered;

- (i) The ability, capacity, experience, skill, and judgment of the contractor to perform the contract;
- (j) The reputation, character and integrity of the contractor;
- (k) The quality of performance on previous contracts or services to CRRA or others;
- (l) The previous and existing compliance by the contractor with laws and ordinances or previous performance relating to the contract or service, or on other contracts with CRRA or other entities;
- (m) The sufficiency, stability, and future solvency of the financial resources of the contractor; and
- (n) The ability of the contractor to provide future maintenance and service for the use of the products or services subject to the contract.

## **5. GUIDELINES FOR PARTICULAR CONTRACTS**

Subject to the provisions of Sections 3 and 4 of these Policies And Procedures, the following specific types of goods, property and services may be acquired in accordance with the specific procedures outlined in Sections 5.1 through 5.13.

### **5.1 Real Property Acquisition**

#### **5.1.1 Acquisition Process**

Pursuant to the Act, CRRA may purchase real property. Whenever practicable, property will be acquired from a public or regulated entity, but the foregoing Competitive Process does not apply to a real property acquisition.

#### **5.1.2 Appraisals**

No real property shall be purchased by CRRA without at least two (2) written appraisals.

5.1.2.1 The appraisers shall be selected on the basis of knowledge of the area and expertise in appraising the type of property under consideration and in accordance with Section 4.5.2 of these Policies And Procedures.

5.1.2.2 The appraisers shall provide factual data concerning the property to be appraised including, but not limited to, market data, highest and best use, methodology to be applied, complete legal description, justification for time adjustments with supporting data and final conclusions.

#### **5.1.3 Board Approval**

The acquisition of real property shall be authorized by a two-thirds (2/3) vote of the full Board of Directors based upon the written appraisals of the real property

obtained pursuant to Section 5.1.2. The Board may also direct the President or Chairman to negotiate an option to purchase the property, subject to such conditions as the Board deems appropriate.

#### 5.1.4 Negotiations

In the event the owner does not agree to the offered price, if the owner secures a written appraisal from an expert appraiser, the Board may authorize the President or Chairman to continue negotiations recognizing the owner's appraisal.

#### 5.1.5 Notification of Town

Prior to the purchase of any real property, the President or Chairman shall notify in writing the Chief Executive Officer of the town in which the property is located.

#### 5.1.6 Condemnation

In the event an agreement cannot be reached for the acquisition of the property based on the appraisals, the President or Chairman, with the approval of the Board, can pursue condemnation of the property in accordance with the Act.

### **5.2 Sale of Real Property**

#### 5.2.1 Sale Process

Pursuant to the Act, CRRA may sell real property, but the Competitive Process does not apply to the sale of real property. Whenever practicable, property will be sold to a public or regulated entity.

#### 5.2.2 Appraisals

No real property shall be sold by CRRA without at least two (2) written appraisals.

5.2.2.1 The appraisers shall be selected on the basis of knowledge of the area and expertise in appraising the type of property under consideration and in accordance with Section 4.5.2 of these Policies And Procedures.

5.2.2.2 The appraisers shall provide factual data concerning the property to be appraised including, but not limited to, market data, highest and best use, methodology to be applied, complete legal description, justification for time adjustments with supporting data and final conclusions.

#### 5.2.3 Board Approval

The sale of real property shall be authorized by a two-thirds (2/3) vote of the full Board of Directors based upon the written appraisals of the real property obtained pursuant to Section 5.2.2.

#### 5.2.4 Notification of Town

Prior to the sale of any real property, the President or Chairman shall notify in writing the Chief Executive Officer of the town in which the property is located.

### 5.3 Professional or Technical Services

#### 5.3.1 Definition

Professional or Technical Services include, but are not limited to, legal, accounting, insurance, surety bonding, executive recruitment, auditing, architectural, engineering, public relations, financial advisory, management consulting, underwriting, system management, facilities management, telecommunications, security and lease services.

#### 5.3.2 Board Approval

All Contracts, including, but not limited to, Agreements and RFSs, for such services in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of CRRA's full Board of Directors. Contracts for such services may not be split in amount or duration in order to evade the intent of the Act.

#### 5.3.3 Competitive Process

Such services shall be procured through a Competitive Process as referred to in Section 4.5.1 of these Policies And Procedures.

#### 5.3.4 Submission of Rates

As part of the Request for Qualifications and RFS process, such service providers shall commit to provide services at specified rates for the duration of the qualification period or any particular Agreement awarded.

#### 5.3.5 Solicitation Frequency

Notwithstanding anything to the contrary set forth in this Section 5.3, CRRA shall solicit proposals at least once every three (3) years for each such professional services which it uses.

### 5.4 Waste Handling, Processing and Storage Equipment

Waste Handling, Processing and Storage Equipment include, but are not limited to, equipment, fixtures or systems relating to solid waste handling and processing such as scales, storage, silos, shredders, cranes, conveyors, loaders, electrical and mechanical controllers, or similar equipment. All Contracts for such equipment in excess of \$50,000 shall be approved by a two-thirds (2/3) vote of the full Board of Directors. Such equipment shall be procured through a RFB Contract. Contracts may not be split in amount or duration in order to evade the intent of the Act.

## **5.5 Transfer Stations and Transportation**

In procuring services with respect to the establishment, management and operation of transfer stations and the transportation of solid wastes therefrom to a Solid Waste Facility, as defined in the Act, CRRA shall, insofar as is practicable and assuming all things are comparable between price and quality, give preference to entities or persons based in Connecticut. All Contracts for such services in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of the full Board of Directors. Such services shall be procured through an RFP or RFB Contract. Contracts may not be split in amount or duration in order to evade the intent of this section.

## **5.6 Facility Management**

In accordance with *Connecticut General Statutes* Section 22a-266(c), facility management Contracts shall be procured through a Competitive Process subject to the provisions of Section 4.5.2 of these Policies And Procedures as applicable. All Contracts for such services in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of the full Board of Directors.

## **5.7 Construction Contracts**

Except as permitted by Section 3, construction Contracts shall be procured through a RFB (Section 4.5.3) or RFP (Section 4.5.2) Competitive Process. However, CRRA may utilize a pre-qualification RFQ process to pre-qualify bidders for complicated construction projects. CRRA shall have the right to negotiate with bidders over the prices or rates submitted by the bidder in the RFQ invitation. For construction Contracts with a total value of One Million (\$1,000,000.00) Dollars or more, CRRA shall require that Two (2%) Percent of the total value of the construction Contract be held back from payment to the contractor until one year expires from the date the construction project is accepted in whole by CRRA.

## **5.8 Waste Hauling/Disposal and Daily Cover Contracts**

Waste Hauling/Disposal and landfill cover Contracts shall be procured through a Competitive Process.

## **5.9 Authorization of Change Orders, RFSs and Amendments**

Any change order, RFS, or similar amendment to any Contract previously authorized pursuant to these Policies And Procedures may be authorized and executed on behalf of CRRA by its President or Chairman, or by another officer of CRRA duly designated by the Board; provided, however, that any such change order or similar amendment which, either alone or together with all other such change orders or similar amendments to such Contract, exceeds \$50,000 over the original contract price, shall be prior authorized only by the two-thirds (2/3) vote of the full Board.

## **5.10 Emergency Procurements**

In the event of an Emergency Situation as defined herein, the procedures for pre-approval of Contracts in these Policies And Procedures by the Board do not apply. When the

President, Chairman, or their designee determines that an Emergency Situation has occurred, the President, Chairman, or their designee is authorized to enter into a Contract under either a competitive or sole source basis, in such amount and of such duration as the President, Chairman, or their designee determines shall be necessary to eliminate the Emergency Situation. Such Emergency Situation contract(s), with written evidence of said Emergency Situation, shall be presented to the Board for ratification as soon as practicable following the execution of the Contract. The Board shall ratify such emergency Contract unless it is determined that under no circumstances would a reasonable person believe that an Emergency Situation existed.

### **5.11 Market Driven Purchases and Sales**

Recognizing CRRA operates in an industry that has market driven goods and commodities, CRRA needs to purchase and sell certain goods or commodities in a short time-period in order to maximize prices and/or revenue to CRRA. Examples of such market driven goods and commodities include, but are not limited to, the following: the acquisition of cover soil for landfills, and the sale of glass, plastic, paper, cardboard, newspaper, and metals. CRRA may utilize an expedited purchase or sale procedure for market driven goods and commodities but CRRA must strive to get the most price quotes as are practicable without jeopardizing the prices or revenue to CRRA. Recognizing the intent of these Policies And Procedures is to have a Competitive Process for all goods and commodities, this section should be limited in its use and used only when absolutely necessary. When CRRA determines such a market driven purchase or sale is necessary, CRRA shall utilize the provisions of this section but report to the Board the market driven transaction as soon as is practicable and obtain Board approval if such approval is necessary.

### **5.12 Disposition of CRRA Personal Property**

If CRRA desires to dispose of any piece of its personal property that has a fair market value of One Thousand (\$1,000.00) Dollars or greater, CRRA shall dispose of any such piece of personal property through a Competitive Process that conforms to the intent of the Act and these Policies And Procedures.

### **5.13 Information Technology Software and Related Software Support Services**

Information technology software and related software support services that require significant initial investment and for which a change in the software provider would result in significant costs to CRRA in addition to the cost of a procurement process are not “professional services” pursuant to Section 22a-268a (4) (ii) of the Connecticut General Statutes or Section 5.3.5 of these Policies And Procedures and, therefore, CRRA is not required to solicit proposals for such software and related software support services at least once every three years. Such software and related software support services include, but are not limited to, payroll, accounting and internet access software and related software support services. For such software and related software support services, CRRA shall undertake a review of the competitive market at least once every three years to determine whether or not there are options available that would justify a competitive process for the procurement of the Information Technology software and related software support services

and shall provide a report of such review to the appropriate committee(s) of the CRRA Board of Directors. If such options are available, CRRA shall undertake a competitive process to procure the Information Technology software and related software support services.

## **6. MISCELLANEOUS**

### **6.1 Method of Contracting of Projects**

#### **6.1.1 Splitting Projects and Contracts**

CRRA may enter into one comprehensive Contract for the management or operation of a CRRA Project or CRRA may divide a CRRA Project into any number of separate and distinct Contracts to manage or operate the CRRA Project. Whenever a CRRA Project is divided into more than one Contract, each Contract shall be treated as an independent Contract for purposes of these Policies And Procedures. Contracts to operate or manage a CRRA Project may not be split in amount or duration in order to evade the intent of the Act. All Contracts for the management or operation of a CRRA Project in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of the full Board of Directors.

#### **6.1.2 Competitive Process**

Whenever CRRA determines that a Contract for the management or operation of a CRRA Project shall be awarded on other than a Competitive Process basis, the Board shall follow the provisions of Section 22a-266(c).

#### **6.1.3 Applicability**

Notwithstanding that it may not be required by Section 22a-266(c) of the Act, this Section 6.1 shall apply to any Contract entered into after March 17, 1987 for management or operation of any CRRA Project or Solid Waste Facility (as defined in Section 22a-260 of the Act as well as any Facility as defined herein).

### **6.2 Mutual Purchasing**

Nothing herein shall be construed as preventing CRRA from joining with other public instrumentalities of the State, or State Agencies, in a mutual purchasing agreement or understanding or otherwise availing itself of a low responsible bid or award of a Contract for supplies, materials, equipment or contractual services if such arrangement or understanding is determined to be in the best interests of CRRA.

### **6.3 Solid Waste Processing Discretion**

Pursuant to Section 22a-266(c) of the Act, CRRA shall have power, in its discretion, either to purchase on a centralized basis, heavy solid waste processing equipment to be installed in waste management projects, or to require such purchase and installation as part of a

construction Contract. CRRA shall conduct its contracting and purchasing operations in accordance with these Policies And Procedures.

#### **6.4 Dispute Clause**

At CRRA's sole and absolute discretion, any dispute in connection with a CRRA Contract or other matter may be adjudicated through arbitration, mediation, or in a judicial proceeding. Any such judicial proceeding in connection with the foregoing shall be tried before a judge of the Superior Court of Connecticut.

#### **6.5 No Invalidity**

Failure to follow any insubstantial procedure or policy herein shall not render any action taken ineffective unless such action is ineffective under the Act or other applicable law.

Adopted: January 22, 2004



# **PROCUREMENT POLICIES AND PROCEDURES**

**BLUELINE (ADDITION)/STRIKEOUT (DELETION) VERSION**

**EFFECTIVE JANUARY 22, 2004**

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# CONNECTICUT RESOURCES RECOVERY AUTHORITY PROCUREMENT POLICIES AND PROCEDURES

## 1. PREAMBLE

### 1.1 General Policy

It shall be the general policy and presumption of the CRRA that Contracts for the procurement of supplies, materials, equipment, property or services shall be entered into pursuant to a Competitive Process (as defined below in Section 2.2.3 of these Policies And Procedures). CRRA is an Equal Opportunity and Affirmative Action employer and does not discriminate in its contracting for the procurement of supplies, materials, equipment, property or services, or any other of its business practices. CRRA is committed to complying with the Americans With Disability Act of 1990 (ADA) and does not discriminate on the basis of disability in its contracting for the procurement of supplies, materials, equipment, property or services, or any other of its business practices. In accordance with the *Connecticut General Statutes* Section 32-9e et seq., CRRA must set aside certain amounts of its Contracts to small contractors and minority business enterprises, and, therefore, CRRA will strive to identify and contact small contractors and minority business enterprises in order to attempt to satisfy its statutory obligations. In its Contract selection process, CRRA shall, insofar as is practicable and assuming all things are comparable between price and quality, give preference to entities or persons based in Connecticut.

### 1.2 Benefit

The provisions of these Policies And Procedures are solely for the benefit of CRRA and its member municipalities.

### 1.3 Officials Not to Benefit

None of the following individuals shall have any interest in any CRRA Contract:

- (a) An official, employee, or immediate family member of an official or employee of the State of Connecticut;
- (b) Member, ad hoc member, or immediate family member of a member or an ad hoc member of the Board of Directors of CRRA, including any member's designee(s) or said designee's immediate family member; and
- (c) Employee or immediate family member of an employee of CRRA.

## 2. AUTHORITY, EFFECTIVENESS AND DEFINITIONS

### 2.1 Authority and Effectiveness

These Policies And Procedures are adopted pursuant to Section 22a-265(6), Section 22a-266(b) and (c) and Section 22a-268a of the Act and in accordance with Section 1-121 of the Connecticut General Statutes. These Policies And Procedures replace those adopted December 20, 1988, as amended, April 21, 1994, November 21, 2002 and January 22, 2004.

### 2.2 Definitions

Unless the context shall otherwise require, the following words and terms shall have the following meanings:

#### 2.2.1 "Act"

"Act" shall mean the Connecticut Solid Waste Management Services Act, Sections 22a-257 et seq. of the *Connecticut General Statutes*, as amended or supplemented.

#### 2.2.2 "Agreement"

"Agreement" shall mean a Contract that results from the Request for Qualifications process specified in Section 4.5.1, the Request for Proposals process specified in Section 4.5.2 or the Request for Bids process specified in Section 4.5.3 of the Policies And Procedures and for other goods and services where the procurement of the goods and services requires terms in addition to or different from the terms provided by the Purchase Order Form.

#### 2.2.32 "Board" or "Board of Directors"

"Board" or "Board of Directors" shall mean the Board of Directors of CRRA as constituted pursuant to Section 22a-261 of the Act.

#### 2.2.43 "Competitive Process"

"Competitive Process" shall mean a contracting process by which CRRA purchases or procures goods and services that requires vendors to compete against one another for the business of CRRA, as further described in Sections 4.1 through 4.76 of these Policies And Procedures and pursuant to Sections 22a-266(b) and 22a-268 of the Act.

#### 2.2.5 "Contract"

"Contract" shall mean a written agreement, in the form of an Agreement, Purchase Order Form ("PO") or Request For Professional Or Technical Services ("RFS"), between CRRA and a designated vendor(s) pursuant to which the vendor agrees to provide goods and services to CRRA in conformance with the

provisions specified therein and wherein all of the provisions required by the Connecticut General Statutes for a contract are incorporated.

2.2.64 “CRRA”

“CRRA” shall mean the Connecticut Resources Recovery Authority, as defined in the Act.

2.2.75 “CRRA Project”

“CRRA Project” shall mean the Mid-Connecticut Project, the Wallingford Project, the Southeast Project, or the Bridgeport Project.

2.2.86 “DAS”

“DAS” shall mean the Department of Administrative Services as defined in Section 4a-1 of the Connecticut General Statutes, as amended or supplemented.

2.2.97 “DEP”

“DEP” shall mean the Department of Environmental Protection as defined in the Connecticut General Statutes, as amended or supplemented.

2.2.108 “DOIT”

“DOIT” shall mean the Department of Information Technology as defined in Section 4d-2 of the Connecticut General Statutes, as amended or supplemented.

2.2.119 “DOT”

“DOT” shall mean the Department of Transportation as defined in the Connecticut General Statutes, as amended or supplemented.

2.2.1240 “Emergency Situation”

“Emergency Situation” shall mean a situation whereby purchases are needed to remedy a situation that creates a threat to public health, welfare, safety or critical governmental or CRRA service or function. The existence of such a situation creates an immediate and serious need that cannot be met through the normal procurement methods and the lack of which would seriously threaten: (i) the health or safety of any person; (ii) the preservation or protection of property; (iii) the imminent and serious threat to the environment; or (iv) the functioning of CRRA. Any such situation shall be documented with written evidence of said situation.

2.2.1344 “Facility”

“Facility” shall mean a Resources Recovery Facility, as defined in the Act.

~~2.2.12~~ “Non-Routine Purchase”

~~“Non-Routine Purchase” shall mean a purchase of goods and services in excess of \$10,000 per year.~~

2.2.14~~13~~ “Person(s)”

“Person(s)” shall mean a natural person, corporation or other artificial person including, but not limited to, a partnership, association, or municipality.

2.2.15 “Personal Services”

“Personal Services” shall mean services requiring specialized skills, knowledge and resources in the application of technical or scientific expertise, or the exercise of professional, artistic or management discretion or judgment.

2.2.16~~44~~ “Policies And Procedures”

“Policies And Procedures” shall mean the entire CRRA Procurement Policies And Procedures document that is addressed herein.

2.2.17~~45~~ “Procurement Committee”

“Procurement Committee” shall mean the committee as established by the Board responsible for developing these Policies And Procedures and implementing the same.

2.2.18 “Public Notice”

“Public Notice” shall mean, at a minimum, posting of a notice of a Solicitation for goods and services on the CRRA web site and publication of the notice of Solicitation in at least one newspaper with general circulation in the area where the goods and services would be employed and/or an appropriate trade journal. The notice shall include a description of the purpose of the Solicitation and directions on how to respond to the Solicitation. Whenever practicable, the date of the last publication of a notice shall be at least thirty (30) days prior to the closing date for accepting responses to the notice. A good faith effort shall be exerted to aggressively solicit the participation of minority and women-owned businesses in all Solicitations.

2.2.19~~46~~ “Purchase Order Form” or “PO”

“Purchase Order Form” or “PO” shall mean the standard CRRA Purchase Order Form, as approved and authorized by use by the Chief Financial Officer Procurement Committee, which may be revised from time-to-time by the Chief Financial Officer. Purchase Order Forms may be used as provided in Sections 3 and 43.2 of these Policies And Procedures.

## 2.2.2017 “Real Property Purchase”

“Real Property Purchase” shall refer to the purchase of real property as referred to in Section 22a-265(10) of the Act.

## 2.2.2118 “Request for Bid” or “RFB”

“Request for Bid” of “RFB” shall mean the process as described in Section 4.5.34 of these Policies And Procedures by which CRRA procures goods or services. Each RFB shall include, but not be limited to, a detailed description of the specific goods, services, jobs, or tasks requested which will contain exact specifications, the required minimum qualifications, criteria for review of bids, and the deadline for submitting bids. In the foregoing RFB process, CRRA may negotiate any terms submitted by the bidders in the RFB process. ~~The Procurement Committee shall identify person[s] to evaluate the bids submitted in response to the Request for Bids.~~

## 2.2.2219 “Request for Proposal” or “RFP”

“Request for Proposal” or “RFP” shall mean the process as described in Section 4.5.23 of these Policies And Procedures by which CRRA procures goods or services. Each RFP shall include, but not be limited to, an outline of the work to be performed, the required minimum qualifications, criteria for review of proposals, the format for proposals and the deadline for submitting proposals. In the foregoing RFP process, CRRA may negotiate any terms submitted by the bidders in the RFP process. ~~The Procurement Committee shall identify person[s] to evaluate the proposals submitted in response to the Request for Proposals.~~

## 2.2.2320 “Request for Qualification” or “RFQ”

“Request for Qualification” or “RFQ” shall mean the process by which CRRA identifies persons to perform services on behalf of, or to provide goods to, CRRA through the solicitation of qualifications, experience, prices and such other matters as CRRA determines may bear on the ability to perform services as set forth in more detail in Section 4.5.12 of these Policies And Procedures.

## 2.2.2424 “Request for Professional and Technical Services” or “RFS”

“Request for Professional and Technical Services” or “RFS” shall mean a Contract ~~the process by through~~ which CRRA procures contracts for specific professional and/or technical services within an existing Contract, as set forth in Section 4.5.12 of these Policies And Procedures, from those firms selected through the Request for Qualification process.

## 2.2.22 “Routine Purchase”

~~“Routine Purchase” shall mean a purchase of goods and services, which are ordinarily and routinely used to effectuate the business of CRRA, equal to or less~~

than \$10,000 per year. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures.

#### 2.2.25 "Small Purchase"

"Small Purchase" shall mean a purchase of goods and services equal to or less than \$2,500 per year. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures.

#### 2.2.26 "Solicitation"

"Solicitation" shall mean that step in the Competitive Process in which bids, proposals and other responses are requested from potential suppliers of the goods and services that are the subject of a particular Competitive Process.

### **3. GENERAL GUIDELINES FOR CONTRACTS**

The following general guidelines will apply to all Contracts to purchase goods, property or services entered into by CRRA.

#### **3.1 Presumption of Competitive Process**

##### 3.1.1 Presumption

There shall be a presumption that Contracts entered into by CRRA shall be pursuant to a Competitive Process as referred to in Sections 4.1 through 4.76 of these Policies And Procedures, and shall be approved by a two-thirds (2/3) vote of the full Board of Directors if in excess of \$50,000 per Fiscal Year ~~year~~. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures.

##### 3.1.2 Exceptions

Notwithstanding the provisions of Section 3.1.1 above, procurements may be conducted without utilizing a Competitive Process in the following limited circumstances:

3.1.2.1 Emergency Situations as determined by the President, Chairman or their respective designee(s);

3.1.2.2 Procurements under a DAS, DEP, DOT, DOIT, or any other governmental agency agreement;

3.1.2.3 Goods or services for which the contractor has proprietary, ~~or~~ patent or intellectual property rights;

3.1.2.4 Goods or services that are to be provided by a contractor who is mandated by the general statutes or a public or special act, as documented by CRRA;

- 3.1.2.5 Goods or services provided by a contractor who has special capability or unique experience, as determined by the Chief Financial Officer and the President if the cost of the goods or services is \$10,000 or less and as determined by a two-thirds (2/3) vote of the full CRRA Board of Directors if the cost of the goods or services is more than \$10,000;
- 3.1.2.6 Real property acquisitions covered in Section 5.1 of these Policies And Procedures; and
- 3.1.2.7 Contractual arrangement with or procurement from a contractor as part of a settlement of a threatened or pending litigation, arbitration or mediation between such contractor and CRRA, as approved by a two-thirds (2/3) vote of the full Board; and
- 3.1.2.8 Small purchases, subject to the restrictions specified in Section 3.1.4 of the Policies And Procedures;
- 3.1.2.9 Goods or services for which a competitive market does not exist, including, but not limited to, utility services (e.g., electricity and sewer service); and
- 3.1.2.10 Obligations incurred pursuant to the Bridgeport, Mid-Connecticut, Southeast or Wallingford Municipal Services Agreements (“MSAs”) or to a municipality pursuant to a payment-in-lieu-of-taxes (“PILOT”) agreement, or other similar agreement. However, when applicable and appropriate, the Competitive Process shall be used to obtain services that are required under the foregoing MSAs and/or PILOTs.

### 3.1.3 Making and Reporting an Exception

The determination that a procurement will not be conducted pursuant to a Competitive Process because it falls within an exception as set forth in Section 3.1.2 above shall be made by the President or Chairman of CRRA and reported thereafter to the Procurement Committee and the Board as soon as practicable, except that a determination of an Emergency Situation will be made as provided in Section 5.10 of these Policies And Procedures.

### 3.1.4 Restrictions on the Use of the Small Purchase Exception

Small purchases are excepted from the requirement to use a Competitive Process if the purchase is approved by the Chief Financial Officer or the President. If the small purchase exception provided in Section 3.1.2.8 above is used for a particular vendor for a particular good or service for three consecutive years and that vendor is the sole provider to CRRA of the good or service, a Competitive Process shall be utilized to procure that good or service for the fourth year.

## **3.2 ~~Routine Purchases~~**

### **3.2.1 ~~Government Approved Vendors~~**

~~Whenever practicable, a Routine Purchase of goods and supplies shall be purchased from a vendor approved by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangements under the terms of said DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement.~~

### **3.2.2 ~~Information Technology Equipment and Services~~**

~~Whenever practicable, a procurement of information technology equipment or services shall be made from a contractor approved by DOIT under the terms of said DOIT contract.~~

### **3.2.3 ~~Government Approved Vendors Not Available~~**

~~If an existing contract is not available from DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement as referred to in Sections 3.2.1 and 3.2.2 above, written quotations should be obtained from at least three (3) suppliers whenever practicable. For purchases equal to or under \$1,000, the quotations can be solicited telephonically, subject to written confirmation. After the applicable foregoing quotations are obtained and the most responsive qualified quotation is determined, a Purchase Order Form may be used to procure said goods or services.~~

### **3.2.4 ~~Purchase Order Form~~**

~~A Purchase Order Form may be used in the acquisition of goods and services for purchases of \$10,000 or less from a vendor when CRRA, DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement has a pre-existing master contract governing the relationship between such entities and the vendor that covers the specific goods and services to be ordered by the Purchase Order.~~

## **3.3 ~~Non-Routine Purchases~~**

### **3.3.1 ~~Government Approved Vendors~~**

~~Whenever practicable, Non-Routine Purchases shall be made from a contractor approved by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement under the terms of said DAS, DEP, DOT, DOIT, or other governmental or cooperative agency arrangement, subject however, to the provisions of Section 3.3.4.~~

### **3.3.2 ~~Information Technology Equipment and Services~~**

~~Whenever practicable, Non-Routine Purchases of information technology equipment and services shall be made from a vendor approved by DOIT under the terms of said DOIT contract.~~

### ~~3.3.3 Government Approved Vendors Not Available~~

~~If an existing contract is not available from DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement as referred to in Sections 3.3.1 and 3.3.2 above, the Competitive Process should be followed.~~

### ~~3.3.4 Procurement Methods~~

~~CRRA shall have the right to utilize the procurement methods of the Competitive Process to determine whether it could obtain more favorable terms and conditions for a Non-Routine Purchase than is available under an existing DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement. In such situations, CRRA shall have the right to reject all prices received in the Competitive Process if the DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement proves to be more favorable to CRRA.~~

## **3.24 Approval of Certain Contracts**

Any Contract for a period of over five (5) years in duration or a Contract for which the annual consideration is greater than \$50,000 as set forth in Section 22a-268 of the Act shall be approved by a two-thirds (2/3) vote of CRRA's full Board of Directors.

## **3.35 Non-Budgeted Expenditures**

Notwithstanding anything to the contrary set forth in these Policies And Procedures and pursuant to Section 22a-268a(3) of the Connecticut General Statutes, any non-budgeted expenditure in excess of \$5,000 for the acquisition purchase of real or personal property or Personal Services in the excess of \$5,000.00 that is a nonbudgeted expenditure shall require CRRA Board approval.

## **3.46 Best Interests of Served Entity**

Notwithstanding anything to the contrary set forth in these Policies And Procedures, pursuant to Section 22a-266(b) of the Act, Contracts for Resources Recovery Facilities, Solid Waste Facilities, Volume Reduction Plants or Solid Waste Management Systems, as such terms are defined in the Act, shall contain prices and terms deemed by CRRA to be in the best interests of the municipality or region to be served pursuant to such Contracts.

## **3.57 CRRA Control**

Any Contract with private sector entities or persons to carry out the business, design, operating, management, marketing, planning and research and development functions of CRRA shall contain terms and conditions that will enable CRRA to retain overall supervision and control of the business, design, operating, management, transportation, marketing, planning and research and development functions to be carried out or to be performed by such private persons pursuant to such Contract.

### **3.68 Basis, Limitations and Considerations**

Any Contracts entered into pursuant to Section 22a-266 of the Act shall be entered into by CRRA on the same basis and subject to the same limitations and considerations applicable to municipal and regional resources recovery authorities pursuant to subsection (c) of Section 7-273bb of the Connecticut General Statutes and these Policies And Procedures.

### **3.79 Long-Term Contracts**

Whenever a long-term Contract is entered into on other than a competitive bidding basis, the criteria and procedures for said long-term Contract shall conform to the provisions of subdivision (16) of subsection (a) and subsections (b) and (c) of section 22a-266 of the Act.

### **3.8 Purchase Order Form**

#### **3.8.1 Use of the Purchase Order Form**

A Purchase Order Form shall be used for all purchases of goods and services by CRRA. Provided that the Purchase Order Form conforms to all of the statutory requirements for a Contract and has been approved for use as a Contract by CRRA Legal Services Division, the Purchase Order Form may serve as the sole Contract document for the purchase of goods of services. However, if the Purchase Order Form is used in conjunction with an Agreement and/or an RFS, the Purchase Order Form, the Agreement and/or the RFS shall contain language to ensure that there is not a conflict among the provisions of the foregoing legal documents.

#### **3.8.2 Purchases Pursuant to an RFQ, RFP or RFB Process**

For the purchase of goods and services for which the Request for Qualifications process specified in Section 4.5.1, the Request for Proposals process specified in Section 4.5.2 or the Request for Bids process specified in Section 4.5.3 has been used and an Agreement or RFS has been entered into, a Purchase Order Form for the entire amount to be expended under the Agreement or RFS during a Fiscal Year as specified in the Agreement or RFS and the approved budget, and not exceeding the amount specified in the Agreement or RFS and the budget, may be used for all purchases under the Agreement or FRS for that Fiscal Year. When the Board of Directors has duly approved an Agreement or an RFS under an Agreement, additional Board of Directors approval is not required for the Purchase Order Form covering purchases under the Agreement or RFS.

## 4. COMPETITIVE PROCESS

### 4.1 Competitive Process

#### 4.1.1 General Obligation

Except as provided in Sections 3.1.2.1 through 3.1.2.107 above, or in connection with a Real Property Purchase as provided in Section 5.1 of these Policies and Procedures, Contracts for the procurement of supplies, goods, materials, equipment, property or services by CRRA shall be entered into pursuant to a Competitive Process as detailed below and determined by CRRA.

#### 4.1.2 Multiple Purchases of a Good or Service in the Same Fiscal Year

For the purchase of goods and/or services costing \$50,000 or less and for Contracts less than three years in length, the Competitive Process specified in Sections 4.2 (for purchases of \$5,000 or less), 4.3 (for purchases of more than \$5,000, but less than or equal to \$25,000), or 4.4 (for purchases of more than \$25,000, but less than or equal to \$50,000) must be followed for the first purchase of a particular good(s) or service(s) in a Fiscal Year. Subject to the provisions of Section 4.1.3, for subsequent purchases of the same good(s) or service(s) during the same Fiscal Year, the results of the first solicitation may be used rather than undertaking a new Competitive Process for each subsequent purchase within that Fiscal Year. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures. This Section shall not apply to professional or technical services as specified in Section 5.3 or to purchases of more than \$50,000 as specified in Section 4.5.

#### 4.1.3 Multiple Contracts with One Vendor During the Same Fiscal Year

##### 4.1.3.1 Selecting the Competitive Process to Be Followed

##### 4.1.3.1.1 Conditions

If all of the following conditions have been met, the requirements of Section 4.1.3.1.2 shall apply:

- (a) CRRA has entered into a Contract with a vendor for goods or services during a Fiscal Year;
- (b) A subsequent Contract is proposed with the same vendor for the same good(s) or service(s) in the same Fiscal Year;
- (c) None of the Contracts individually is in excess of \$50,000 per Fiscal Year;
- (d) None of the Contracts are for professional or technical services as specified in Section 5.3; and

(e) The cumulative value of the Contracts would exceed the upper limit imposed by Sections 4.2 (\$5,000), 4.3 (\$25,000) or 4.4 (\$50,000).

#### 4.1.3.1.2 The Competitive Process to Be Followed

If all of the conditions specified in Section 4.1.3.1.1 have been met, the Competitive Process to be followed for the subsequent Contract shall be the Competitive Process corresponding to the total amount that would be expended for the good(s) or service(s) from the vendor, including purchases under the subsequent Contract. Contracts may not be split in amount or duration in order to evade the intent of the Act or these Policies And Procedures.

#### 4.1.3.2 Board Report

##### 4.1.3.2.1 Conditions

If all of the following conditions have been met, the requirements of Section 4.1.3.2.2 shall apply:

- (a) CRRA has entered into a Contract with a vendor for goods or services during a Fiscal Year;
- (b) CRRA enters into a subsequent Contract with the same vendor for the same good(s) or service(s) in the same Fiscal Year;
- (c) None of the Contracts individually is in excess of \$50,000 per Fiscal Year; and
- (d) The cumulative value of the Contracts exceeds \$50,000 in the Fiscal Year.

##### 4.1.3.2.2 Report to Be Submitted

If all of the conditions specified in Section 4.1.3.2.1 have been met, a report shall be submitted to the appropriate committee(s) of the Board of Directors documenting the multiple Contracts and expenditures thereunder. Board of Directors approval is not required for the initial or subsequent Contracts in a Fiscal Year when all of the conditions specified in Section 4.1.2.2.1 have been met. Contracts may not be split in amount or duration in order to evade the intent of the Act or the Policies And Procedures. This Section shall not apply to professional or technical services as specified in Section 5.3.

## 4.1.4 Multiple RFSs with One Service Provider During the Same Fiscal Year

### 4.1.4.1 Conditions

If all of the following conditions have been met, the requirements of Section 4.1.4.2 shall apply:

- (a) CRRA has entered into an RFS pursuant to Section 4.5.1 for services during a Fiscal Year;
- (b) CRRA enters into a subsequent RFS with the same service provider for the same or other services in the same Fiscal Year;
- (c) None of the RFSs individually is in excess of \$50,000 per Fiscal Year; and
- (d) The cumulative value of all of the RFSs exceeds \$50,000 in the Fiscal Year.

### 4.1.4.2 Report to Be Submitted

If all of the conditions specified in Section 4.1.4.1 have been met, a report shall be submitted to the appropriate committee(s) of the Board of Directors documenting the multiple RFSs and expenditures thereunder. Board of Directors approval is not required for the initial or subsequent RFSs in a Fiscal Year when all of the conditions specified above are met. RFSs may not be split in amount or duration in order to evade the intent of the Act or the Policies And Procedures.

## 4.2 Purchases of \$5,000 or Less

### 4.2.1 Process

If a good-faith estimate of the value of goods and services to be purchased is \$5,000 or less per Fiscal Year and for which the exception from the Competitive Process for Small Purchases in Section 3.1.2.8 has not been used, at least three potential suppliers shall be solicited for bids. The Solicitation may be made verbally (e.g., by telephone) and the bids may be submitted by vendors verbally (e.g., by telephone). If a vendor submits a bid verbally, CRRA shall send to the vendor a written notice specifying the amount of its bid (See Form \_\_\_\_\_). Public Notice of the Solicitation is not required. However, if Public Notice of the Solicitation is made, such Public Notice shall satisfy the requirement of soliciting at least three potential suppliers.

### 4.2.2 Government Approved Vendors

Notwithstanding the requirements of Section 4.2.1 above, goods and services costing \$5,000 or less per Fiscal Year may be purchased from a vendor approved

by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement under the terms of said DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement, in lieu of any of the other requirements of the Competitive Process.

#### 4.2.3 Approval

Any purchase of goods and services costing \$5,000 or less per Fiscal Year pursuant to Sections 4.2.1 and 4.2.2 above requires the approval of the head of the CRRA division for which the goods and services are being purchased or the Chief Financial Officer.

### **4.3 Purchases of More Than \$5,000, But Less Than or Equal To \$25,000**

#### 4.3.1 Process

If a good-faith estimate of the value of goods and services to be purchased is more than \$5,000, but less than or equal to \$25,000 per Fiscal Year, at least three potential suppliers shall be solicited for bids. The Solicitation must be made in written form and the bids must be submitted by vendors in written form. Public Notice of the Solicitation is not required. However, if Public Notice of the Solicitation is made, such Public Notice shall satisfy the requirement of soliciting at least three potential suppliers.

#### 4.3.2 Government Approved Vendors

Notwithstanding the requirements of Section 4.3.1 above, goods and services costing more than \$5,000, but less than or equal to \$25,000 per Fiscal Year may be purchased from a contractor approved by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement under the terms of said DAS, DEP, DOT, DOIT, or other governmental or cooperative agency arrangement, in lieu of any of the other requirements of the Competitive Process.

#### 4.3.3 Approval

Any purchase of goods and services costing more than \$5,000, but less than \$25,000 per Fiscal Year pursuant to Sections 4.3.1 and 4.3.2 above requires the approval of the head of the CRRA division for which the goods and services are being purchased and the Chief Financial Officer or the President. Any non-budgeted expenditure in excess of \$5,000 for acquiring real or personal property or Personal Services shall require CRRA Board approval.

### **4.4 Purchases of More Than \$25,000, But Less Than or Equal To \$50,000**

#### 4.4.1 Process

If a good-faith estimate of the value of goods and services to be purchased is more than \$25,000, but less than or equal to \$50,000 per Fiscal Year, at least three potential suppliers shall be solicited for bids. The Solicitation must be made in written form and the bids must be submitted by vendors in written form. Public

Notice of the Solicitation is not required. However, if Public Notice of the Solicitation is made, such Public Notice shall satisfy the requirement of soliciting at least three potential suppliers. Nothing in the Policies And Procedures shall prohibit the use of the Request for Bids process specified in Section 4.5.3 or the Request for Proposals process specified in Section 4.5.2 for the purchase of goods and services costing more than \$25,000, but less than or equal to \$50,000 per Fiscal Year.

#### 4.4.2 Government Approved Vendors

Notwithstanding the requirements of Section 4.4.1 above, goods and services costing more than \$25,000, but less than or equal to \$50,000 per Fiscal Year may be purchased from a contractor approved by DAS, DEP, DOT, DOIT, or any other governmental or cooperative agency arrangement under the terms of said DAS, DEP, DOT, DOIT, or other governmental or cooperative agency arrangement, in lieu of any of the other requirements of the Competitive Process.

#### 4.4.3 Approval

Any purchase of goods and services costing more than \$25,000, but less than \$50,000 per Fiscal Year pursuant to Sections 4.4.1 and 4.4.2 above requires the approval of the head of the CRRA division for which the goods and services are being purchased, the Chief Financial Officer and the President. Any non-budgeted expenditure in excess of \$5,000 for acquiring real or personal property or Personal Services shall require CRRA Board approval.

### 4.5 Purchases of More Than \$50,000

For the purchase of goods and services costing more than \$50,000 per Fiscal Year, the Competitive Process shall be utilized and Public Notice of the Solicitation is required. Pursuant to Section 3.2 of the Policies And Procedures, any Contract for a period of over five (5) years in duration or a Contract for which the annual consideration is greater than \$50,000 requires approval by a two-thirds (2/3) vote of CRRA's full Board of Directors. Pursuant to Section 3.3 of the Policies and Procedures, any non-budgeted expenditure in excess of \$5,000 for the acquisition of real or personal property or Personal Services shall require CRRA Board approval.

#### 4.5.12 Requests for Qualification ("RFQ")

##### 4.5.1.1 Invitation to Submit Qualifications

Subject to the provisions of Section 5.3, CRRA shall invite interest by ~~Public Notice~~ notice in one or more newspapers having distribution for such matters, ~~or~~, and, at CRRA's sole discretion, publication of the notice of solicitation in one or more trade papers or journals and/or by such other means, such as direct solicitation, that shall produce a good response to the invitation and allow small and/or minority contractors to apply. ~~The notice shall include a description of the purpose of the invitation and directions to submit invitations.~~ Normally the RFQ

process should be used for professional type services [e.g., legal or engineering]. The Request for Qualification shall solicit the qualifications, experience, prices, terms and such other matters as CRRA determines may bear on the ability to perform. ~~Whenever practicable, no less than thirty (30) days shall intervene between the date of the last publication of a notice and the closing date for accepting invitations.~~ At CRRA's option, sessions for informational purposes may be held between the date of the last publication of the notice of the solicitation and the closing date for accepting responses to the solicitation during this period. CRRA shall have the right to negotiate with bidders over the terms, prices or rates submitted by the bidder in the RFQ invitation. The Procurement Committee or other committee of cognizance shall identify person(s) to evaluate the qualifications submitted in response to Requests for Qualifications concerning the selection of auditors, legal counsel, underwriters and any other matters the Board or any of the Board's committees reserve for themselves. The President shall identify person(s) to evaluate the qualifications submitted in response to Requests for Qualifications for all other matters. When the President has identified the persons to evaluate qualifications submitted in response to a RFQ and if the contract(s), if any, resulting from the RFQ requires Board approval, the President shall identify such persons in the documentation submitted to the Board requesting the Board's approval of such contract(s).

4.52.1.2 Selection of Firms to Make Oral Presentation

On the basis of the written qualifications submitted, a limited number of firms may be selected to make oral presentations to CRRA. Such selection shall be in the sole discretion of CRRA.

4.52.1.3 Selection of Firms for On-Call List

From the firms that submit the written qualifications, the Board shall select firm(s) to constitute an On-Call List. To be on the On-Call List, selected firms that must execute sign services Agreements with CRRA, and from which CRRA may request services from firms on the On-Call List to be provided to CRRA. However, CRRA does not guarantee any work for a firm that is on the On-Call List and has signed a service Agreement with CRRA.

4.52.1.4 Request for Professional and Technical Services or RFS

After completing the RFQ process above, CRRA may determine in its sole and absolute discretion, to engage the services of any one or more professional or technical services provider(s) qualified through the RFQ process. Prices for said services shall be based upon the rates/prices

submitted in the RFQ submission or prices negotiated pursuant to Section 4.5.1.1.

#### 4.5.23 Request for Proposals "RFP"

##### 4.5.2.1 RFP Process

CRRA may determine to engage the services of a private sector entity or Person to provide CRRA goods or services. Normally the RFP process should be used where the bidder provides CRRA some insight or plans in its bid, and all bidders are not necessarily of comparable or equal quality. Each Request for Proposal shall include, but not be limited to, a description of the work that CRRA wants to be performed by the Proposer for this RFP [but it may not necessarily contain the exact specifications], the required minimum qualifications, criteria for review of proposals, the format for proposals and the deadline for submitting proposals. After CRRA obtains proposals for a RFP solicitation, CRRA may negotiate any of the terms of said RFP. The Procurement Committee or other committee of cognizance shall identify person(s) to evaluate the proposals submitted in response to the Requests for Proposals concerning the selection of auditors, legal counsel, underwriters and any other matters the Board or any of the Board's committees reserve for themselves. The President shall identify person(s) to evaluate the proposals submitted in response to Requests for Proposals for all other matters. When the President has identified the persons to evaluate proposals submitted in response to a RFP and if the contract(s), if any, resulting from the RFP requires Board approval, the President shall identify such persons in the documentation submitted to the Board requesting the Board's approval of such contract(s).

##### 4.5.2.2 Request for Additional Services

After completing the RFP process above and executing an Agreement with the successful bidder, CRRA may determine, in its sole and absolute discretion, it needs to engage the successful bidder for additional services related to but beyond the original scope of the RFP. Such a request for additional services ~~or RFS~~ shall be negotiated with the successful bidder and, if possible, based upon the rates/prices submitted in the RFP submission or prices negotiated pursuant to Section 4.5.2.1 above. Any such request for additional services ~~RFS~~ must adhere to the approval process for contracts outlined in these Policies And Procedures.

### 4.54.3 Request for Bids or "RFB"

#### 4.5.3.1 RFB Process

CRRA may determine to engage the services of a private sector entity or Person to provide CRRA goods or services. Normally the RFB process should be used where the primary ~~criteria~~ criteria for CRRA is the price for common or everyday goods or services, and all bidders are of comparable or equal quality. Each Request for Bids or RFB shall include, but not be limited to, a detailed description of the specific goods, services, jobs, or tasks requested which will contain exact specifications, the required minimum qualifications, criteria for review of bids, and the deadline for submitting bids. In the foregoing RFB process, CRRA may negotiate any terms submitted by the lowest responsive-low bidder in the RFB process. The Procurement Committee or other committee of cognizance shall identify person(s) to evaluate the bids submitted in response to the Requests for Bids concerning the selection of auditors, legal counsel, underwriters and any other matters the Board or any of the Board's committees reserve for themselves. The President shall identify person(s) to evaluate the bids submitted in response to Requests for Bids for all other matters. When the President has identified the persons to evaluate bids submitted in response to a RFB and if the contract(s), if any, resulting from the RFB requires Board approval, the President shall identify such persons in the documentation submitted to the Board requesting the Board's approval of such contract(s).

#### 4.5.3.2 Request for Additional Services

After completing the RFB process above and executing an Agreement with the successful bidder, CRRA may determine, in its sole and absolute discretion, it needs to engage the successful bidder for additional services related to but beyond the original scope of the RFB. Such a request for additional services shall be negotiated with the successful bidder and, if possible, based upon the rates/prices submitted in the RFB submission or prices negotiated pursuant to Section 4.5.3.1 above. Any such request for additional services must adhere to the approval process for Contracts outlined in these Policies And Procedures.

### **4.65 Rejection of Proposal**

In connection with Sections 4.1 through 4.54, all submitted bids and proposals may be rejected by CRRA.

#### 4.76 Award of Contract

In connection with Sections 4.1 through 4.65, CRRA shall select the bidder(s) or contractor(s) ~~or contractors~~ deemed to have submitted the most responsive qualified bid(s) or proposal(s) ~~bids~~, and is deemed in the best interest of CRRA. Contracts greater than \$50,000.00 herein shall be deemed approved by the Board if two-thirds (2/3) of the full Board approves a Cecontract. As soon as is practicable, CRRA and the selected bidder(s) or contractor(s) ~~or contractors~~ shall finalize the Cecontract(s) ~~or contracts~~ embodying the bidder's(s') or contractor's(s') ~~or contractors'~~ bid(s) or proposal(s). The final Cecontract shall be deemed awarded to the selected bidder or contractor upon actual execution of the Cecontract. In its selection of the most responsive bid(s), CRRA may consider, at its sole discretion, some or all of the following selection criteria:

- (a) The quality, availability, adaptability, and efficiency of use of the products and services to the particular use required;
- (b) The degree to which the provided products and services meet the specified needs of CRRA, including consideration, when appropriate, of the compatibility with and ease of integration with existing products, services, or systems;
- (c) The number, scope, and significance of required conditions or exceptions attached or contained in the bid and the terms of warranties, guarantees, bonds, return policies, and insurance provisions;
- (d) Whether the contractor can supply the product or service promptly, or within the specified time, without delay or additional conditions;
- (e) The competitiveness and reasonableness of the total cost or price, including consideration of the total life-cycle cost and any operational costs that are incurred if accepted;
- (f) A cost analysis or a price analysis including the specific elements of costs, the appropriate verification of cost or pricing data, the necessity of certain costs, the reasonableness of amounts estimated for the necessary costs, the reasonableness of allowances for contingencies, the basis used for allocation of indirect costs, and the appropriateness of allocations of particular indirect costs to the proposed contract;
- (g) A price analysis involving an evaluation of prices for the same or similar products or services. Price analysis criteria include, but are not limited to: price submissions of prospective contractors in the current procurement, prior price quotations and contract prices charged by the vendor, prices published in catalogues or price lists, prices available on the open market, and in-house estimates of cost;
- (h) Whether or not the contractor can supply the product or perform the service at the price offered;

- (i) The ability, capacity, experience, skill, and judgment of the contractor to perform the contract;
- (j) The reputation, character and integrity of the contractor;
- (k) The quality of performance on previous contracts or services to CRRA or others;
- (l) The previous and existing compliance by the contractor with laws and ordinances or previous performance relating to the contract or service, or on other contracts with CRRA or other entities;
- (m) The sufficiency, stability, and future solvency of the financial resources of the contractor; and
- (n) The ability of the contractor to provide future maintenance and service for the use of the products or services subject to the contract.

## **5. GUIDELINES FOR PARTICULAR CONTRACTS**

Subject to the provisions of Sections 3 and 4 of these Policies And Procedures, the following specific types of goods, property and services may be acquired in accordance with the specific procedures outlined in Sections 5.1 through 5.13++.

### **5.1 Real Property Acquisition**

#### 5.1.1 Acquisition Process

Pursuant to the Act, CRRA may purchase real property. Whenever practicable, property will be acquired from a public or regulated entity, but the foregoing Competitive Process does not apply to a real property acquisition.

#### 5.1.2 Appraisals

No real property shall be purchased by CRRA without at least two (2) written appraisals.

5.1.2.1 The appraisers shall be selected on the basis of knowledge of the area and expertise in appraising the type of property under consideration and in accordance with Section 4.5.23 of these Policies And Procedures.

5.1.2.2 The appraisers shall provide factual data concerning the property to be appraised including, but not limited to, market data, highest and best use, methodology to be applied, complete legal description, justification for time adjustments with supporting data and final conclusions.

#### 5.1.3 Board Approval

The acquisition of real property shall be authorized by a two-thirds (2/3) vote of the full Board of Directors based upon the ~~two (2)~~ written appraisals of the real

property obtained pursuant to Section 5.1.2. The Board may also direct the President or Chairman to negotiate an option to purchase the property, subject to such conditions as the Board deems appropriate.

#### 5.1.4 Negotiations

In the event the owner does not agree to the offered price, if the owner secures a written appraisal from an expert appraiser, the Board may authorize the President or Chairman to continue negotiations recognizing the owner's appraisal.

#### 5.1.5 Notification of Town

Prior to the purchase of any real property, the President or Chairman shall notify in writing the Chief Executive Officer of the town in which the property is located.

#### 5.1.6 Condemnation

In the event an agreement cannot be reached for the acquisition of the property based on the appraisals, the President or Chairman, with the approval of the Board, can pursue condemnation of the property in accordance with the Act.

### 5.2 Sale of Real Property

#### 5.2.1 Sale Process

Pursuant to the Act, CRRA may sell real property, but the Competitive Process does not apply to the sale of real property. Whenever practicable, property will be sold to a public or regulated entity.

#### 5.2.2 Appraisals

No real property shall be sold by CRRA without at least two (2) ~~one (1)~~ written appraisals.

5.2.2.1 The appraisers shall be selected on the basis of knowledge of the area and expertise in appraising the type of property under consideration and in accordance with Section 4.5.23 of these Policies And Procedures.

5.2.2.2 The appraisers shall provide factual data concerning the property to be appraised including, but not limited to, market data, highest and best use, methodology to be applied, complete legal description, justification for time adjustments with supporting data and final conclusions.

#### 5.2.3 Board Approval

The sale of real property shall be authorized by a two-thirds (2/3) vote of the full Board of Directors based upon the one (1) written appraisals of the real property obtained pursuant to Section 5.2.2.

#### 5.2.4 Notification of Town

Prior to the sale of any real property, the President or Chairman shall notify in writing the Chief Executive Officer of the town in which the property is located.

### 5.3 Professional or Technical Services

#### 5.3.1 Definition

Professional or Technical Services include, but are not limited to, legal, accounting, insurance, surety bonding, executive recruitment, auditing, architectural, engineering, public relations, financial advisory, management consulting, underwriting, system management, ~~and~~ facilities management, telecommunications, security and lease services.

#### 5.3.2 Board Approval

All Contracts, including, but not limited to, Agreements and RFSs, for such services in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of CRRA's full Board of Directors. Contracts for such services may not be split in amount or duration in order to evade the intent of the Act.

#### 5.3.3 Competitive Process

Such services shall be procured through a Competitive Process as referred to in Section 4.5.1~~2~~ of these Policies And Procedures.

#### 5.3.4 Submission of Rates

As part of ~~in connection with~~ the Request for Qualifications and RFS process, such service providers shall commit to provide services at specified rates for the duration of the qualification period or any particular Agreement ~~contract~~ awarded.

#### 5.3.5 Solicitation Frequency

Notwithstanding anything to the contrary set forth in this Section 5.3, CRRA shall solicit proposals at least once every three (3) years for each such professional services which it uses.

### 5.4 Waste Handling, Processing and Storage Equipment

Waste Handling, Processing and Storage Equipment include, but are not limited to, equipment, fixtures or systems relating to solid waste handling and processing such as scales, storage, silos, shredders, cranes, conveyors, loaders, electrical and mechanical controllers, or similar equipment. All Contracts for such equipment in excess of \$50,000 shall be approved by a two-thirds (2/3) vote of the full Board of Directors. Such equipment shall be procured through a RFB Contract. Contracts may not be split in amount or duration in order to evade the intent of the Act.

## **5.5 Transfer Stations and Transportation**

In procuring services with respect to the establishment, management and operation of transfer stations and the transportation of solid wastes therefrom to a Solid Waste Facility, as defined in the Act, CRRA shall, insofar as is practicable and assuming all things are comparable between price and quality, give preference to entities or persons based in Connecticut. All Contracts for such services in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of the full Board of Directors. Such services shall be procured through an RFP or RFB Contract. Contracts may not be split in amount or duration in order to evade the intent of this section.

## **5.6 Facility Management**

In accordance with *Connecticut General Statutes* Section 22a-266(c), facility management Contracts shall be procured through a Competitive Process subject to the provisions of Section 4.5.2-3 of these Policies And Procedures as applicable. All Contracts for such services in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of the full Board of Directors.

## **5.7 Construction Contracts**

Except as permitted by Section 3, construction Contracts shall be procured through a RFB (Section 4.5.3) or RFP (Section 4.5.2) Competitive Process-~~contract~~. However, CRRA may utilize a pre-qualification RFQ process to pre-qualify bidders for complicated construction projects. CRRA shall have the right to negotiate with bidders over the prices or rates submitted by the bidder in the RFQ invitation. For construction Contracts with a total value of One Million (\$1,000,000.00) Dollars or more, CRRA shall require that Two (2%) Percent of the total value of the construction Contract be held back from payment to the contractor until one year expires from the date the construction project is accepted in whole by CRRA.

## **5.8 Waste Hauling/Disposal and Daily Cover Contracts**

Waste Hauling/Disposal and landfill ~~daily cover~~ Contracts shall be procured through a Competitive Process.

## **5.9 Authorization of Change Orders, RFSs and Amendments**

Any change order, RFS, or similar amendment to any Contract previously authorized pursuant to these Policies And Procedures may be authorized and executed on behalf of CRRA by its President or Chairman, or by another officer of CRRA duly designated by the Board; provided, however, that any such change order or similar amendment which, either alone or together with all other such change orders or similar amendments to such Contract, exceeds \$50,000 over the original contract price, shall be prior authorized only by the two-thirds (2/3) vote of the full Board.

## **5.10 Emergency Procurements**

In the event of an Emergency Situation as defined herein, the procedures for pre-approval of Ceontracts in these Policies And Procedures by the Board do not apply. When the President, Chairman, or their designee determines that an Emergency Situation has occurred, the President, Chairman, or their designee is authorized to enter into a Ceontract under either a competitive or sole source basis, in such amount and of such duration as the President, Chairman, or their designee determines shall be necessary to eliminate the Emergency Situation. Such Emergency Situation contract(s), with written evidence of said Emergency Situation, shall be presented to the Board for ratification as soon as practicable following the execution of the Ceontract. The Board shall ratify such emergency Ceontract unless it is determined that under no circumstances would a reasonable person believe that an Emergency Situation existed.

## **5.11 Market Driven Purchases and Sales**

Recognizing CRRA operates in an industry that has market driven goods and commodities, CRRA needs to purchase and sell certain goods or commodities in a short time-period in order to maximize prices and/or revenue to CRRA. Examples of such market driven goods and commodities include, but are not limited to, the following: the acquisition purchase of cover soil for landfills, and the sale of glass, plastic, paper, cardboard, newspaper, and metals. CRRA may utilize an expedited purchase or sale procedure for market driven goods and commodities but CRRA must strive to get the most price quotes as are practicable without jeopardizing the prices or revenue to CRRA. Recognizing the intent of these Policies And Procedures is to have a Competitive Process for all goods and commodities, this section should be limited in its use and used only when absolutely necessary. When CRRA determines such a market driven purchase or sale is necessary, CRRA shall utilize the provisions of this section but report to the Board the market driven transaction as soon as is practicable and obtain Board approval if such approval is necessary.

## **5.12 Disposition of CRRA Personal Property**

If CRRA desires to dispose of any piece of its personal property that has a fair market value of One Thousand (\$1,000.00) Dollars or greater, CRRA shall dispose of any such piece of personal property through a Competitive Process that conforms to the intent of the Act and these Policies And Procedures.

## **5.13 Information Technology Software and Related Software Support Services**

Information technology software and related software support services that require significant initial investment and for which a change in the software provider would result in significant costs to CRRA in addition to the cost of a procurement process are not "professional services" pursuant to Section 22a-268a (4) (ii) of the Connecticut General Statutes or Section 5.3.5 of these Policies And Procedures and, therefore, CRRA is not required to solicit proposals for such software and related software support services at least once every three years. Such software and related software support services include, but are not limited to, payroll, accounting and internet access software and related software

support services. For such software and related software support services, CRRA shall undertake a review of the competitive market at least once every three years to determine whether or not there are options available that would justify a competitive process for the procurement of the Information Technology software and related software support services and shall provide a report of such review to the appropriate committee(s) of the CRRA Board of Directors. If such options are available, CRRA shall undertake a competitive process to procure the Information Technology software and related software support services.

## **6. MISCELLANEOUS**

### **6.1 Method of Contracting of Projects**

#### **6.1.1 Splitting Projects and Contracts**

CRRA may enter into one comprehensive Contract for the management or operation of a CRRA Project or CRRA may divide a CRRA Project into any number of separate and distinct Contracts to manage or operate the CRRA Project. Whenever a CRRA Project is divided into more than one Contract, each Contract shall be treated as an independent Contract for purposes of these Policies And Procedures. Contracts to operate or manage a CRRA Project may not be split in amount or duration in order to evade the intent of the Act. All Contracts for the management or operation of a CRRA Project in excess of \$50,000 per year shall be approved by a two-thirds (2/3) vote of the full Board of Directors.

#### **6.1.2 Competitive Process**

Whenever CRRA determines that a Contract for the management or operation of a CRRA Project shall be awarded on other than a Competitive Process basis, the Board shall follow the provisions of Section 22a-266(c).

#### **6.1.3 Applicability**

Notwithstanding that it may not be required by Section 22a-266(c) of the Act, this Section 6.1 shall apply to any Contract entered into after March 17, 1987 for management or operation of any CRRA Project or Solid Waste Facility (as defined in Section 22a-260 of the Act as well as any Facility as defined herein).

### **6.2 Mutual Purchasing**

Nothing herein shall be construed as preventing CRRA from joining with other public instrumentalities of the State, or State Agencies, in a mutual purchasing agreement or understanding or otherwise availing itself of a low responsible bid or award of a Contract for supplies, materials, equipment or contractual services if such arrangement or understanding is determined to be in the best interests of CRRA.

### **6.3 Solid Waste Processing Discretion**

Pursuant to Section 22a-266(c) of the Act, CRRA shall have power, in its discretion, either to purchase on a centralized basis, heavy solid waste processing equipment to be installed in waste management projects, or to require such purchase and installation as part of a construction Contract. CRRA shall conduct its contracting and purchasing operations in accordance with these Policies And Procedures.

### **6.4 Dispute Clause**

At CRRA's sole and absolute discretion, any dispute in connection with a CRRA Contract or other matter may be adjudicated through arbitration, mediation, or in a judicial proceeding. Any such judicial proceeding in connection with the foregoing shall be tried before a judge of the Superior Court of Connecticut.

### **6.5 No Invalidity**

Failure to follow any insubstantial procedure or policy herein shall not render any action taken ineffective unless such action is ineffective under the Act or other applicable law.

Adopted: January 22, 2004