

**CRRA
BOARD MEETING
SEPTEMBER 23, 2004**



**CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY**

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

MEMORANDUM

TO: CRRA Board of Directors
FROM: Kristen Greig, Legal Temp
DATE: September 17, 2004
RE: Notice of Meeting

There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, September 23, 2004 at 9:30 a.m. in the Board Room of 100 Constitution Plaza, Hartford, Connecticut.

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

Connecticut Resources Recovery Authority
Board of Directors Meeting

Agenda

September 23, 2004

9:30 a.m.

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. Employee Recognition

Certificate of Achievement for Excellence in Financial Reporting (Attachment 1).

IV. Executive Session

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

V. Minutes

1. Board Action will be sought for the approval of the July 22, 2004 Regular Board Meeting Minutes (Attachment 2).
2. Board Action will be sought for the approval of the August 5, 2004 Special Board Meeting Minutes (Attachment 3).
3. Board Action will be sought for the approval of the August 20, 2004 Special Board Meeting Minutes (Attachment 4).

VI. Finance

1. Board Action will be sought regarding Renewal of Casualty Insurance Program (Attachment 5).
2. Board Action will be sought regarding FY04 Audit Finance Statement (Attachment 6).
3. Board Action will be sought regarding the Adoption of an Issuance and Retirement of Bonds, Notes and Other Obligations of the Authority Procedure (Attachment 7).

4. Board Action will be sought regarding the Adoption of a Loans, Grants and Other Financial Assistance Procedure (Attachment 8).
5. Board Action will be sought regarding Projected Legal Expenditures (Attachment 9).

VII. Project Reports

A. Mid-Connecticut

1. Board Action will be sought regarding Odor Monitoring Services at the Waste Processing Facility (Attachment 10).
2. Board Action will be sought regarding Environmental Investigation Activities Associated with the Ellington Landfill (Attachment 11).
3. Board Action will be sought regarding Cover Soil Deliveries to the Hartford Landfill (Attachment 12).
4. Board Action will be sought for Ratification of Emergency Procurement Repairs to Recycling Scales (Attachment 13).

VIII. Legal

1. Board Action will be sought regarding Solid Waste Industry Specialist Legal Services (Attachment 14).

IX. Chairman's and Committee Reports

A. Policy and Procurement Committee

1. The Policy and Procurement Committee will report on its September 2, 2004 and September 9, 2004 meetings.

B. Organizational Synergy and Human Resources Committee

1. Board Action will be sought regarding the Continuation of health/Dental/Life/Long-term & Short-term Disability Insurance Programs (Attachment 15).
2. The Organizational Synergy and Human Resources Committee will report on its September 23, 2004 meeting.

TAB 1



Government Finance Officers Association
203 N. LaSalle Street - Suite 2700
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

07/14/2004

NEWS RELEASE

For Information contact:
Stephen Gauthier (312) 977-9700

(Chicago)--The Certificate of Achievement for Excellence in Financial Reporting has been awarded to **Connecticut Resources Recovery Authority** by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s), department or agency designated by the government as primarily responsible for preparing the award-winning CAFR. This has been presented to:

Nhan Vo-Le, Director of Accounting

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 15,000 government finance professionals with offices in Chicago, IL, and Washington, D.C.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Connecticut Resources Recovery Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Government Finance Officers Association
203 N. LaSalle Street - Suite 2700
Chicago, IL 60601
Phone (312) 977-9700 Fax (312) 977-4806

July 14, 2004

Nhan Vo-Le
Director of Accounting
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford CT 06103-1722

Dear Ms. Vo-Le:

We are pleased to notify you that your comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003, qualifies for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. Congratulations for having satisfied the high standards of the program. We hope that your example will encourage others in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Each entity submitting a report to the Certificate of Achievement review process is provided with a "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements in its financial reporting techniques. Your list has been enclosed. You are strongly encouraged to implement the recommended improvements into the next report and submit it to the program. If it is unclear what must be done to implement a comment or if there appears to be a discrepancy between the comment and the information in the CAFR, please contact the Technical Services Center (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.

Certificate of Achievement program policy requires that written responses to the comments and suggestions for improvement accompany the next fiscal year's submission. Your written responses should provide detail about how you choose to address each item that is contained within this report. These responses will be provided to those Special Review Committee members participating in the review.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. As the designated individual we have enclosed your AFRA.

Your Certificate of Achievement plaque will be shipped to you under separate cover in about eight weeks. We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and that appropriate publicity will be given to this notable achievement. A sample news release has been enclosed. We suggest that you provide copies of it to local newspapers, radio stations and television stations. In addition, enclosed is the Certificate Program "Results" for reports with fiscal years ended during 2002 representing the most recent statistics available.

A current holder of a Certificate of Achievement may include a reproduction of the award in its immediately subsequent CAFR. A camera ready copy of your Certificate is enclosed for that purpose. If you reproduce your Certificate in your next report, please refer to the enclosed instructions. A Certificate of Achievement is valid for a period of one year. To continue to participate in the Certificate of Achievement Program it will be necessary for you to submit your next CAFR to our review process.

In order to expedite your submission we have enclosed a Certificate of Achievement Program application form to facilitate a timely submission of your next report. This form should be completed and sent (postmarked) with three copies of your report, three copies of your application, three copies of your written responses to the program's comments and suggestions for improvement from the prior year, and any other pertinent material with the appropriate fee by December 31, 2004.

Your continued interest in and support of the Certificate of Achievement Program is most appreciated. If we may be of any further assistance, please contact Delores Smith (dsmith@gfoa.org or (312) 578-5454).

Sincerely,
Government Finance Officers Association

A handwritten signature in cursive script that reads "Stephen J. Gauthier". The signature is written in black ink and is positioned above the typed name of the signatory.

Stephen J. Gauthier, Director
Technical Services Center

SJG/ds

TAB 2

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED SEVENTY-FOURTH MEETING

JULY 22, 2004

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, July 22, 2004 at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors: Stephen Cassano, Vice Chairman
Benson Cohn
Mark Cooper
James Francis
Michael Jarjura (arrived at 9:51 a.m.)
Mark Lauretti
Theodore Martland
Raymond O'Brien
Andrew Sullivan
Timothy Griswold (ad hoc for Mid-Connecticut)
Sherwood Lovejoy (ad hoc for Bridgeport) (present until 1:01 p.m.)

Present from the CRRA staff:

Thomas Kirk, President
James Bolduc, Chief Financial Officer
Bettina Bronisz, Assistant Treasurer and Director of Finance
Peter Egan, Director of Environmental Affairs & Development
Floyd Gent, Director of Operations
Paul Nonnenmacher, Director of Public Affairs
Kristen Greig, Legal Temp

Present from the Office of the Attorney General:

Attorney General Richard Blumenthal
Arnold Menchel, Assistant Attorney General

Others in attendance: Peter Boucher, Esq. of Halloran & Sage, Frank Marci of USA Hauling & Recycling Inc., Paul Rachmuth, Esq. of Anderson Kill & Olick, Alice Sexton, Esq. of the State Ethics Commission, John Stafstrom, Esq. of Pullman & Comley, Christine Stuart of the Journal Inquirer, Joyce Tentor of HEJN, Jerry Tyminski of SCRRRA.

Chairman Pace called the meeting to order at 9:30 a.m. Chairman Pace requested that everyone stand for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

PUBLIC PORTION

Chairman Pace said that the first item on the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

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

ETHICS TRAINING

Chairman Pace requested a motion to add the referenced item to the agenda. The motion to add the item made by Director O'Brien and seconded by Director Cooper was approved unanimously.

Attorney Sexton from the State Ethics Commission gave a training session regarding the Code of Ethics and its applicability to the Connecticut Resources Recovery Board of Directors. Attorney Sexton distributed an Ethics Training Outline and an Op Ed piece by Michael Rion regarding ethics.

NEW BOARD MEMBER

Chairman Pace introduced and welcomed The Honorable Michael J. Jarjura to the CRRA Board of Directors. Director Jarjura is the Mayor of the City of Waterbury and will be filling the position previously held by Director Alex Knopp, whose term ended June 30, 2004.

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss pending litigation. Director O'Brien made the motion which was seconded by Vice Chairman Cassano. Chairman Pace requested that, in addition to the Directors, the following people remain during executive session:

Attorney General Blumenthal, Assistant Attorney General Menchel, Attorney Rachmuth, Attorney Stafstrom, Attorney Boucher, Mr. Kirk, Mr. Bolduc, and Ms. Bronisz.

The motion previously made and seconded was approved unanimously.

The Executive Session began at 10:05 a.m. and concluded at 11:36 a.m.

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

Chairman Pace reconvened the Board meeting at 11:37 a.m.

AUTHORIZATION REGARDING SETTLEMENT OF THE ENRON LITIGATION

Chairman Pace requested a motion regarding the referenced item. 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; and

WHEREAS, U.S. Bank National Association serves as trustee to the Authority (the “Trustee”) under that certain Resolution Authorizing the Issuance of Mid-Connecticut System Bonds, adopted March 13, 1985, as amended (the “Resolution”), which Resolution provides for the issuance of the Authority’s Mid-Connecticut System Bonds (the “Bonds”); and

WHEREAS, on or about December 22, 2000, the Authority entered into an Energy Purchase Agreement with Enron Power Marketing, Inc. (the “Energy Purchase Agreement”); and

WHEREAS, pursuant to the Resolution, the Energy Purchase Agreement, as the same was guaranteed by Enron Corp., was pledged to the Trustee to secure the Authority’s outstanding Bonds and the obligations of the Authority under the Resolution; and

WHEREAS, Enron Corp. and its affiliates, including Enron Power Marketing, Inc. (collectively, “Enron”), subsequently filed petitions for reorganization under the U.S. Bankruptcy Code; and

WHEREAS, as a result of such Enron bankruptcy filing, the Authority filed, and the Trustee caused to be filed, separate proofs of claim against Enron and became parties in interest under those certain Enron bankruptcy cases, seeking to recover losses sustained in connection with the failed transaction with Enron (the “Enron Litigation”); and

WHEREAS, a settlement of the Enron Litigation has been proposed which, among other conditions, requires the Trustee to withdraw those separate proofs of claim filed by the Trustee which are duplicative of those proofs of claim filed by the Authority; and

WHEREAS, the Authority has deemed it to be in its best interests to authorize the settling of the Enron Litigation, substantially in accordance with the terms and provisions of: (i) that certain settlement letter from Weil, Gotshal & Manges LLP to Attorney Paul Rachmuth of Anderson Kill & Olick, P.C., dated June 29, 2004 (the "Settlement Letter"), as presented to the Board of Directors of the Authority, and (ii) that certain Pledge Acknowledgment and Confirmation Agreement as to Proofs of Claim (the "Acknowledgment Agreement"), as proposed to be executed by and between the Authority and the Trustee, and as presented to the Board of Directors of the Authority; and

WHEREAS, the Attorney General, who is charged with supervision of all Enron-related litigation on behalf of the Authority pursuant Connecticut General Statutes, Section 220-268c, has strongly recommended approval of the terms of the proposed settlement set forth in the Settlement Letter.

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

Section 1. That the Authority hereby approves the settlement of the Enron Litigation substantially in accordance with the terms and provisions of the Settlement Letter.

Section 2. That the President of the Authority, for and in the name of and on behalf of the Authority, is authorized and directed to take any and all actions and to negotiate any and all such documents settling the Enron Litigation, substantially in accordance with the Settlement Letter.

Section 3. That the Authority hereby approves the terms and provisions of the Acknowledgment Agreement, and further authorizes the President of the Authority, for and in the name of and on behalf of the Authority, to enter into such Acknowledgment Agreement, substantially in accordance with the terms and provisions as presented to the Board.

Section 4. That the President of the Authority is 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 the President shall be conclusive as to the approval by the Authority of the terms thereof.

Section 5. This resolution shall take effect immediately.

Date: July 22, 2004

Director O'Brien seconded the motion.

Director Sullivan explained that the referenced matter had been thoroughly discussed in executive session and in a meeting with the Attorney General's Office.

Director Sullivan requested that the minutes reflect that the Pledge Acknowledgement Agreement was intended to have the status of a Supplemental Resolution.

Chairman Pace asked if the resolution had come to the Board with the recommendation of the Finance Committee. Director Sullivan answered in the affirmative.

Director O'Brien requested that the recommendation letter from the Attorney General be included in the minutes. (See Exhibit A).

Director Sullivan also noted that it was within the purview of the Board's authority to approve the acceptance of the settlement.

Directors O'Brien and Sullivan thanked and commended the Attorney General and all those involved in the process that brought the Board to the point of settlement.

Chairman Pace noted, for the record, that while the open session was brief, there was a detailed discussion in a lengthy executive session.

Attorney General Blumenthal stated that CRRA would not have made such progress without the Board's persistence, perseverance, courage, and the conviction that CRRA could be turned around. Attorney General Blumenthal noted that the settlement was an important step, but not the final step. Attorney General Blumenthal stated that his office would continue to work on CRRA's behalf and stated that he believed in CRRA's leadership.

Mr. Kirk thanked Attorney General Blumenthal on behalf of the management and expressed his appreciation for the Attorney General's recognition of the significant steps the new CRRA had taken to rebuild the organization.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		

Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

EXECUTIVE SESSION

Chairman Pace requested a motion to convene an executive session to discuss pending litigation, contract negotiations and personnel matters. Director Sullivan made the motion which was seconded by Vice Chairman Cassano. Chairman Pace requested, in addition to the Directors, that the following people remain during executive session:

Attorney Rachmuth, Attorney Stafstrom, Attorney Boucher, Mr. Kirk, Mr. Bolduc, and Ms. Bronisz.

The motion previously made and seconded was approved unanimously.

The Executive Session began at 11:50 a.m.

The Executive Session concluded at 1:01 p.m.

Chairman Pace reconvened the Board meeting at 1:02 p.m.

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

APPROVAL OF THE MINUTES OF THE MAY 17, 2004 SPECIAL BOARD MEETING, THE MAY 20, 2004 REGULAR BOARD MEETING AND THE JUNE 3, 2004 SPECIAL BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the May 17, 2004 special Board meeting, the May 20, 2004 regular Board meeting, and the June 3, 2004 special Board meeting. The motion was made by Director O'Brien and seconded by Director Cooper.

Regarding the May 20, 2004 minutes, Mr. Kirk stated that on page 12, the last sentence in the in the third paragraph should read, "Chairman Pace stated that he was positive MDC would continue to make efforts to reduce costs."

The motion previously made and seconded to accept the May 17, 2004, May 20, 2004 (as amended) and June 3, 2004 minutes was approved.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura			X
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING INITIATION OF THE BIDDING PROCESS AND CLAIM SOLICITATION IN CONNECTION WITH THE POTENTIAL SALE OF ANY RECOVERY ASSOCIATED WITH THE ENRON SETTLEMENT

Chairman Pace requested a motion to add the referenced item to the agenda. The motion to add the item made by Director Sullivan and seconded by Director O'Brien was approved unanimously.

Chairman Pace requested a motion regarding the referenced item. 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; and

WHEREAS, the Authority is a party in interest under those certain claims filed in connection with the Enron bankruptcy cases, seeking to recover losses sustained in connection with the failed transaction with Enron Corp. (the "Enron Litigation"); and

WHEREAS, in connection with the Enron Litigation, the Authority has been represented by both the Office of the Attorney General of the State of Connecticut, and the law firm of Anderson Kill & Olick, P.C., bankruptcy counsel to the Authority; and

WHEREAS, by separate resolution, the Board of Directors of the Authority has approved the settlement of the Enron Litigation (the “Enron Settlement”); and

WHEREAS, the Authority has deemed it to be in its best interests to sell the claim resulting from the Enron Settlement (the “Enron Settlement Claim”) to a third party pursuant to an established bidding process and claim solicitation procedure; and

WHEREAS, the Authority seeks to engage the services of Anderson Kill & Olick, P.C. to not only establish the bidding process, but also to conduct such solicitation and receipt of bids from interested parties and to report the results of such process to the Board of Directors of the Authority for final approval, all in connection with the sale of the Enron Settlement Claim.

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

Section 1. That the Authority is hereby authorized, subject to the provisions of this authorization, to sell its interests in the Enron Settlement Claim.

Section 2. That the firm of Anderson Kill & Olick, P.C., as bankruptcy counsel to the Authority, is hereby retained by the Authority to establish the bidding process, as well as to solicit and receive bids, all in connection with the sale of the Enron Settlement Claim.

Section 3. That Anderson Kill & Olick, P.C., in establishing and conducting the bidding process, shall consult with the Steering Committee of the Board of Directors, the President and the Chief Financial Officer of the Authority.

Section 4. That any sale of the Enron Settlement Claim shall be subject to the final review and approval of the Board of Directors, after consultation with counsel to the Authority, of those bids received by Anderson Kill & Olick, P.C. and submitted to the Board of Directors in connection with the established bidding procedures.

Section 5. That the President and Chief Financial Officer of the Authority are hereby authorized to take all actions and to execute any and all agreements in connection with the solicitation and receipt of bids relating to the sale of the Enron Settlement Claim.

Section 6. This resolution shall take effect immediately.

Date: July 22, 2004

Director O’Brien seconded the motion.

Director Sullivan stated that both the Finance Committee and the Board of Directors thoroughly reviewed the matter at length in executive session.

Director Sullivan explained that the resolution authorized Anderson Kill & Olick P.C. to begin engaging in the possibilities of selling the claim. Director Sullivan said that the marketplace indicated that a sale might result in a premium. Director Sullivan stated that he was in favor of the decision to sell because it eliminated the risk associated with the stock portion of the Enron bankruptcy payout.

Director Sullivan emphasized that the resolution did not necessarily mean that CRRA was going to sell the claim. It meant the CRRA would accept proposals from various organizations, evaluate the best offers, and decide if a sale was the best course of action.

Director Sullivan stated that the Finance Committee was unanimous in its support of the action. Director Sullivan added that in the letter from Attorney General Blumenthal (See Exhibit A), Attorney General Blumenthal said that the decision to sell the claim was a business decision of the CRRA Board of Directors and it was in the purview of the Board's authority to execute the resolution and the potential sale.

Director Martland asked if it was necessary to state that the process was being handled according to federal guidelines. Chairman Pace responded that the Board had taken the advice of its attorneys, including the Attorney General and Anderson Kill & Olick, among others, in relationship to what jurisdiction governed the action and to ensure the action adhered in both language and in intent.

Chairman Pace stated that resolution required a three-step process. The first step was accepting the settlement, which the Board approved with the Attorney General's recommendation. The second step was the initiation of the bidding process and the claim solicitation. The final step was the Board's decision to sell or not to sell the claim, which had not yet been determined.

Chairman Pace also noted that while the discussion seemed brief, there was a lengthy executive session in which the matter was thoroughly discussed.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		

Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

AUTHORIZATION REGARDING APPROVAL OF FISCAL YEAR 2004 MDC BUDGET TRANSFERS

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

RESOLVED: That the following transfers, as requested by the MDC, be authorized as substantially presented and discussed at this meeting:

- Transfer \$18,105 from the Waste Transfer and Transportation Administration function to the Ellington Transfer Station function
- Transfer \$13,150 from Waste Processing Facility function to the Administration function

Director O'Brien seconded the motion.

Mr. Bolduc explained that the agreement with MDC required CRRA Board approval for transfers of funds within the MDC budget. Mr. Bolduc said the resolution would authorize a transfer between two cost centers, which would have no net effect on the budget.

Chairman Pace asked why CRRA was paying the employee a premium over what the previous employee was paid. Mr. Bolduc responded that activities had been consolidated and the employee was currently filling two positions, which resulted in an offset in savings.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		

Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

AUTHORIZATION REGARDING INCREASE OF AUDIT SERVICE FEES

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

RESOLVED: That the President is hereby authorized to enter into a First Amendment to the Independent Auditing Services Agreement with Carlin, Charron & Rosen, LLP to pay for additional fees, not to exceed \$6,000, for changes in the scope of services associated with new pronouncements issued by GASB as substantially presented and discussed at this meeting.

Director O'Brien seconded the motion.

Director Sullivan stated that the increase in fees was a result of changes in the scope of service. Director Sullivan stated that Carlin, Charron & Rosen's fees were originally scheduled to increase from \$19,000 to \$20,000 in 2005. Director Sullivan said that Scott Trenholm of Carlin, Charron & Rosen agreed to cap the fees, including the increase, at \$25,000 for 2004 and 2005.

The motion previously made and seconded was approved.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis		X	
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING ALLOCATION OF FUNDS WITHIN THE WALLINGFORD "NET ASSET ACCOUNT" AND CREATION OF FUTURE PLANNING RESERVE FUND

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

WHEREAS, the balance as of June 30, 2003 in the unrestricted/undesignated net asset account ("Undesignated Balance" and "Net Asset Account") for the Wallingford Project is \$11,677,000; and

WHEREAS, the balance as of June 30, 2003 in the Wallingford System Municipal Disposal Fee Stabilization Fund ("Stabilization Fund") is \$5,400,000, to be used for the purposes defined in the Wallingford System Amended and Restated Municipal Solid Waste Delivery and Disposal Contracts between the Participating Municipalities of the Wallingford Project and CRRA (the "MSAs") and for ameliorating the anticipated significant decline in electric revenues and increases in other operating costs prior to 2010; and

WHEREAS, the Board of Directors and Wallingford System Policy Board have agreed that \$4,500,000 of the Undesignated Balance should be credited to the Stabilization Fund; and

WHEREAS, Connecticut General Statute § 22a-267(6) authorizes the Board of Directors to segregate such CRRA revenues as may at any time be adjudged by said directors to be surplus to the needs of CRRA to meet its contractual and other obligations and to provide for its operations or other business purposes, and to equitably redistribute such segregated surplus revenues to some or all of the users of the system in accordance with applicable provisions of the state solid waste management plan; and

WHEREAS, the Board of Directors has adjudged that \$1,177,000 of the Undesignated Balance is surplus to the needs of CRRA to meet its contractual and other obligations and to provide for its operations or other business purposes (the "Surplus Revenues") and CRRA's independent auditor has certified that the amount of the Surplus Revenues reflected as Undesignated Balance is represented by cash and/or investments; and

WHEREAS, the Wallingford System Policy Board has requested that \$1,177,000 of the Undesignated Balance be distributed to the Participating Municipalities;

IT IS HEREBY RESOLVED:

That \$4,500,000 from the Net Asset Account be credited to the Stabilization Fund;

That \$1,177,000 from the Net Asset Account be restricted for distribution to the Participating Municipalities based on the relative amounts of Acceptable Solid Waste delivered by the Participating Municipalities in the Contract Years beginning July 1, 1999 and ending June 30, 2003, as follows:

	Tons Delivered	Amount
Cheshire	102,138	\$158,893
Hamden	162,013	\$252,038
Meriden	165,970	\$258,193
North Haven	132,842	\$206,657
Wallingford	193,626	\$301,219

That as an alternative to the above immediate distribution of Surplus Funds, and at the request of any Participating Municipality, such Municipality's portion of the \$1,177,000 segregated and placed in a restricted cash account to be known as the Future Planning Reserve Accounts ("Future Funds") for purposes such as transitioning the Wallingford Project tip fee subsequent to termination of the existing MSAs from project based costing to market pricing;

That any funds so deposited in the restricted Future Fund shall be identified as allocable to such Participating Municipality and shall be held for that Participating Municipality's benefit only, and shall be protected from any other use except for the benefit of the Participating Municipality to which those funds are allocable;

That each Participating Municipality's share shall be placed in the Future Fund until such time as the Participating Municipality elects, in writing, to receive its share as a distribution; and

That those funds that remain in the Future Fund will be invested in accordance with CRRA's Investment Policy.

Be it recommended to the CRRA Board of Directors that:

- (1) \$4,500,000 from the New Asset Account be credited to the Municipal Disposal Fee Stabilization Fund; and
- (2) That \$1,177,000, as judged by CRRA as surplus in the Net Asset Account, be dispersed to the Wallingford Project Participating Municipalities; and
- (3) That the dispersion be based on the relative amounts of Acceptable Solid Waste delivered by each municipality in the Contract Years beginning July 1, 1998 and ending June 30, 2003 as follows:

<u>Municipality</u>	<u>Tons Delivered</u>	<u>Amount</u>
Cheshire	102,138	\$158,893
Hamden	162,013	\$252,038
Meriden	165,970	\$258,193
North Haven	132,842	\$206,657
Wallingford	193,626	\$301,219

Director O'Brien seconded the motion.

Director Sullivan said that the resolution was reflective of what the member towns in the Wallingford Project wanted to do within their Project.

Chairman Pace noted that the towns individually could elect whether or not to withdraw the funds at the current time. Chairman Pace stated that the Wallingford Policy Board had already approved the action on their part.

Director Sullivan stated that the Stabilization Fund was important to the towns because they had such a favorable energy contract. Director Sullivan said that CRRA and the Wallingford Project towns wanted to be sure there were funds available for tip fee mitigation when the energy contract expired.

Mr. Bolduc added that the resolution was drafted to clearly delineate between the responsibilities of the CRRA Board in the Project through 2010 and the Wallingford Policy Board's responsibilities post-2010.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**AUTHORIZATION REGARDING PURCHASE OF WORKERS
COMPENSATION INSURANCE FOR CONNECTICUT RESOURCES
RECOVERY AUTHORITY EMPLOYEES**

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

RESOLVED: In recognition of the requirement that CRRRA comply with Connecticut’s workers compensation statutes, Connecticut Resources Recovery Authority Board of Directors hereby ratifies the actions taken to acquire workers compensation insurance from Connecticut Interlocal Risk Management Agency (CIRMA) for the period 7/1/04-10/1/05 for a premium not to exceed \$72,836.

Director O’Brien seconded the motion.

Director Sullivan explained that the Board had previously approved a premium not to exceed \$65,000 for the period 7/1/04-6/30/05. Director Sullivan said the resolution was in response to an effort to get policy periods in sync. The increase represented a three month premium that would extend the policy through October 1 when other policies expired.

Director Sullivan noted the resolution was recommended by the Finance Committee.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

**AUTHORIZATION REGARDING COOPERATIVE SERVICES AGREEMENT
BETWEEN CONNECTICUT RESOURCES RECOVERY AUTHORITY AND
UNITED STATES DEPARTMENT OF AGRICULTURE ANIMAL AND PLANT
HEALTH INSPECTION SERVICE WILDLIFE 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 execute an agreement with the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services, for the control of nuisance birds at the Hartford Landfill, substantially as presented and discussed at this meeting.

Director Sullivan seconded the motion.

Mr. Kirk stated that CRRA had a commitment to the host community and neighbors in the north end of Hartford to improve the operations of the landfill. Mr. Kirk said that improvement was a priority and that there had been significant progress, especially in vector control. Mr. Kirk explained that CRRA had taken responsibility of vector control back from its vendors. The USDA had previously been hired on a temporary basis for the control of nuisance birds with much success. Mr. Kirk stated that management was recommending a full year contract with the USDA to continue work at the landfill.

Chairman Pace asked who had been responsible for vector control at the landfill prior to CRRA reclaiming responsibility. Mr. Kirk responded that MDC was previously responsible for vector control.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

**AUTHORIZATION REGARDING AN RDF FLOOR REPAIRS AGREEMENT
AT THE WASTE PROCESSING 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 Gardner Engineering, Inc. to implement repairs to the RDF floor located at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Gent said that CRRA solicited competitive bids for repair of the floor in the Refuse Derived Fuel (RDF) area. The work entailed repairing 6,400 square feet with 8,000 psi concrete. Mr. Gent explained that the concrete slab was structural and worn to the point where rebar was exposed.

Director O'Brien, referencing the Financial Summary, noted that \$385,000 was budgeted between FY04 and FY05. Director O'Brien asked if any of the budgeted funds had been used. Mr. Gent responded that approximately \$165,000 was allocated to FY04, but it had not been spent.

Chairman Pace asked whether the repairs would affect the productivity of the area. Mr. Gent responded that a structure would be built to allow material to be processed while the repairs were being completed. Chairman Pace asked if the contractor operating the facility was aware of the repairs to be made. Mr. Gent stated that there would be close coordination between the operating contractor and the construction contractor and that no delays were anticipated.

Mr. Kirk said that CRRA had been working closely with MDC to improve processes and procedures to minimize the impact upon customers. Mr. Kirk added that rubber-tip blades were now used on front-end loaders to avoid damage to the concrete.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		

Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

AUTHORIZATION REGARDING EMPLOYMENT OF BROWN RUDNICK BERLACK & ISRAELS LLP TO PROVIDE LEGAL SERVICES ON MATTERS REGARDING THE ELLINGTON LANDFILL

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

RESOLVED: That the President is hereby authorized to enter into a Request for Services pursuant to the three year legal services agreement with Brown Rudnick Berlack & Israels LLP for services associated with Ellington Landfill property matters, substantially as discussed and presented at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Kirk stated that this matter was discussed in executive session and that Brown Rudnick Berlack & Israels would be utilized for both real estate and environmental matters. Mr. Kirk explained that the decision was a slight modification from the typical process of choosing a separate real estate panel attorney for the work.

Chairman Pace requested an explanation of the estimated contract value. Mr. Kirk responded that the estimated value of the contract was \$80,000, but stated that the cost could be significantly less.

Chairman Pace stated that the issue had been standing when the new Board came into effect, but that CRRA was continuously working towards a resolution.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		

Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

AUTHORIZATION REGARDING ELLINGTON TRANSFER STATION LEASE

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

RESOLVED: That the President is authorized to enter into the Ellington Transfer Station Equipment Lease substantially as presented and discussed at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Kirk explained that the transportation and operations associated with the Ellington Landfill would be transferred to CWPM. The Equipment Lease would complete the transaction by providing for CWPM’s legal operation of the equipment for the benefit of CRRA.

Director Martland asked if there was a hold harmless clause in the agreement. Mr. Kirk stated that all issues had been resolved to the satisfaction of CRRA’s legal counsel and that CRRA was indemnified.

Chairman Pace stated that the transfer was part of CRRA’s effort to reduce costs and increase efficiency. Mr. Kirk added that there were significant savings as a result of the change of contractors.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

AUTHORIZATION REGARDING FIRST AMENDMENT TO THE TOWN OF SOUTHURY'S MUNICIPAL SOLID WASTE MANAGEMENT SERVICES AGREEMENT

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

RESOLVED: That the President is authorized to execute the First Amendment to the Town of Southbury's Solid Waste Management Services Agreement substantially as presented and discussed at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Gent explained that the above-referenced Amendment was in response to congestion problems at the Watertown Transfer Station. Mr. Gent said that Southbury brought over 300 loads a year to the Watertown Transfer Station, which were then reloaded for transport to Hartford. Redirection of the town's residential hauler to the Waste Processing Facility would save costs associated with double handling the waste and reduce congestion at the Watertown Transfer Station.

Mr. Gent said that CRRA would reimburse the hauler for the increase in costs associated with hauling the waste to Hartford. Chairman Pace requested confirmation that CRRA would be offsetting the costs.

Director Cooper stated that he would abstain from the vote due to the conflict, but stated that there was a benefit to all of the Mid-Connecticut Project towns because it kept operational costs down by eliminating the reloading of the waste at the Watertown Transfer Station. Mr. Kirk added that the towns that used the Watertown Transfer Station would also benefit by the reduction in congestion.

Mr. Gent stated that the Southbury Town Council had not yet acted on the proposal and the action was subject to their approval. Mr. Gent said action was expected by the Southbury Town Council no later than August 5.

Director O'Brien recognized the savings from eliminating the reloading, but noted that there was an out-of-pocket expenditure of \$9.04 per ton. Director O'Brien asked what the source of those funds was and if they were being offset. Mr. Gent responded that cost savings was realized because CRRA had a transportation agreement with CWPM. Once the waste was loaded on the trailer at Watertown, CRRA paid over \$12.00 per ton for transport to Hartford. Under the amendment, Southbury's hauler would charge the referenced \$9.04 per ton, resulting in a savings to CRRA of approximately \$3.00 per ton.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper			X
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

AUTHORIZATION REGARDING THE FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT FOR OPERATION AND MAINTENANCE OF POWER BLOCK FACILITY BETWEEN CONNECTICUT RESOURCES RECOVERY AUTHORITY AND RESOURCE RECOVERY SYSTEMS OF CONNECTICUT, INC. FOR THE INSTALLATION AND OPERATION OF A DOLOMITIC LIME SYSTEM FOR ASH STABILIZATION

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

RESOLVED: The President is hereby authorized to execute the First Amendment to Amended and Restated Agreement For Operation and Maintenance of Power Block Facility for the installation and operation of a Dolomitic Lime Ash Stabilization System with Covanta Mid-Conn, Inc., formerly known as Resource Recovery Systems of Connecticut, Inc., substantially in accordance with the terms and conditions discussed at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Gent stated that the Board approved the construction of the Dolomitic Lime System in December. Mr. Gent said that an Operation and Maintenance fee had not been negotiated at that time. The proposed amendment included a fee for operation and maintenance through 2012 as well as approval of the terms and conditions related to the installation, design, and construction of the Dolomitic System.

Director Sullivan stated that the fee for operation and maintenance was approximately 8% of the construction costs and asked if that was standard. Mr. Kirk responded that there was not typically a relationship between construction costs and operation and maintenance costs.

Chairman Pace asked for a brief overview of why the system was needed. Mr. Gent responded that there had been concerns regarding the make-up of the waste which could potentially exceed Toxicity Characteristic Leaching Procedure (TCLP) limits. Mr. Gent explained that studies had shown that controlling the pH in the ash could assure that TCLP requirements were met.

Director O'Brien asked when the construction was expected to be complete. Mr. Gent responded that he expected the system would be complete in October. Director O'Brien asked where the funds for operation and maintenance would come from. Mr. Gent responded that the funds were budgeted for, and that the actual fees were lower than the budgeted amount.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			

AUTHORIZATION REGARDING METALS AND NON-PROCESSIBLE WASTE MARKETING, TRANSPORTATION AND DISPOSAL SERVICES

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

RESOLVED: That the President is authorized to enter into the agreement with CWPM, LLC for Metals and Non-Processible Marketing and Transportation and Disposal Services for the Wallingford Project substantially as presented and discussed at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Gent stated that CRRA issued a Request for Bids for hauling services for metals and non-processible waste received at the Wallingford plant. Mr. Gent informed

the Board that only one bid was submitted due to the small size of the order. Mr. Gent said that the price was reasonable and gave an overview of where the metals and non-processible waste were delivered.

Mr. Kirk agreed that the price was reasonable, but noted that CRRA would review its standard requirements and procedures to ensure that the smaller scale jobs would attract more competitors.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Laretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING ADOPTION OF THE DELINQUENT HAULER NOTIFICATION PROCEDURE

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

RESOLVED: That the Board of Directors hereby adopts the Delinquent Hauler Notification Procedure, substantially as presented and discussed at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Bolduc explained that the procedure detailed how the Billing Department would process delinquencies. Mr. Bolduc added that the procedure allowed CRRA to satisfy the statutory requirement that CRRA notify the municipality when its hauler was delinquent in paying tipping fees for three consecutive months.

Vice Chairman Cassano asked if the procedure had been proposed to the haulers. Mr. Bolduc stated that he thought the procedure should be a non-event, because the

procedure was mostly intended to provide a notification process so the towns were aware of any problems with the haulers.

Mr. Gent stated that the matter would be brought up at the next quarterly hauler meeting and confirmed that the procedure was consistent with current procedures.

Director Sullivan asked whether there had been many adverse experiences. Mr. Gent responded that there had been problems with a small number of haulers. Mr. Kirk stated that it was remarkable how few problems there had been regarding accounts receivable from the haulers.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING WASTE DISPOSAL SERVICES

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

RESOLVED: That the President is authorized to enter into the agreement with the Town of Windsor for the disposal of MSW and process residue at the Bloomfield-Windsor Landfill substantially as presented and discussed at this meeting

Director Cooper seconded the motion.

Vice Chairman Cassano made a motion to amend the resolution to read as follows:

RESOLVED: That the President is authorized to enter into the agreement with the Town of Windsor for the disposal of MSW and process residue at the Bloomfield-Windsor Landfill substantially as presented and discussed at this meeting

BE IT FURTHER RESOLVED: That the CRRA will continue to work with the Towns of Bloomfield and Windsor to resolve disputed landfill issues still needing resolution

Director Cooper seconded the motion as amended.

Mr. Kirk stated that management supported the amended resolution. Mr. Kirk said it was CRRA's desire to be as helpful and cooperative as possible in assisting Bloomfield and Windsor resolve their dispute over the landfill. Mr. Kirk stated that he would like to help both towns and the 70 members of the Mid-Connecticut Project by signing the proposed agreement with the Town of Windsor. The agreement would provide additional disposal opportunities for the 70 towns of Mid-Conn and provide a plan for the Windsor Landfill, which would create significant revenue for the closure and post-closure monitoring of the landfill.

The amended motion as previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING FIRST AMENDMENT TO EQUIPMENT LEASE FOR TORRINGTON AND WATERTOWN TRANSFER STATION ROLLING STOCK AND AMENDMENT NO. 6 TO AGREEMENT FOR WASTE TRANSPORTATION AND TRANSFER STATION AND ROLLING STOCK OPERATION AND MAINTENANCE SERVICES

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

RESOLVED: That the President is authorized to enter into the First Amendment to the Equipment Lease and Amendment No. 6 substantially as presented and discussed at this meeting.

Vice Chairman Cassano seconded the motion.

Mr. Gent stated that purpose of Amendment Number 6 was to transfer the per ton rates for CWPM from the various transfer stations in Wallingford to Windsor. Mr. Gent stated that there was a discrepancy in the previous valuation of the equipment. Mr. Gent said the Amendment corrected that discrepancy in the buy-out price and the equipment lease.

Mr. Gent stated that there had also been equipment that was not transferred that was listed on the original schedule of equipment. The Amendment clarified any misconception that the equipment was owned by CWPM.

Mr. Kirk noted that CWPM was very cooperative in effectuating the changes. Mr. Kirk stated he looked forward to the conclusion of the issues associated with contract.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

AUTHORIZATION REGARDING THE COMPENSATORY TIME POLICY

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

RESOLVED: That the new Compensatory-time Policy of the Connecticut Resources Recovery Authority be adopted substantially in the form as approved by the Organizational Synergy and Human Resources Committee.

Vice Chairman Cassano seconded the motion.

Vice Chairman Cassano stated that there were not any significant changes to the existing policy, but that minor changes were made to be consistent with the new timekeeping software. Vice Chairman Cassano noted that the policy defined that employees could not use comp time as part of their notice of resignation period and that it allowed for a pay-out of accrued comp time upon separation of employment.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			

CHAIRMAN'S REPORT

Chairman Pace read a letter sent to former Director Alex Knopp on behalf of the Board. Chairman Pace thanked Director Knopp for his contribution to the CRRA Board.

ADJOURNMENT

Chairman Pace 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 1:52 p.m.

Respectfully Submitted,

Kristen B. Greig

Kristen B. Greig

Legal Temp

EXHIBIT A

RICHARD BLUMENTHAL,
ATTORNEY GENERAL



55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut
July 21, 2004

Mr. Michael Pace
Chairman
Connecticut Resources Recovery Authority
100 Constitution Plaza
Hartford, CT 06103-1722

Dear Mr. Pace:

As you are aware, as part of our ongoing effort to maximize CRRA's recovery of assets lost in the CRRA-Enron transaction, my office brought claims against Enron and various Enron affiliates in the bankruptcy court in the Southern District of New York. I am happy to report that, by letter dated June 29, 2004, Enron has agreed to our proposed settlement of the claims.

Under the settlement, Enron has agreed to recommend that the bankruptcy judge approve a claim value of \$220 million. If this is approved by the judge, we estimate that CRRA can expect an ultimate payout of approximately \$80 million at the end of the bankruptcy proceeding. Thus, the proposed settlement achieves our mutual goal of maximizing CRRA's recovery from Enron in the bankruptcy proceeding. The Proposed Settlement is highly advantageous to CRRA, and for the first time gives CRRA certainty as to the size of its expected bankruptcy recovery. For these reasons, I strongly recommend that the CRRA board approve the proposed settlement with Enron.

We understand that an active market has emerged for the sale of approved bankruptcy claims, such as the one that CRRA will hold against Enron if the proposed settlement is approved by the bankruptcy court. If CRRA's Directors were to conclude in the exercise of their business judgment that it would be prudent for CRRA to sell its bankruptcy claim under a competitive bidding process, CRRA has full authority to do so, without any necessity of returning to this office for approval. Any such sale would not fall into the sphere of a litigation decision within the authority of my office, but would rather be a business decision for CRRA to make alone.

I will be present at tomorrow's meeting of the CRRA board to discuss the proposed settlement more fully and answer any questions you may have.

Very truly yours,



Richard Blumenthal
Attorney General

TAB 3

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED SEVENTY-FIFTH MEETING

AUGUST 5, 2004

A Special telephonic meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, August 5, 2004 at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors: Stephen Cassano, Vice-Chairman
 Mark Cooper
 James Francis
 Michael Jarjura
 Mark Laretti
 Theodore Martland
 Raymond O'Brien
 Andrew Sullivan

Present from the CRRA staff:

Thomas Kirk, President
Jim Bolduc, Chief Financial Officer
Floyd Gent, Director of Operations
Paul Nonnenmacher, Director of Public Affairs & Communications
Chris Fancher, Senior Engineer
Kristen Greig, Legal Temp

Also in attendance was: Peter Boucher of Halloran & Sage, LLP

Chairman Pace called the meeting to order at 11:07 a.m. and noted that a quorum was present.

- 1. Resolution regarding the First Amendment to the Energy Purchase Agreement and the Power Purchase and Sales Agreement between Connecticut Resources Recovery Authority and Select Energy, Inc.**

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 the First Amendment to the Energy Purchase Agreement with Select Energy, Inc. substantially in accordance with the terms and conditions discussed at this meeting.

FURTHER RESOLVED: That the President is hereby authorized to execute the First Amendment to the Power Purchase and Sales Agreement with Select Energy, Inc. substantially in accordance with the terms and conditions discussed at this meeting.

FURTHER RESOLVED: That the President is hereby authorized to terminate the existing Escrow Agreement with Select Energy, Inc. and U.S. Bank National Association dated June 30, 2003 (covering the Energy Purchase Agreement) and to allocate the \$1,000,000.00 currently on deposit under the existing Escrow Agreement, to a new Escrow Agreement with Select Energy, Inc. and U.S. Bank National Association (covering the Energy Purchase Agreement and the Power Purchase and Sales Agreement as amended)("New Escrow Agreement").

FURTHER RESOLVED: That the President is hereby authorized to execute the New Escrow Agreement, substantially in accordance with the terms and conditions discussed at this meeting.

FURTHER RESOLVED: Upon release or dissolution of the Escrow Fund, the monies will be placed in a separate holding account pending designation or other distribution by the Board of Directors.

Director Martland seconded the motion.

Mr. Gent explained that the resolution encompassed two transactions with Select Energy, Inc. The first was an amendment to the Energy Purchase Agreement and the second was an amendment to the Power Purchase and Sales Agreement.

Mr. Gent stated that the Energy Purchase Agreement provided for the sale of 250,000 megawatt hours of energy only and the amendment extended the term of the agreement for two years through fiscal year 2007. Mr. Gent noted that the agreement included a rate-lock for the two additional years at an average of \$52.00 per megawatt, which would result in an estimated \$9.5 million benefit over what the rate would have been with CL&P.

Regarding the Power Purchase and Sales Agreement, Mr. Gent said that the current agreement with Select Energy had a provision that either party could terminate the agreement with a two year notice. Mr. Gent explained that even though the contract was effective through 2010, that provision essentially meant that it was only a two-year agreement. The proposed amendment to the Power Purchase and Sales Agreement would eliminate the termination provision and extend the term through 2012, to coincide with the expiration of the Mid-Conn municipal agreements. Mr. Gent added that the current rate would remain the same through 2012. Mr. Gent said the amendment would also provide for security with a Parent Guaranty and a contingent letter of credit.

Director Martland asked why there was such a variance between the on-peak and off-peak prices. Mr. Gent responded that the prices varied due to supply and demand. Peak rates

included weekdays and off-peak rates included nights and weekends. Mr. Kirk also explained that monthly variations were a result of seasonal changes and heating and air conditioning loads.

Chairman Pace noted that the energy rates had been updated since the Board received its Board package. Mr. Gent noted that the most recent dates were from July 30. Mr. Gent stated that an agreement had been reached with Select Energy that any changes in the pricing between July 30 and the Board meeting would be based on an agreed upon formula relating to the Henry Hub gas price.

Director Sullivan asked if the average rate provided was weighted by volume and peak or off-peak for FY05 through FY 07. Mr. Gent answered in the affirmative and stated that the average rate was an estimated number based on projected production. Mr. Fancher noted that the average rate covered FY06 and FY07, not FY05.

Director Sullivan asked what revenue CRRA was currently getting from the jets. Mr. Kirk responded that there were two sources of revenue. The first was the sale of products from the jet to the buyer, with the exception of one product. Mr. Fancher stated that the annual revenue from the jets was approximately \$5.5 million. The second source of revenue was the Black Start Capability payment which was about \$700,000 per year.

Mr. Kirk explained that Select Energy would not currently be making money from the purchase of the products from the jets, but was counting on those products growing into assets, such as future payments to owners of capacity in areas of demand.

Director Sullivan asked if it was possible to reduce the \$20 million reserve. Mr. Gent replied that it was CRRA's hope that the amendment would result in a revenue stream that would cover the cost of operating the both the jets and the steam turbines and eliminate the need to tap into the reserve. Mr. Gent added that Mr. Fancher had retained R.W. Beck to conduct a study on the expenses related to the steam turbine through 2012 to determine what a reasonable reserve amount was. Director Sullivan stated that previous management wanted to reduce the amount held in the reserve, but there was a problem with the value of the assets which prevented them from doing so. Director Sullivan said that, based on the bond indentures, he believed there had to be a certain amount of coverage relative to value. Mr. Gent stated that because the Agreement was essentially a two-year agreement, the previous management only looked at the market value of the equipment. Mr. Gent explained that there was residual value for the jets, but the amendment secured a revenue stream that more than offset the costs of running the jets and the steam turbine.

Director Lauretti asked how the value was being defined. Mr. Kirk responded that the value did not include real estate, but only hardware that could be relocated.

Mr. Bolduc stated that there was a technical issue that was being discussed with bond counsel and the accountants regarding who would have rights to any excess reserves. Mr. Bolduc stated that the reserve was set up as Non-project dollars, but since Non-Project Ventures were eliminated it would have to be determined where excess revenues would go.

Director O'Brien stated that the Board should also be aware that if the amendment was approved, CRRA had a long-term commitment through 2012 with no right to terminate. Director O'Brien stated that it was important that CRRA receive the second phase of the R.W. Beck report to ensure there were appropriate reserves to meet that obligation.

Chairman Pace stated that the third component of the resolution was the transfer of the escrow account. Chairman Pace asked for confirmation that there was currently \$1 million held in escrow. Mr. Gent confirmed and noted that the same \$1 million would be used and would provide security to Select Energy for the Energy Purchase Agreement and the Power Sales Agreement.

Chairman Pace stated that Mr. Fancher had mentioned trying to work with Covanta to readjust their schedule to provide a benefit to CRRA. Mr. Kirk explained that there were ways to maximize operation and generation in the high-priced months and said that CRRA would work with Covanta to maximize those benefits.

Director Sullivan asked when the Amendments would be executed. Mr. Gent stated that Select Energy and CRRA were prepared to execute the Amendments later that afternoon.

The motion previously made and seconded was approved unanimously.

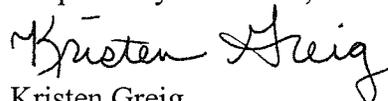
Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 11:42 a.m.

Respectfully submitted,



Kristen Greig
Legal Temp

TAB 4

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED SEVENTY-SIXTH MEETING

AUGUST 20, 2004

A Special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Friday, August 20, 2004 at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors: Stephen Cassano, Vice-Chairman (present by telephone)
 Mark Cooper
 James Francis
 Michael Jarjura
 Edna Karanian
 Mark Laretti
 Raymond O'Brien
 Andrew Sullivan

Present from the CRRA staff:

Thomas Kirk, President
Jim Bolduc, Chief Financial Officer (present by telephone)
Bettina Bronisz, Assistant Treasurer & Director of Finance (present by telephone)
Paul Nonnenmacher, Director of Public Affairs & Communications
Kristen Greig, Legal Temp

Also in attendance were: Brian Anderson of AFSCME, Council 4, Peter Boucher of Halloran & Sage, LLP, Larry Dorman of AFSCME, Christine McCluskey of the Journal Inquirer, Paul Rachmuth of Anderson Kill & Olick (present by telephone), Kathleen St. Onge of Halloran & Sage, LLP, and Douglas Woods of MDC.

Chairman Pace called the meeting to order at 4:12 p.m. and noted that a quorum was present.

Pledge of Allegiance

Chairman Pace requested that everyone stand for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

Chairman Pace stated that the Steering Committee had a lengthy meeting with management and legal counsel to present the Board with the resolution to be introduced at the meeting.

Chairman Pace introduced a new member of the Board of Directors, Ms. Edna Karanian. Mr. Kirk stated that Director Karanian replaced former Director Christopher Blake as an energy expert.

Director Sullivan stated that the bids up for consideration had a sunset clause which expired at 5:00 p.m. and requested that the meeting be conducted in an expeditious fashion.

EXECUTIVE SESSION

Chairman Pace requested a motion to go into Executive Session. The motion made by Director O'Brien and seconded by Director Cooper was approved unanimously. Chairman Pace requested that the following people remain for the Executive Session:

Chairman Michael Pace	Tom Kirk
Vice Chairman Stephen Cassano (via telephone)	Jim Bolduc (via telephone)
Mark Cooper	Bettina Bronisz (via telephone)
James Francis	Peter Boucher of Halloran & Sage
Michael Jarjura	Paul Rachmuth of Anderson, Kill & Olick (via telephone)
Edna Karanian	Kathleen St. Onge of Halloran & Sage
Mark Laretti	
Raymond O'Brien	
Andrew Sullivan	

The Executive Session began at 4:16 p.m. and concluded at 4:42 p.m. Chairman Pace noted that no votes were taken in Executive Session.

Chairman Pace reconvened the Board meeting at 4:43 p.m.

RESOLUTION REGARDING THE APPROVAL OF THE SALE OF THE ENRON SETTLEMENT CLAIM

Chairman Pace requested a motion on the referenced topic. Director O'Brien 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; and

WHEREAS, on July 22, 2004, the Board of Directors of the Authority approved a resolution (the "Resolution") authorizing the sale of its interests in the \$221 million settlement (the "Enron Settlement Claim") received in connection with those certain proofs of claim filed in connection with the litigation entitled In Re Enron Corp., et al., Chapter 11 Case No. 01-16034 (S.D.N.Y.); and

WHEREAS, the Resolution stated that such sale was to be conducted pursuant to a bidding and solicitation process to be established by the Authority's bankruptcy counsel, Anderson Kill & Olick, P.C., the results of which were to be submitted to the Board of the Directors of the Authority for final approval of the successful bidder and sale of the Enron Settlement Claim; and

WHEREAS, Anderson Kill & Olick, P.C. has conducted such bidding and solicitation process, and has submitted those interested parties, and the respective bids thereof, to the Board of Directors of the Authority for review and consideration.

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

Section 1. Upon the review and consideration by the Board of Directors of the Authority, and consultation with the Authority's counsel, the Board of Directors of the Authority hereby approves the sale of the Enron Settlement Claim to the highest qualified bidder, pursuant to and substantially in accordance with the terms of such sale as presented by Anderson Kill & Olick, P.C. to the Board of Directors of the Authority.

Section 2. The Board of Directors of the Authority hereby authorizes the President and Chief Financial Officer of the Authority to enter into an agreement with the approved successful bidder, and to execute any and all documents evidencing the sale of the Authority's interests in that certain Enron Settlement Claim substantially in accordance with the terms of such sale as presented by Anderson Kill & Olick, P.C. to the Board of Directors of the Authority.

Section 3. The price and identity of the bidder is to be disclosed to the public after 5 (five) business days of Monday, August 23, 2004.

Section 4. This resolution shall take effect immediately.

Date: August 20, 2004

Director Sullivan seconded the motion.

Chairman Pace requested comments from the Chairman of the Finance Committee. Director Sullivan responded that he wanted to make it clear that bid packages were sent to approximately 20 large international investment banks and hedge funds. Director Sullivan explained that there were two rounds to the bidding process. Director Sullivan emphasized that

no individual at CRRA, either Board member or management, nor Anderson Kill & Olick had any relationships with any of the firms which had submitted bids.

Director Sullivan also noted that Anderson Kill & Olick had been working on this matter for an hourly rate.

Director Sullivan noted that the details of the bid including name of the winner bidder would not be part of the resolution due to a confidentiality agreement with the successful bidder. The winning bidder and the bid amount only would be made public on August 30, 2004.

Chairman Pace stated that there would be no finder's fees or broker's fees and that fees were figured strictly on an hourly basis.

Director Sullivan noted that Attorney General Blumenthal had given his opinion that the CRRA Board of Directors had the right and authority to enter into the sale transaction.

Director Laretti asked if the pending transaction was the result of a business decision of the Board and not the result of litigation. Chairman Pace responded that the decision was a business decision. The litigation aspect was factored in when the Board considered and accepted the bankruptcy settlement.

Director Sullivan reiterated that Section 3 of the resolution stated that the price and identity of the bidder would be available to the public after 5 business days of Monday, August 23, 2004.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Edna Karanian	X		
Mark Laretti	X		
Raymond O'Brien	X		
Andrew Sullivan	X		

PUBLIC COMMENT

Chairman Pace thanked the guests for waiting for the Board to settle that matter prior to public session. Chairman Pace invited the guests to speak. Mr. Doug Woods of the Metropolitan District Commission made the following statement:

“Good afternoon Chairman Pace and members of the Connecticut Resources Recovery Authority Board. My name is Douglas Woods and I am employed by the Metropolitan District Commission. I am a member of AFSCME Local 184, one of three bargaining units representing MDC employees.

I would specifically like to address the negative impact on our members caused by the privatization and loss of jobs at CRRA transfer stations.

Our members have found out about impropriety in state contracting the hard way. In what very much looks like a case of political and improper “quid pro quo,” the CRRA broke a contract it had with our members’ employer, the Metropolitan District Commission, and hired a trucking operation run by the politically connected Manafort family to replace AFSCME truck drivers.

The privatization of transfer stations at Torrington, Watertown, Ellington and Essex has cost 61 middle class workers their jobs over the last two years. Many of our workers have had to take a 20% pay cut. Another 90 face layoff with the pending privatization of the Mid-Connecticut plan in Hartford.

Our co-workers were literally thrown out of their jobs with as little as ten minutes notice. This CRRA contract with Manafort was engineered by Peter Ellef. I am sure you remember Mr. Ellef – he is the architect of the infamous ENRON-CRRA contract that lost state ratepayers more than \$220 million.

One of the more disturbing occurrences is that after awarding this contract to Manafort, CRRA turned ratepayer owned trucks and trailers (estimated to have a value of between \$1 million and \$3 million) to the Manafort company, CWPM. This seems to have been done either free of charge or for a ridiculously low return.

After our complaints to the news media Manafort returned these trucks and trailers to CRRA in May. This can’t help but make the original receipt of the trucks by Manafort look like a gift of taxpayer owned property to a big political contributor by gubernatorial appointees. At a recent CRRA meeting, one of CRRA’s own board members decried the improper nature of this truck transfer.

We assumed that because Mr. Ellef was under federal investigation and facing possible indictment, that the CRRA contract with Manafort would be voided or at least not renewed when it expired this June.

We thought that because there is still a court ordered arbitration in process with MDC over the work covered in this contract that CRRA might not renew such a contract.

We thought because of the egregious truck overloading that Manafort was caught committing, and its improper policing of weight scales, that this work would be returned to public employees.

Imagine our surprise when CRRA recently extended and expanded this very suspect and tainted contract to Manafort for another two years.

This means that even though Manafort's acceptance of the trucks and trailers was acknowledged by CRRA as improper; even though Mr. Ellef is disgraced and under investigation; and even though the contract has not been rebid in five years from a 1999 RFP, CRRA still thought it proper to renew.

We again urge this board to sever its relationship with the Manafort company, to accept the mediator's decision to continue the contract with MDC, and to return our workers to their jobs.

Thank you very much."

Chairman Pace responded, "The Chair has made numerous requests of MDC to work with us. And after two years of hoping that we would get closer, that was not the case.

As to the Manafort truck deal, it was this Chair and this Board who took those trucks back. It had nothing to do with anything else except a business decision that we thought was appropriate.

As to the contract itself and privatization, we contracted with MDC. We are contracting with anyone who will provide the best dollar value with efficiency and effectiveness to this company on the taxpayers' rate. And to that extent, sir, we have tried to work with your Board to achieve that. Unfortunately, that has not been successful.

As to the mediation, we went to mediation, arbitration, and have agreed one more time, to sit down. We have also offered proposals that would protect the workers and see if that could be done. It was, in my opinion, not in MDC's management, if you will, or board's prerogative to go that way. We are taking a look at cost factors, of scheduling. We are taking a look at other issues, including overhead, which have nothing to do with your union that would provide a cost benefit back to the towns and CRRA.

The overloading issue, we continue to look back in history on that. That was previous to this Board and we do take a look at the overloading as right now we are taking a look at practices that did, in fact, happen at our scale houses of which both the Manafort company and MDC were involved. So I will assure you, as a worker, we have worked and tried to maintain a relationship with MDC and if one takes a look at the record, be it on film or be it in print, you will see the Chair's comments to that and you will see actions that will reflect that that is indeed the case.

So we continue to work on part of the issue with MDC, but as a company, it is such that when we have contracts, we deal with the management, and in this case it is MDC that we are contracting with, which then contracts through you. Privatization, I would not call it that. We are looking for contractors to do bits of our jobs—the powerhouse, the transfer stations. I

appreciate you coming here. I would also hope that you would go back and speak to the MDC board about your concerns, about the politically connectedness. This Board is fully aware of what may have been the situation here and I have also looked at the MDC board on that same relationship.”

Mr. Anderson requested to respond. Mr. Anderson stated that taking public employee jobs away and replacing them with a politically connected contractor was privatization and commented on a specific Manafort dumping incident. Chairman Pace requested that Mr. Anderson choose a difference forum to defame people and asked that he address the issues of the workers of MDC. Mr. Anderson said that he had a right to speak about a taxpayer-owned entity contracting with someone with a dubious reputation.

Mr. Anderson stated that he had not seen a report from CRRA on the trucks.

Chairman Pace requested clarification regarding which trucks Mr. Anderson was referring to.

Mr. Anderson stated that he would like information regarding the trucks that were given to the Manafort company and returned very quietly in May after a public complaint.

Chairman Pace stated that he took exception to Mr. Anderson’s comment because the trucks were returned after the current Board, the current Chairman, and the Attorney General’s Office reviewed the agreement. Chairman Pace stated that it was decided that the trucks belonged to CRRA and they were returned because the agreement did not benefit CRRA.

Mr. Anderson asked if the agreement with the Manafort company was illegal.

Chairman Pace responded that the contract simply allowed for the return of the titles.

Mr. Anderson said that he found Chairman Pace’s response regarding CRRA’s attempts to save union members jobs inadequate and disingenuous. Mr. Anderson referenced an article from the Journal Inquirer in which Mr. Anderson said that Mr. Kirk spoke about privatizing the Mid-Connecticut project.

Mr. Kirk stated that he took exception to Mr. Anderson’s comment and emphasized that he never referred to the change of contractors at any of the facilities as privatization. Mr. Kirk added that CRRA is statutorily required to operate with private contractors because there is a statutory limitation to the number of employee that CRRA can have. As a result, CRRA could not have public employees operate the facilities.

Mr. Kirk stated that CRRA’s responsibility is to find the most cost effective means of delivering services to member towns and communities. Mr. Kirk stated that in an effort to do so, CRRA spent seven months in mediation with MDC and then moved to arbitration. Mr. Kirk stated that he did not believe he was being unfair in characterizing CRRA’s offer to take all of the employees under its wing, recognizing that statutory corrections would have to be made, as

genuine. Mr. Kirk said that offer was not acceptable to MDC. Mr. Kirk stated that to characterize CRRA as being disingenuous with its offer to maintain jobs was inaccurate.

Director Lauretti stated that the issue had been discussed in length at previous meetings and was well documented in the minutes of such meetings. Director Lauretti suggested that the minutes be provided to Mr. Anderson, which would answer any questions he might have. Mr. Anderson stated that he read the minutes and found them incomplete regarding Mr. Ellef and the Manafort truck deal.

Mr. Anderson asked again if the agreement with Manafort was illegal. Director O'Brien stated that the CRRA's decision to reclaim the vehicles was a business decision. Chairman Pace reiterated that the CRRA Board made business decisions and other people made legal decisions. Mr. Kirk stated that if the transaction was illegal, he was sure the matter would be addressed by federal and state authorities.

Mr. Kirk stated that CRRA was pursuing the interests of the ratepayers and determined that a return of the vehicles was in their best interest. Mr. Kirk noted that the details were fully laid out in the minutes.

Mr. Anderson stated that the answers he was receiving did not seem very forthcoming and this Board chose to extend the contract for the Watertown and Torrington transfer stations and added the Essex and Ellington transfer stations. Chairman Pace agreed with Mr. Anderson and stated that was done through a process of trying to work with MDC. Chairman Pace stated that most of Mr. Anderson's questions had to be addressed by the MDC board, not the CRRA Board.

Mr. Anderson stated that the MDC board did not make that deal and asked again, if the Manafort deal was illegal, why CRRA chose to re-sign with Manafort. Chairman Pace responded that CRRA evaluated all of its contractors, what they represent, and how they are run to see if there is full transparency.

Mr. Anderson handed out a copy of the above referenced article from the Journal Inquirer and asked if CRRA intended to privatize the Mid-Connecticut Project. Mr. Kirk responded that CRRA's intent was to maximize the value of the operations of the ratepayers. Mr. Kirk added that CRRA had the hope that MDC would put its best foot forward and try to provide those services in a cost-effective manner. Mr. Kirk stated that if MDC could not do that, there was a substantial amount of savings to be had by the customers of the Mid-Conn project. CRRA is duty-bound and fiscally bound to pursue those savings.

Mr. Anderson stated that MDC offered to cover any costs that CRRA might incur by keeping MDC and the public employees. Chairman Pace responded that was not the case. MDC had rejected covering the costs.

Chairman Pace stated that he was willing to discuss the issues being brought up by Mr. Anderson and suggested that a discussion be held with the MDC Board. Chairman Pace

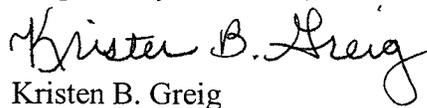
expressed his appreciation for Mr. Anderson's comments. Chairman Pace told Mr. Brown that CRRA did attempt to work with MDC and invited Mr. Brown or his co-workers to come to CRRA so the minutes and records could be made available to him.

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 5:15 p.m.

Respectfully submitted,



Kristen B. Greig

Legal Temp

TAB 5

Resolution Regarding Finance Committee Recommendations to Board of Directors Regarding Renewal of Casualty Insurance Program

RESOLVED: That the Board of Directors authorizes the renewal of the \$1 million Commercial General Liability policy through American International Group (AIG) for a premium of 177,000, and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$1 million of Automobile Liability insurance through AIG for a premium of \$100,329, and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$30 million Umbrella excess of \$1 million covering Commercial General Liability (CGL) and Auto Liability through American International Group (AIG) for a premium of \$326,250, and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of a \$30 million limit for Pollution Legal Liability insurance through AIG for a premium of \$375,000.

The aggregate premium is \$978,579.

Connecticut Resources Recovery Authority
Casualty Insurance Program Renewal
September 16, 2004

Executive Summary

CRRA's current casualty insurance program, consisting of Commercial General Liability, Automobile Liability, Umbrella Liability, and Pollution Legal Liability policies, expires on October 1, 2004 and needs to be renewed.

Discussion

Historically, CRRA has purchased an insurance product from AIG called the Environmental and General Liability Exposures (EAGLE) program that provided both Commercial General Liability (CGL) and Pollution Legal Liability (PLL) under one policy with one premium. That policy, with some enhancements and exclusions, was renewed every year since 1996. Even though the market was tested on several occasions, no other product or products had been able to compete with the terms and pricing offered by the EAGLE program.

Last year, Marsh was successful in generating interest from other insurers to provide portions of the upper limits of both the Commercial General Liability and Pollution Legal Liability. The \$20 million limit was apportioned amongst AIG, St. Paul and Liberty Mutual.

This new approach allowed our brokers to market a program with more appeal to insurance markets because potential insurers could quote on just the Commercial General Liability portion, or just the Pollution Legal Liability portion, just the upper limits of either, or the entire program.

In preparation for the solicitation this year, Marsh performed benchmarking of comparably sized organizations to assist CRRA in determining appropriate levels of insurance. While benchmarking is not an exact determination, it does provide guidance. Because CRRA is a very unique organization with a myriad of exposures, Marsh looked at three types of organizations – Transportation Services, Utilities (Non-Nuclear), and Government. Exhibit I is a chart describing Marsh's results. The data indicates that the mid-range of coverage limits would be around \$30 million and that with last year's \$20 million limit, CRRA falls in the low end of the range for Government entities.

Exhibit II summarizes the coverage under these policies in greater detail.

2004 Program Marketing and Results

To take advantage of the newly designed program put in place last year, CRRA's brokers conducted a full-fledged marketing of the various policies starting in May. Early on Zurich, XL, and our current insurer, AIG, showed indications of interest in the program.

Ultimately, only Zurich and AIG, offered quotes on CRRA's liability exposures, with XL declining to provide a quote because CRRA does not have its employees operating facilities but rather contracts with others to perform these services.

However, we believe it is important to point out that the quotes received from both Zurich and AIG positively reflect CRRA's progress in reducing the losses from the Enron bankruptcy and the reduction of CRRA's vehicle fleet. Having Covanta, a major contractor of CRRA's, emerge successfully from bankruptcy also contributed to aggressive competition. (Exhibits III and IV depict the cost per million of coverage over the last five years and the estimated savings to budget for major insurance policies for 2005, respectively).

The chart below provides a comparison of the two insurers' quotes:

CRRA Casualty Insurance: 10/1/04-05 Breakdown of Expiring Premium vs. Renewal Options

Line of Coverage	Expiring Premium (03-04)	Renewal Premium (AIG)	Change from expiring (AIG)	Renewal Quote (Zurich)	Difference between AIG & Zurich's Quote
GL	\$469,800	\$177,000	(62%)	\$170,317	(4%)
Automobile Liability	\$145,645	\$100,329	(31%)	\$151,329	+50%
Umbrella (Casualty only)	\$10M - \$265,000 \$20M - \$415,000 \$30M - \$495,000	\$10M - \$166,250 \$20M - \$266,250 \$30M - \$326,250	(37%) (36%) (34%)	\$10M - \$243,779 \$20M - \$304,724 \$30M - n/a	+47% +14% n/a
PLL Options	\$20M - \$287,900 \$30M - n/a	\$20M - \$300,000 \$30M - \$375,000	+4% n/a	\$20M - \$391,332	+30%
Overall Cost of Program	\$20M - \$1,318,345 \$30M - n/a	\$20M - \$843,579 \$30M - \$978,579	(36%)	\$20M - \$1,017,702 \$30M - n/a	+21%

- n/a = not available

The total premium for the Casualty Program is not to exceed \$ 978,579. CRRA budgeted \$1,845,683 for FY05 for these policies, based upon FY04's cost of \$1,318,345 and a significant projected increase due to recent years' market conditions.

In deciding the insurance limit, it is important to note the following:

- Legal defense costs in any claim or suit related to a pollution event, reduce the available insurance funds, e.g., with a \$20 million limit, if \$5 million is paid for defense of a suit, there is \$15 million available to satisfy any judgments against CRRA. This would suggest that a higher limit is preferable if economically practical.
- CRRA's pollution legal liability policy also names five disposal sites not owned by CRRA. Our contractors use these sites to dispose of waste from our facilities. There is potential exposure to CRRA from these facilities. One such landfill is the Windsor Landfill recently added to our policy.

Recommendation

In consultation with our broker (Marsh), Management recommends that the Finance Committee return to the \$30 million limit of insurance that CRRA has purchased in the past. The benchmarking indicates that \$30 million is a reasonable limit and the prices quoted would encourage increasing our limit to reduce our potential exposure.

Management further recommends that the quote of \$978,579 offered by AIG be accepted.

Connecticut Resources Recovery Authority Benchmarking Data (Excess Liability)									
Industry	Annual Revenues*	Number of Responses	Minimum Limits*	Maximum Limits*	Average Limits*	Average Price Per Million	Average Cost Per \$1,000 of Revenue		
Transportation Services	2002-2003	70	1	250	42	\$11,270	\$6.59		
	2003-2004	64	1	200	35	\$14,329	\$8.07		
Utility, Non-Nuclear	2002-2003	36	5	135	43	\$5,094	\$2.08		
	2003-2004	32	5	400	50	\$6,964	\$4.36		
Governmental	2002-2003	36	1	100	22	\$13,391	\$3.41		
	2003-2004	33	3	250	35	\$15,157	\$5.47		
CRRRA	2002-2003	171			30	\$16,519	\$2.90		
	2003-2004	157			20	\$20,750**	\$2.64		
	2004-2005	158			30	\$10,875**	\$2.06		

* Amount In Millions

** Casualty (Non-pollution) only

Description of Coverage

Commercial General Liability Insurance

\$1,000,000 - Commercial General Liability

Covers damages for bodily injury or property damage within policy terms and conditions (e.g., a workman drops a tool and dents someone's automobile; somebody slips and falls at one of our facilities).

\$30,000,000 – Umbrella/Excess Liability - Commercial General Liability/Automobile Liability

Covers all of the losses within policy terms and conditions that exceed the underlying layer of \$1,000,000.

Pollution Legal Liability

\$30,000,000 – Pollution Legal Liability

Covers losses arising from pollution emanating from CRRA locations causing property damage, bodily injury or clean-up costs in accordance with policy terms and conditions (e.g., adjacent landowners claim CRRA's activities polluted their property). Some limited on-site clean-up provided; transfer stations, recycling facilities.

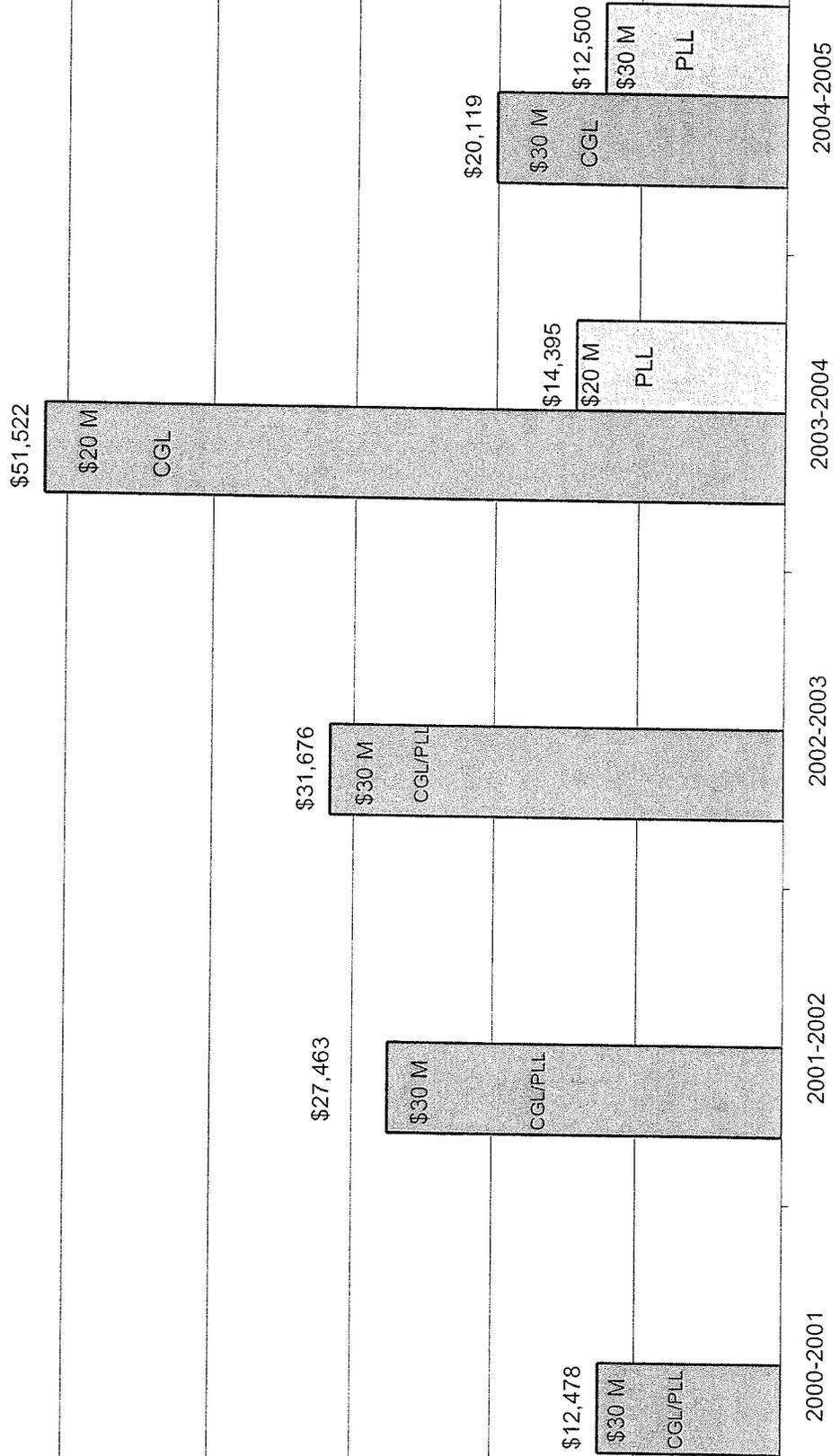
Automobile Liability Insurance

CRRA is responsible for insuring the tractors/trailers, light trucks and passenger vehicles used in connection with operation of the Mid-Connecticut Project and our other facilities. The number of power units (40) that CRRA needs to insure is approximately half of last year's total due to the recent transfer of responsibility for insurance to CWPM. Comprehensive and collision coverage is only on passenger vehicles and light trucks with a \$1,000 deductible.

40 power units (+11 trailers)

- 7 passenger vehicles (\$1,624 per unit)
- 12 light trucks (\$1,560 per unit)
- 6 Extra Heavy Trucks (\$3,003 per unit)
- 15 Tractors (\$3,318 per unit)
- 11 Trailers (\$223 per unit)

CRRA Casualty Insurance - Cost Per Million of Coverage



CRRA PREMIUM SUMMARY

Insurance Type	(1) 2004 Premium	(2) 2005 Budget	(3) Actual 2005 Negotiated Premium	(4) 2005 Cost	(5) Estimated 2005 Savings to Budget
Casualty (inc. Auto)	\$1,318,345	\$1,845,683	\$978,579	\$1,063,520	\$782,163
Workers Comp	\$48,638	\$75,998	\$72,836	\$72,836	\$3,162
Public Officials	\$263,202	\$638,299	No renewal 'till 4/05 (a)	\$356,977	\$281,322 (estimate)
Commercial Crime	\$6,520	\$8,645	\$6,520	\$6,520	\$2,125
Property Insurance	\$803,324	\$1,076,508	No renewal 'till 4/05 (b)	\$871,620	204,888 (estimate)
TOTAL				\$	\$1,273,660 (estimate)

(a) 9/12 x Col 1 = \$197,402
3/12 x Col 2 = \$159,575

(b) 9/12 x Col 1 = \$602,493
3/12 x Col 2 = \$269,127

TAB 6

**RESOLUTION REGARDING THE FISCAL YEAR 2004 FINANCIAL
STATEMENT AND AUDIT REPORT**

RESOLVED: That the Board hereby approves and endorses the Fiscal Year 2004 Financial Statement and Audit Report, substantially as discussed and presented at this meeting.

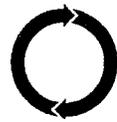
**CONNECTICUT RESOURCES
RECOVERY AUTHORITY**

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2004

TOGETHER WITH

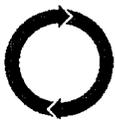
INDEPENDENT AUDITORS REPORT



ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2004

<u>TABLE OF CONTENTS</u>	<u>PAGE(S)</u>	<u>EXHIBIT</u>
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Connecticut Resources Recovery Authority (the "Authority") was created in 1973 by an act of the Connecticut Legislature and is a public instrumentality and political subdivision of the State of Connecticut (the "State"). The Authority is responsible for implementing solid waste disposal, recycling and resources recovery systems, facilities and services. Revenues generated by Authority operations, primarily disposal fees, energy revenues and recycling revenues, provide for the support of the Authority and its operations on a self-sustaining basis. Except as discussed under the section "State Loan" herein, the State provides no revenues to the Authority and the Authority has no taxing power. In carrying out this mission the Authority utilizes private industry to construct and operate solid waste disposal and resources recovery facilities. The Authority contracts with Connecticut member municipalities, non-member municipalities (spot waste), and commercial haulers to provide waste management services and charges fees for these services. The member towns have agreed to deliver a minimum amount of solid waste to the facilities. The Authority is authorized to issue tax-exempt bonds and notes to finance its activities. The Authority's bonds are generally secured by service agreements with the participating entities. Authority bonds are also secured by revenues from the sale of energy generated by the facility and waste from non-municipal sources. In addition, Authority bonds may also be secured by a special capital reserve fund (backed by the State) and municipal bond insurance or bank letters of credit.

The Authority has developed and helps oversee four regional waste-to-energy projects across the State. These facilities in Bridgeport, Hartford, Preston and Wallingford process the majority of the State's waste and serve approximately two out of every three municipalities in the State. The Authority is also Connecticut's largest recycler, having developed two of the country's largest recycling facilities and a statewide transportation network.

The following Management's Discussion and Analysis ("MD&A") of the Authority's activities and financial performance provide an introduction to the audited financial statements for the fiscal year ended June 30, 2004 as compared to June 30, 2003. The MD&A is focused on the Authority's new Board and management team's commitment to openness and transparency. Following the MD&A are the basic financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.



FINANCIAL POSITION SUMMARY

The Authority's fiscal year 2004 total assets decreased by \$7.0 million or 1.8% over fiscal year 2003 and total liabilities decreased by \$8.3 million or 3.0%. Total assets exceeded liabilities by \$118.8 million in 2004 as compared to \$117.5 million for 2003, or a net increase of \$1.3 million.

	BALANCE SHEETS	
	As of June 30,	
	(In Thousands)	
	<u>2004</u>	<u>2003</u>
ASSETS:		
Current unrestricted assets	\$ 88,360	\$ 81,344
Current restricted assets	<u>41,144</u>	<u>39,551</u>
Total current assets	<u>129,504</u>	<u>120,895</u>
Non-current assets:		
Cash and cash equivalents	50,881	51,016
Capital assets, net	198,936	213,219
Development and bond issuance costs, net	<u>9,204</u>	<u>10,341</u>
Total non-current assets	<u>259,021</u>	<u>274,576</u>
TOTAL ASSETS	<u>\$ 388,525</u>	<u>\$ 395,471</u>
LIABILITIES:		
Current liabilities	\$ 49,680	\$ 48,946
Long-term liabilities	<u>220,012</u>	<u>229,036</u>
TOTAL LIABILITIES	<u>269,692</u>	<u>277,982</u>
NET ASSETS:		
Invested in capital assets, net of debt	26,096	26,456
Restricted	64,025	63,385
Unrestricted	<u>28,712</u>	<u>27,648</u>
Total net assets	<u>118,833</u>	<u>117,489</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 388,525</u>	<u>\$ 395,471</u>

FINANCIAL HIGHLIGHTS

The following is an overview of significant changes within the Balance Sheets during the past fiscal year:

ASSETS

Current unrestricted assets increased by \$7.0 million or 8.6%. This was primarily due to increased tipping fees at the Mid-Connecticut, Bridgeport, and Southeast projects, higher electricity rates negotiated in a new Electric Purchase Agreement at the Mid-Connecticut project and a transfer of funds from the Mid-Connecticut restricted assets.

Current restricted assets increased by \$1.6 million or 2.7% primarily due to timely receipt of electric revenue at the Wallingford project and increased debt service fundings in Mid-Connecticut project offset by the transfer of funds to unrestricted assets.



Non-current assets decreased by \$15.5 million or 6.1%. This occurred primarily due to:

- Capital assets decreased by \$14.4 million due to depreciation expense of \$16.7 million offset by \$2.3 million in plant improvements and equipment purchases.
- Development and bond issuance costs decreased by \$1.1 million due to amortization expense.

LIABILITIES

Current liabilities remained fairly constant as of June 30, 2004, increasing by \$0.7 million or 1.5% as compared to June 30, 2003 due primarily to a \$1.3 million increase in the current portion of bonds payable and a \$0.9 million increase in the current portion of the State loan payable offset by a \$1.5 million decrease in accounts payable and accrued expenses.

Long-term liabilities decreased by \$9.0 million or 3.9% due to:

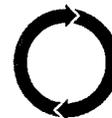
- Long-term portion of bonds payable, net decreased by \$18.9 million due to regular principal payments on Authority bonds. The debt amounts as of June 30, 2004 reflect the deferred loss (gain) on refunding of bonds and the unamortized premium on sale of bonds.
- State loan payable increased by \$8.8 million due to additional drawdowns during the fiscal year.
- Closure and postclosure care of landfills increased by \$1.1 million due to scheduled payments of \$0.7 million for the Ellington, Shelton and Wallingford landfills offset by a \$1.8 million increase in projected costs for the Ellington, Hartford, Shelton, Waterbury and Wallingford landfills. This increase was primarily due to increases in land surface care, general engineering services, environmental monitoring and remediation costs.

SUMMARY OF OPERATIONS AND CHANGE IN NET ASSETS

Net Assets may serve over time as a useful indicator of the Authority’s financial position.

STATEMENTS OF REVENUES, EXPENSES
AND CHANGE IN NET ASSETS
Fiscal Years Ended June 30,
(In Thousands)

	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 165,418	\$ 155,820
Operating expenses	<u>135,482</u>	<u>138,272</u>
Excess before depreciation and amortization and other non-operating income and expenses	29,936	17,548
Depreciation and amortization	<u>17,887</u>	<u>18,188</u>
Income before other non-operating revenues and expenses, net	12,049	(640)
Other non-operating revenues and expenses, net	<u>(10,705)</u>	<u>(10,686)</u>
Increase (Decrease) in net assets	1,344	(11,326)
Total net assets, beginning of year	<u>117,489</u>	<u>128,815</u>
Total net assets, end of year	<u>\$ 118,833</u>	<u>\$ 117,489</u>

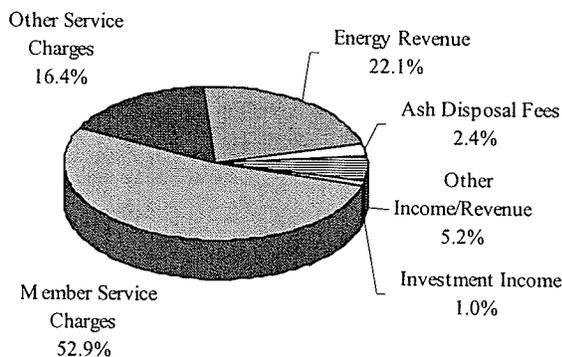


Operating revenues increased by \$9.6 million or 6.2% over fiscal year 2003, due primarily to a \$5.6 million increase in the tipping fees at three of the four Authority projects (see “Authority Rates and Charges,” herein), a \$2.5 million increase in energy revenue at the Mid-Connecticut project offset by \$161,000 decreased energy revenue at the Wallingford project, and a \$2.2 increase in other operating revenue as a result of increased recycling sales and the return of a \$500,000 contribution previously made to the National Geographic.

Operating expenses decreased during fiscal year 2004 by \$2.8 million or 2.0% compared to fiscal year 2003. This was due primarily to decreased solid waste operation expenses and lower closure and postclosure care costs recognized in fiscal year 2004 for the Hartford and Wallingford landfills as compared to fiscal year 2003.

SUMMARY OF REVENUES

The following chart shows the major sources and the percentage of revenues for the fiscal year ended June 30, 2004:



Solid Waste tipping fees (member and other service charges) and ash disposal fees account for nearly three-quarters of the Authority’s revenues. Energy production makes up another 22.1% of revenues. A summary of revenues for the fiscal year ended June 30, 2004, and the amount and percentage of change in relation to prior fiscal year amounts is as follows:



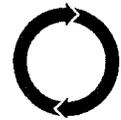
SUMMARY OF REVENUES

(Dollars in Thousands)

	2004	Percent of Total	2003	Increase/ (Decrease) from 2003	Percent Increase/ (Decrease)
Operating:					
Member Service Charges	\$ 88,541	52.9%	\$ 82,915	\$ 5,626	6.8
Other Service Charges	27,384	16.4%	27,927	(543)	(1.9)
Energy Revenue	36,998	22.1%	34,639	2,359	6.8
Ash Disposal Fees	4,031	2.4%	4,033	(2)	(0.0)
Other Operating Revenue	8,464	5.1%	6,306	2,158	34.2
Total Operating Revenues	165,418	98.9%	155,820	9,598	6.2
Non-Operating:					
Investment Income	1,623	1.0%	2,386	(763)	(32.0)
Settlement Income	-	0.0%	375	(375)	-
Other Income	184	0.1%	174	10	5.7
Total Non-Operating Revenues	1,807	1.1%	2,935	(1,128)	(38.4)
TOTAL REVENUES	\$ 167,225	100.0%	\$ 158,755	\$ 8,470	5.3

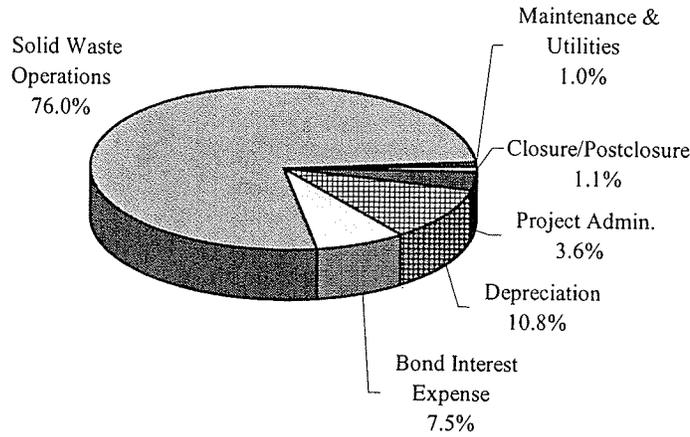
Overall, fiscal year 2004 total revenues rose by \$8.5 million or 5.3% over fiscal year 2003. The following discusses the major changes in operating and non-operating revenues of the Authority:

- Member service charges increased by \$5.6 million or 6.8%. This increase reflects the increase of the tipping fee enacted for fiscal 2004 at the Mid-Connecticut, Southeast and Bridgeport facilities.
- Other service charges to both contract towns and spot waste haulers, decreased by \$543,000 or 1.9% from fiscal year 2003 to 2004. The decrease is due to lower tons processed due to unscheduled downtime related to maintenance activities.
- Energy revenue increased by \$2.4 million or 6.8%. This increase reflects a net increase in energy revenue at the Mid-Connecticut project of \$2.5 million as a result of a more favorable electricity contract rate received during fiscal year 2004 offset by \$161,000 decreased energy revenue at the Wallingford project.
- Other operating revenue increased by \$2.1 million or 34.2% due to the return of a \$500,000 contribution previously made to the National Geographic, better-than-expected recycling sales of \$1 million, increased metal sales and sales of certified DEP soil from the Hartford landfill.
- Investment income decreased \$764,000 from fiscal 2003 to 2004 or 32% due to overall poor market returns.
- Other income of \$184,000 represents gain on sales of investments and computer equipment.



SUMMARY OF EXPENSES

The following chart shows the major sources and the percentage of expenses for the fiscal year ended June 30, 2004:



Solid Waste Operations are the major component of the Authority's expenses accounting for 76% of the expenses in fiscal year 2004. A summary of expenses for the fiscal year ended June 30, 2004, and the amount and percentage of change in relation to prior fiscal year amounts is as follows:

SUMMARY OF EXPENSES
(Dollars in Thousands)

	2004	Percent of Total	2003	Increase/ (Decrease) from 2003	Percent Increase/ (Decrease)
Operating:					
Solid Waste Operations	\$ 126,016	76.0%	\$ 127,873	\$ (1,857)	(1.5)
Maintenance and Utilities	1,697	1.0%	1,076	621	57.7
Project Administration	5,880	3.6%	5,205	675	13.0
Closure and Postclosure	1,889	1.1%	4,118	(2,229)	(54.1)
Total Operating Expenses	135,482	81.7%	138,272	(2,790)	(2.0)
Depreciation	17,887	10.8%	18,188	(301)	(1.7)
Non-Operating:					
Bond Interest Expense	12,482	7.5%	13,510	(1,028)	(7.6)
Other Expenses	30	0.0%	111	(81)	(73.0)
Total Non-Operating Expenses	12,512	7.5%	13,621	(1,109)	(8.1)
TOTAL EXPENSES	\$ 165,881	100.0%	\$ 170,081	\$ (4,200)	(2.5)

The Authority's total expenses decreased by \$4.2 million or 2.5% between fiscal year 2003 and 2004. Notable differences between the years include:



- Solid waste operations decreased by \$1.9 million or 1.5% primarily due to a reduction in contract operating charges as a result of lower solid waste deliveries and lower legal fees as a result of settled cases.
- Maintenance and utilities expenses increased \$621,000 or 57.7% primarily due to roof and baler improvements, demolition of a building, installation of gas wells and reallocation of pass-through costs for the Mid-Connecticut energy generating facility.
- Project administration costs increased by \$675,000 or 13% due to filling vacant senior management positions and the hiring of new staff positions including four enforcement positions at the four projects and two administrative positions at headquarters.
- Landfill closure and post-closure costs decreased \$2.2 million or 54.1% primarily due to lower closure and postclosure care costs recognized in fiscal year 2004 for the Hartford and Wallingford landfills as compared to fiscal year 2003 offset by higher costs recognized for the Ellington and Shelton landfills.
- Bond interest expense decreased by \$1.0 million or 7.6% due to the decrease in principal amount of bonds outstanding.
- Other expenses of \$30,000 represents trustee fees, letter of credit fees and miscellaneous expenses.

ENRON EXPOSURE

As part of the deregulation of the energy industry in Connecticut and the resultant energy contract buy-downs, the Authority entered into agreements with Enron Power Marketing, Inc. ("Enron") and the Connecticut Light & Power Company ("CL&P") on December 22, 2000 that, among other obligations, required Enron to pay the Authority monthly charges for the purchase of steam and for electricity generated from such steam from the Authority's Mid-Connecticut facility. As part of these transactions, Enron received \$220 million from the Authority and the Authority received approximately \$60 million from CL&P during fiscal year 2001. Enron filed for bankruptcy on December 2, 2001 and has not made its monthly payments since that time.

The Authority has taken significant action in an attempt to mitigate the financial impact of the above on the municipalities that are part of the Mid-Connecticut project. These include: increasing the Mid-Connecticut tipping fees (see Authority Rates and Charges section herein), pursuing remedies in bankruptcy court with the State's Attorney General, negotiating with Select Energy for improved electricity revenues for the Mid-Connecticut facility power and securing a retail electric supplier license in the State. In addition, the State has provided its support to ensure timely payment of debt service on the Mid-Connecticut bonds as required by legislation.

In connection with the Enron bankruptcy, the Authority filed proofs of claim against Enron Power Marketing, Inc. and Enron Corporation, seeking to recover the losses sustained in connection with the 2000 action. On July 22, 2004, the Authority's Board of Directors passed a resolution authorizing the settlement of the Enron litigation, which was recommended by the State of Connecticut's Attorney General. The Authority's Board of Directors further authorized the initiation of a bidding process to sell the Enron settlement claim in the capital markets. On August 20, 2004, the Authority's Board of Directors passed a resolution approving the sale of the Enron claim to a major financial institution with a significant presence in the distressed debt claims markets, which resulted in a premium of 34.4% over the projected bankruptcy court's



planned distribution. The Authority is expecting to realize approximately \$111.2 million upon closing, which is scheduled for the fourth quarter of calendar 2004.

STATE LOAN

On April 19, 2002, the Connecticut General Assembly passed Public Act No. 02-46 (the "Act"), which authorizes a loan by the State to the Authority of up to \$115 million to support the repayment of the Authority's debt for the Mid-Connecticut facility, in order to avoid default. The Act also restructured the Authority's Board of Directors and required a Steering Committee Report and Financial Mitigation Plan to be filed with the State.

On April 17, 2003, the Board passed a resolution for \$22 million to be drawn down from the State during a 13-month period from June 1, 2003 through June 30, 2004 and submitted its Financial Mitigation Plan to the State for approval. On June 27, 2003, the State Treasurer and the Secretary of the Office of Policy and Management certified that the Authority had met the requirements set forth in the Act in order for the loan drawdowns to commence. The terms of the loan were set as monthly repayments to the State of both principal and interest at a variable rate of interest to be set by the State Treasurer each month. In accordance with the Master Loan Agreement between the State and the Authority, all borrowings must be applied to the debt service obligations of the Mid-Connecticut Project. As of June 30, 2004, the Authority had drawn down \$12,841,646 from the State against the \$22 million authorization for the 13-month period. The Authority has met all its monthly loan repayment obligations to the State in a timely manner.

On December 18, 2003, the Authority submitted its first quarterly Update to the Financial Mitigation Plan, which also included its funding request for fiscal year 2005 in the amount of \$20 million. On March 1, 2004, the State approved this amount and entered into a Master Loan Agreement with the Authority for the ensuing fiscal year. On July 29, 2004, the Authority made its first draw for \$2.1 million against the \$20 million authorization for fiscal year 2005. On August 30, 2004, the Authority made a subsequent draw for \$2.1 million against the \$20 million authorization for fiscal year 2005. Draws made during fiscal year 2005 will be applied to the Mid-Connecticut debt service obligations.

LANDFILL ACTIVITY

The Authority's Board of Directors held a special meeting on June 3, 2004 to discuss matters involving the Hartford Landfill. At this meeting, the Board voted to discontinue all activities associated with determining the technical viability of vertical expansion of the Hartford Landfill. Although there would be financial benefit to the Mid-Connecticut Project if the Hartford Landfill were to be expanded, the expansion would at best provide a short-term interim solution to the solid waste capacity issue within the Project. Accordingly, and because there was lack of community support for the initiative, the Board determined that resources should instead be focused on long term solid waste disposal alternatives.

The Authority has negotiated with the Town of Windsor regarding an agreement whereby the Mid-Connecticut Project received authority to ship municipal solid waste to the Windsor Landfill. Windsor's Town Council voted in favor of execution of the contract at its meeting on



June 21, 2004. The Authority's Board of Directors also voted in favor of executing the contract at its July 22, 2004 meeting.

The Authority has also entered into a contract with an environmental engineering company to conduct a comprehensive landfill siting analysis. This analysis will identify potential sites within the State that are technically and environmentally amenable to permitting and constructing an ash residue and/or bulky waste landfill.

AUTHORITY RATES AND CHARGES

The Authority's Board of Directors approves the succeeding fiscal year tipping fees for all of the projects except the Southeast Project, which is subject to approval by the Southeastern Connecticut Regional Resources Recovery Authority, during the months of January and February each year, as required under the various project bond resolutions. The following table presents a history of the tipping fees for each of the four projects:

TIP FEE HISTORY BY PROJECT (Dollars charged per ton of solid waste delivered)				
Fiscal Year	Mid-Connecticut	Bridgeport	Wallingford	Southeast
2000	\$49.00	\$70.00	\$57.00	\$59.00
2001	50.00	67.00	56.00	58.00
2002	51.00	67.00	55.00	57.00
2003	57.00	69.00	55.00	57.00
2004	63.75	71.00	55.00	60.00



LONG-TERM DEBT ISSUANCE, ADMINISTRATION AND CREDIT RATINGS

The following table highlights the municipal bonds issued and currently outstanding as of the fiscal year ended June 30, 2004. Also included is the current credit rating for each issue.

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2004

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	Credit Enhancement ¹	X= SCRF-Backed ²	Dated	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)	
MID-CONNECTICUT PROJECT										
1996 Series A - Project Refinancing	Aaa	AAA	MBIA	X	08/20/96	11/15/12	209,675	\$165,705	\$165,705	
1997 Series A - Project Construction	Aaa	AAA	MBIA	X	07/15/97	11/15/06	8,000	3,075	3,075	
2001 Series A - Project Construction (Subordinated)	Baa3	BBB	--	--	01/18/01	11/15/12	13,210	13,210	13,210	
								181,990	181,990	
BRIDGEPORT PROJECT										
1999 Series A - Project Refinancing	Aaa	AAA	MBIA	--	08/31/99	1/1/09	141,695	83,825	3,190	
2000 Series A - Refinancing (partial insurance)	A3/Aaa	A+/AAA	MBIA	--	08/01/00	1/1/09	9,200	5,725	5,725	
								89,550	8,915	
WALLINGFORD PROJECT										
1991 Series One - Subordinated	A3	NR	--	--	08/01/91	11/15/05	7,000	1,250	1,250	
1998 Series A - Project Refinancing	Aaa	AAA	Ambac	--	10/23/98	11/15/08	33,790	21,540	3,297	
								22,790	4,547	
SOUTHEAST PROJECT										
1989 Series A - Project Refinancing	Aaa	AAA	MBIA	X	06/01/89	11/15/11	3,935	2,255	2,255	
1998 Series A - Project Refinancing	Aaa	AAA	MBIA	X	08/18/98	11/15/15	87,650	69,220	7,702	
CORPORATE CREDIT REVENUE BONDS										
1992 Series A - Corporate Credit	NR	NR	--	--	09/01/92	11/15/22	30,000	30,000	0	
2001 Series A - American Ref-Fuel Company LLC-I	A3	NR	--	--	12/10/98	11/15/15	6,750	6,750	0	
2001 Series A - American Ref-Fuel Company LLC-II	Baa2	NR	--	--	12/10/98	11/15/15	6,750	6,750	0	
								114,975	9,957	
TOTAL PRINCIPAL BONDS OUTSTANDING								\$409,305	\$205,409	

¹ Municipal Bond insurance providers: MBIA = MBIA Insurance Corporation

² SCRF = Special Capital Reserve Fund of the State of Connecticut

NR = Not Rated

The ratings of the Authority's outstanding bonds were unchanged during the fiscal year ended June 30, 2004.



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the Connecticut Resources Recovery Authority ("Authority"), a component unit of the State of Connecticut, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Resources Recovery Authority as of June 30, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Glastonbury, Connecticut
August 20, 2004

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**



BALANCE SHEETS
AS OF JUNE 30, 2004 AND 2003
(In Thousands)

EXHIBIT I

ASSETS	2004	2003
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$62,312	\$55,023
Accounts receivable, net of allowance	21,053	21,268
Inventory	3,541	3,607
Prepaid expenses	1,454	1,446
Total Unrestricted Assets	88,360	81,344
Restricted Assets:		
Cash and cash equivalents	41,000	39,386
Accrued interest receivable	144	165
Total Restricted Assets	41,144	39,551
Total Current Assets	129,504	120,895
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	50,881	51,016
Capital Assets:		
Depreciable, net	170,661	185,409
Nondepreciable	28,275	27,810
Development and bond issuance costs, net	9,204	10,341
Total Non-Current Assets	259,021	274,576
TOTAL ASSETS	\$388,525	\$395,471
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of bonds payable, net	\$18,922	\$17,997
Current portion of State loan payable	1,484	195
Current portion of closure and postclosure care of landfills	1,433	1,330
Accounts payable and accrued expenses	23,817	26,093
Other	4,024	3,331
Total Current Liabilities	49,680	48,946
LONG-TERM LIABILITIES		
Bonds payable, net	183,690	202,609
State loan payable	10,606	1,805
Closure and postclosure care of landfills	25,716	24,622
Total Long-term Liabilities	220,012	229,036
TOTAL LIABILITIES	269,692	277,982
NET ASSETS		
Invested in Capital Assets, net of related debt	26,096	26,456
Restricted	64,025	63,385
Unrestricted	28,712	27,648
	92,737	91,033
Total Net Assets	118,833	117,489
TOTAL LIABILITIES AND NET ASSETS	\$388,525	\$395,471

The accompanying notes are an integral part of these financial statements



**STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003
(In Thousands)**

EXHIBIT II

	<u>2004</u>	<u>2003</u>
Operating Revenues		
Service charges:		
Members	\$88,541	\$82,915
Others	27,384	27,927
Energy generation	36,998	34,639
Ash disposal fees	4,031	4,033
Other operating revenues	8,464	6,306
Total operating revenues	<u>165,418</u>	<u>155,820</u>
Operating Expenses		
Solid waste operations	126,016	127,873
Depreciation and amortization	17,887	18,188
Maintenance and utilities	1,697	1,076
Closure and postclosure care of landfills	1,889	4,118
Project administration	5,880	5,205
Total operating expenses	<u>153,369</u>	<u>156,460</u>
Operating Income (Loss)	12,049	(640)
Non-Operating Revenues and (Expenses)		
Investment income	1,623	2,386
Settlement income	-	375
Other income, net	154	63
Interest expense	(12,482)	(13,510)
Net Non-Operating Revenues and (Expenses)	<u>(10,705)</u>	<u>(10,686)</u>
Increase (Decrease) in Net Assets	1,344	(11,326)
Total Net Assets, beginning of year	<u>117,489</u>	<u>128,815</u>
Total Net Assets, end of year	<u>\$118,833</u>	<u>\$117,489</u>

The accompanying notes are an integral part of these financial statements



Connecticut Resources Recovery Authority

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003
(In Thousands)**

EXHIBIT III

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Payments received from providing services	\$166,961	\$157,066
Payments to suppliers for goods and services	(132,907)	(134,006)
Payments to employees for services	(3,395)	(2,847)
Net Cash Provided by Operating Activities	<u>30,659</u>	<u>20,213</u>
Cash Flows From Investing Activities		
Interest on investments	1,643	2,568
Proceeds from maturities of investment securities	-	638
Net Cash Provided by Investing Activities	<u>1,643</u>	<u>3,206</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from State loan	10,842	2,000
Proceeds from sales of investments	181	-
Proceeds from sales of equipment	3	98
Payment for landfill closure and postclosure care liabilities	(692)	(1,032)
Acquisition and construction of capital assets	(2,460)	(1,074)
Interest paid on long-term debt	(12,126)	(13,018)
Principal paid on long-term debt	(19,353)	(19,024)
Net Cash Used in Capital and Related Financing Activities	<u>(23,605)</u>	<u>(32,050)</u>
Cash Flows From Non-Capital Financing Activities		
Other interest and fees	71	(90)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>71</u>	<u>(90)</u>
Net increase (decrease) in cash and cash equivalents	8,768	(8,721)
Cash and cash equivalents, beginning of period	<u>145,425</u>	<u>154,146</u>
Cash and cash equivalents, end of period	<u>\$154,193</u>	<u>\$145,425</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Operating income (loss)	\$12,049	(\$640)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Settlement income	-	375
Depreciation of capital assets	16,749	17,049
Amortization of development and bond issuance costs	1,138	1,139
Provision for closure and postclosure care of landfills	1,889	4,118
(Increase) decrease in:		
Accounts receivable, net of allowance	215	(1,795)
Inventory	66	(64)
Prepaid expenses	(8)	73
(Decrease) increase in:		
Accounts payable and accrued expenses	(1,439)	(42)
Net Cash Provided by Operating Activities	<u>\$30,659</u>	<u>\$20,213</u>

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Connecticut Resources Recovery Authority (Authority) is a body politic and corporate, created in 1973 by the State Solid Waste Management Services Act, constituting Chapter 446e of the Connecticut General Statutes. The Authority is a public instrumentality and political subdivision of the State of Connecticut (State) and is included as a component unit in the State's Comprehensive Annual Financial Report. As of June 30, 2004, the Authority Board of Directors consists of eleven full members and eight ad-hoc members. The Governor of the State appoints three full members and all eight ad-hoc members. The remaining eight full members are appointed by the State legislature.

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State is contingently liable to restore deficiencies in debt service payments established for certain Authority bonds. The Authority has no taxing power.

The Authority has responsibility for implementing solid waste disposal and resources recovery systems and facilities throughout the State in accordance with the State Solid Waste Management Plan. To accomplish its purposes, the Authority is empowered to determine the location of and construct solid waste management projects, to own, operate and maintain waste management projects or to make provisions for operation and maintenance by contracting with private industry. The Authority is required to be self-sufficient in its operation; that is, revenues from user services and sales of electricity, cover the cost of fulfilling the Authority's mission.

The Authority is comprised of four comprehensive solid waste disposal systems and a General Fund. Each of the operating systems has a unique legal, contractual, financial and operational structure described as follows:

Mid-Connecticut Project

The Mid-Connecticut Project consists of a 2,710 ton per day refuse derived fuel Resources Recovery Facility located in Hartford, Connecticut, four transfer stations, the Hartford Landfill, the Ellington Landfill and a Regional Recycling Center located in Hartford, Connecticut. This system of facilities provides solid waste disposal services to seventy Connecticut municipalities through service contract arrangements. The Authority owns the Resources Recovery Facility, the transfer stations, the Ellington Landfill and the container-processing portion of the Regional Recycling Center. The Authority leases the land for the Essex transfer station and paper processing portion of the Regional Recycling Center. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. The Authority leases the paper processing facility of the Regional Recycling Center and subleases to a private vendor. Private vendors under various operating contracts conduct operation of the facilities. All revenue generated by the facilities accrues to the Authority. Certain operating contracts have provisions for revenue sharing with a vendor if prescribed operating parameters are achieved. The Authority has responsibility for all debt issued in the development of the Mid-Connecticut system.

In conjunction with the deregulation of the State's electric industry, the Authority acquired four Pratt & Whitney Twin-Pac peaking jets turbines, two steam turbines, and certain land and assets acquired from the Connecticut Light & Power Company (CL&P). These assets and



the operations of the peaking jets and the steam turbines were accounted for separately and were named the Non-Project Ventures group. During fiscal year 2003, the Non-Project Ventures group was consolidated with the Mid-Connecticut Project. Operating and maintenance agreements were entered into with Northeast Generation Services Company to operate the peaking jets turbines and with Covanta Mid-Conn, Inc. to operate the steam turbines.

Bridgeport Project

The Bridgeport Project consists of a 2,250 ton per day mass burn Resources Recovery Facility located in Bridgeport, Connecticut, eight transfer stations, the Shelton Landfill, the Waterbury Landfill and a Regional Recycling Center located in Stratford, Connecticut. The Bridgeport Project provides solid waste disposal services to eighteen Connecticut municipalities in Fairfield and New Haven Counties through service contract arrangements. The Authority holds title to all facilities in the Bridgeport system. The Resources Recovery Facility is leased to a private vendor under a long-term sales-type arrangement until December 2008, with several renewal option provisions. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to pay for the costs of the facility including debt service (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to member municipalities and other system users. The Authority pays the vendor a contractually determined service fee. Electric energy revenues and certain other service charges are accrued by the vendor.

Wallingford Project

The Wallingford Project consists of a 420 ton per day mass burn Resources Recovery Facility located in Wallingford, Connecticut and the Wallingford Landfill. Five Connecticut municipalities in New Haven County are provided solid waste disposal services by this system through service contract arrangements. The Authority leases the Wallingford Landfill

and owns the Resources Recovery Facility. The Resources Recovery Facility is leased to a private vendor under a long-term arrangement. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is responsible for operating the facility and servicing the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Wallingford Project's revenues are derived primarily from service fees charged to users and fees for electric energy generated. The Authority pays the vendor a contractually determined service fee. The operating contract has provisions for revenue sharing with the vendor if prescribed operating parameters are achieved.

Southeast Project

The Southeast Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill. The Southeast Project provides solid waste disposal services to fifteen Connecticut municipalities in the eastern portion of the State through service contract arrangements. The Authority owns the Resources Recovery Facility. It is leased to a private vendor under a long-term lease. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to operate and maintain the facility and service the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to participating municipalities and other system users. The Authority pays the vendor a contractually determined service fee. Electric energy revenues and certain other service charges are accrued by the vendor with certain contractually prescribed credits payable to the Authority for these revenue types.

General Fund

The Authority has a General Fund in which the costs of central administration are accumulated. Substantially, all of these costs are allocated to the Authority's projects based on time expended.



B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized as an Enterprise Fund, which is considered a separate accounting entity. It is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses.

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The Authority's financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Interest on revenue bonds, used to finance the construction of certain assets, is capitalized during the construction period net of interest earned on the investment of unexpended bond proceeds.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services and sales of electricity. Operating expenses include the cost of solid waste operations, maintenance and utilities, closure and postclosure care of landfills, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements are presented in accordance with Alternative #1 under Governmental Accounting Standards Board (GASB) Statement No. 20, whereby the Authority follows (1) all GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations,

Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those which conflict with a GASB pronouncement.

C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheets and the reported amounts of revenues and expenses during the reporting period. Such estimates are subsequently revised as deemed necessary when additional information becomes available. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, all unrestricted and restricted highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

E. Accounts Receivable

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral. The Authority has established an allowance for the estimated portion that is not expected to be collected of \$165,000 and \$220,000 at June 30, 2004 and 2003, respectively.

F. Inventory

The Authority's spare parts inventory is stated at the lower of cost or market using the weighted-average cost method. The Authority's coal inventory is stated at the lower of cost or market using the FIFO method.



Inventories at June 30, 2004 and 2003 are summarized as follows:

Inventories	2004 (\$000)	2003 (\$000)
Spare parts	\$3,217	\$3,285
Coal	<u>324</u>	<u>322</u>
Total	<u>\$3,541</u>	<u>\$3,607</u>

G. Investments

Investments are stated at fair value. Gains or losses on sales of investments are determined using the specific identification method.

Interest on investments is recorded as revenue in the year the interest is earned, unless capitalized as an offset to capitalized interest expense on assets acquired with tax-exempt debt.

H. Restricted Assets

Under provisions of various bond indentures and certain other agreements, restricted assets are used for debt service, special capital reserve funds and other debt service reserve funds, development, construction and operating costs.

I. Development and Bonds Issuance Costs

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning, permitting and bond issuance costs, are capitalized. When the project begins commercial operation, the development costs are amortized using the straight-line method over the estimated life of the asset. Bond issuance costs are amortized over the life of the related bond issue using the straight-line method.

At June 30, 2004 and 2003, accumulated amortization of development and bond issuance costs for the projects is as follows:

Project	2004 (\$000)	2003 (\$000)
Development Costs:		
Mid-Connecticut	\$ 2,650	\$ 2,493
Wallingford	4,250	3,967
Southeast	<u>5,300</u>	<u>4,908</u>
Total	<u>\$12,200</u>	<u>\$11,368</u>
Bond Issuance Costs:		
Mid-Connecticut	\$1,313	\$1,135
Bridgeport	122	92
Wallingford	474	433
Southeast	<u>336</u>	<u>280</u>
Total	<u>\$2,245</u>	<u>\$1,940</u>

J. Capital Assets

Capital assets with a useful life in excess of one year are capitalized at historical cost. Depreciation of exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of landfills are based on the estimated years of available disposal capacity.

The estimated useful lives of other capital assets are as follows:



Capital assets	Years
Resources Recovery Buildings	30
Other Buildings	20
Resources Recovery Equipment	30
Gas and Steam Turbines	10-20
Recycling Equipment	10
Rolling Stock and Automobiles	5
Office and Other Equipment	3-5
Roadways	20

The Authority's capitalization threshold is \$1,000. Improvements, renewals and significant repairs that extend the life of the asset are capitalized; other repairs and maintenance costs are expensed as incurred. When assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any related gains or losses are recorded.

K. Accrued Compensation

The Authority's liability for vested accumulated unpaid vacation, sick pay and other employee benefit amounts is included in accounts payable and accrued expenses in the accompanying balance sheets.

L. Net Assets

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted net assets represent the net assets available to finance future operations or available to be returned through reduced tip fees or rebates.

Further, unrestricted net assets may be divided into designated and undesignated portions. Designated net assets represent the Authority's self-imposed limitations on the use of otherwise unrestricted net assets. Unrestricted net assets as of June 30, 2004 and 2003 have been designated by the Board of Directors of the Authority for the various purposes and such designations totaled \$35,256 and \$34,588, respectively.

Restrictions of net assets are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. Restricted net assets at June 30, 2004 and 2003 are summarized as follows:

Restricted Net Assets	2004 (\$000)	2003 (\$000)
Debt service reserve	\$21,463	\$21,597
Energy generating facility	20,000	20,000
Debt service funds	9,485	8,881
Tip fee stabilization	7,609	6,688
Operating and maintenance	1,529	1,511
Equipment replacement	1,529	1,511
Select energy escrow	1,000	0
Landfill custodian accounts	703	699
Regional recycling center equipment	448	2,241
Recycling education fund	239	237
Mercury public awareness	20	20
Total	<u>\$64,025</u>	<u>\$63,385</u>



M. Reclassifications

Certain reclassifications have been made to the 2003 financial statements to conform to the current year presentation.

2. CASH DEPOSITS AND INVESTMENTS

The Connecticut General Statutes authorize the Authority to invest funds in obligations of the United States or any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the Short Term Investment Fund (STIF) administered by the Office of the Treasurer of the State.

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares.

The Authority's primary investment tools are STIF and treasury securities.

A. Cash Deposits

Governmental Accounting Standards Board Statement No. 3, *Deposits with Financial Institutions, Investments, and Repurchase Agreements* requires governmental organizations to categorize their cash deposits into three levels of risk. Category 1 includes amounts which are insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Category 2 includes amounts that are collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 includes amounts which are uninsured and uncollateralized including any bank balance that is collateralized with securities held by the pledging financial

institution, or by its trust department or agent, but not in the Authority's name.

For purposes of this disclosure, cash deposits include only bank deposits. As of June 30, 2004 and 2003, the carrying amounts of the Authority's deposits were \$2,253,000 and \$4,463,000, respectively, and the bank balances were \$3,055,000 and \$4,871,000, respectively. As of June 30, 2004, \$100,000 was insured by the Federal Deposit Insurance Corporation (Category 1) and \$2,955,000 was uninsured and uncollateralized (Category 3), as defined by Governmental Accounting Standards Board Statement No. 3. However, all bank deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of the public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of either the trust department of the pledging bank or in another bank in the name of the pledging bank.

The following table is a summary of GASB Statement No. 3 cash deposits reconciled to Total Cash and Cash Equivalents (unrestricted and restricted) at June 30, 2004 and 2003.



	2004 (\$000)	2003 (\$000)
Cash Deposits	\$ 2,253	\$ 4,463
STIF	148,692	138,960
U. S. Treasury Open End Mutual Fund	2,546	2,002
U.S. Treasury Bills (not classified as investments)	<u>702</u>	<u>0</u>
Total Cash and Cash Equivalents (unrestricted and restricted)	<u>\$154,193</u>	<u>\$145,425</u>

must be categorized to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered in the Authority's name or are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments which are held by a counter party's trust department or by its agent in the Authority's name. Category 3 includes uninsured or unregistered securities which are held by a counter party, its trust department or by its agent, but not held in the Authority's name.

At June 30, 2004, the Authority held Treasury Bills in the fair value amount of \$702,000 (with maturities less than 90 days classified as cash equivalents) classified in Risk Category 3. At June 30, 2003, the Authority held no investments as defined by GASB Statement No. 3.

B. Investments

In accordance with the provisions of Statement No. 3 of the Governmental Accounting Standards Board, the Authority's investments

3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2003 and 2004:

	Balance at July 1, 2002 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2003 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2004 (\$000)
Nondepreciable assets:									
Land	\$ 27,774	\$ -	\$ -	\$ -	\$ 27,774	\$ -	\$ -	\$ -	\$ 27,774
Construction-in-progress	<u>30</u>	<u>47</u>	<u>(41)</u>	<u>-</u>	<u>36</u>	<u>649</u>	<u>(184)</u>	<u>-</u>	<u>501</u>
Total nondepreciable assets	<u>\$ 27,804</u>	<u>\$ 47</u>	<u>\$ (41)</u>	<u>\$ -</u>	<u>\$ 27,810</u>	<u>\$ 649</u>	<u>\$ (184)</u>	<u>\$ -</u>	<u>\$ 28,275</u>
Depreciable assets:									
Plant	\$ 198,651	\$ 635	\$ (13,129)	\$ -	\$ 186,157	\$ 986	\$ -	\$ (364)	\$ 186,779
Equipment	<u>192,889</u>	<u>458</u>	<u>13,112</u>	<u>(2,670)</u>	<u>203,789</u>	<u>937</u>	<u>217</u>	<u>(114)</u>	<u>204,829</u>
Total at cost	<u>391,540</u>	<u>1,093</u>	<u>(17)</u>	<u>(2,670)</u>	<u>389,946</u>	<u>1,923</u>	<u>217</u>	<u>(478)</u>	<u>391,608</u>
Less accumulated depreciation for:									
Plant	(94,584)	(7,428)	-	-	(102,012)	(7,595)	128	293	(109,186)
Equipment	<u>(95,538)</u>	<u>(9,621)</u>	<u>13</u>	<u>2,621</u>	<u>(102,525)</u>	<u>(9,154)</u>	<u>(161)</u>	<u>79</u>	<u>(111,761)</u>
Total accumulated depreciation	<u>(190,122)</u>	<u>(17,049)</u>	<u>13</u>	<u>2,621</u>	<u>(204,537)</u>	<u>(16,749)</u>	<u>(33)</u>	<u>372</u>	<u>(220,947)</u>
Total depreciable assets, net	<u>\$ 201,418</u>	<u>\$ (15,956)</u>	<u>\$ (4)</u>	<u>\$ (49)</u>	<u>\$ 185,409</u>	<u>\$ (14,826)</u>	<u>\$ 184</u>	<u>\$ (106)</u>	<u>\$ 170,661</u>



Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the projects with interest earned on invested proceeds over the same period. During fiscal 2004 and 2003, there was no capitalized interest as there was no external borrowing.

The principal long-term obligations of the Authority are special obligation revenue bonds issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the respective bond indentures.

4. LONG-TERM DEBT

The following is a summary of changes in bonds payable for the years ended June 30, 2003 and 2004.

A. Bonds Payable

	Balance at			Balance at			Balance at			Amounts
	July 1, 2002	Increases	Decreases	June 30, 2003	Increases	Decreases	June 30, 2004	Decreases	Due Within	
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	One Year	
									(\$000)	
Bonds payable - principal	\$ 243,034	\$ -	\$ 19,024	\$ 224,010	\$ -	\$ 18,601	\$ 205,409	\$ -	\$ 19,471	
Unamortized amounts:										
Premiums	1,512	-	188	1,324	-	180	1,144	-	171	
Deferred amount on refunding	(5,567)	-	(839)	(4,728)	-	(787)	(3,941)	-	(720)	
Total bonds payable	\$ 238,979	\$ -	\$ 18,373	\$ 220,606	\$ -	\$ 17,994	\$ 202,612	\$ -	\$ 18,922	



The long-term debt amounts for the projects in the table above have been reduced by the deferred loss (gain) on refunding of bonds, net of the unamortized premium on the sale of bonds at June 30, 2004 and 2003, as follows:

Project	2004 (\$000)	2003 (\$000)
Deferred loss (gain):		
Mid-Connecticut	\$2,368	\$2,908
Bridgeport	(42)	(60)
Wallingford	27	38
Southeast	<u>1,588</u>	<u>1,842</u>
Subtotal	<u>3,941</u>	<u>4,728</u>
Reduced by unamortized premium:		
Mid-Connecticut	(400)	(453)
Bridgeport	(31)	(44)
Southeast	<u>(713)</u>	<u>(827)</u>
Subtotal	<u>(1,144)</u>	<u>(1,324)</u>
Net Reduction	<u>\$2,797</u>	<u>\$3,404</u>

Certain of the Authority's bonds are secured by special capital reserve funds. Each fund is equal to the highest annual amount of debt service remaining on the issue. The State is contingently liable to restore any deficiencies that exist in these funds in the event that the Authority must draw from the fund. Bond principal amounts recorded as long-term debt at June 30, 2004 and 2003, which are backed by special capital reserve funds, are as follows:

Project	2004 (\$000)	2003 (\$000)
Mid-Connecticut	\$168,775	\$183,775
Southeast	<u>9,958</u>	<u>10,604</u>
Total	<u>\$178,733</u>	<u>\$194,379</u>



Annual debt service requirements to maturity on bonds payable are as follows:

Year ending June 30	Mid-Connecticut		Bridgeport		Wallingford	
	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)
2005	15,755	9,758	1,670	446	1,360	178
2006	16,680	8,761	1,740	363	1,133	112
2007	17,790	7,703	1,845	277	658	69
2008	17,900	6,646	1,955	185	684	42
2009	18,925	5,640	1,705	86	712	14
2010-2014	94,940	11,373	-	-	-	-
2015-2017	-	-	-	-	-	-
	<u>\$181,990</u>	<u>\$49,881</u>	<u>\$8,915</u>	<u>\$1,357</u>	<u>\$4,547</u>	<u>\$415</u>
Interest Rates	4.25-6.25%		4.83-5.5%		3.90-6.85%	

Year ending June 30	Southeast		Total	
	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)
2005	686	565	19,471	10,947
2006	732	522	20,285	9,758
2007	779	475	21,072	8,524
2008	821	425	21,360	7,298
2009	876	372	22,218	6,112
2010-2014	4,438	1,010	99,378	12,383
2015-2017	1,625	84	1,625	84
	<u>\$9,957</u>	<u>\$3,453</u>	<u>\$205,409</u>	<u>\$55,106</u>
Interest Rates	5.125-7.7%			



B. Loan Payable

During April 2002, the Connecticut General Assembly passed Public Act No. 02-46 authorizing a loan by the State to the Authority of up to \$115 million in support of debt service payments on the Mid-Connecticut facility bonds. Through June 30, 2004, the Authority has drawn down \$12.8 million in loan advances from the State. All loans received from the State must be fully repaid, with interest, by 2012. The interest rate, as determined by the Office of the State Treasurer, is adjusted monthly based on the State's base rate plus twenty-five basis points and may not exceed six percent. The interest rate at June 2004 was 1.38%.

The following is a summary of changes in the loan payable for the years ended June 30, 2003 and 2004.

	Balance at July 1, 2002 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2003 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2004 (\$000)	Amounts Due Within One Year (\$000)
Loan payable - principal	\$ -	\$ 2,000	\$ -	\$ 2,000	\$ 10,842	\$ 752	\$ 12,090	\$ 1,484

Maturities of the loan payable and related interest are as follows:

Year Ending June 30	Principal (\$000)	Interest (\$000)
2005	\$1,484	\$463
2006	1,483	403
2007	1,483	342
2008	1,483	283
2009	1,483	222
2010 – 2012	<u>4,674</u>	<u>308</u>
Total	<u>\$12,090</u>	<u>\$2,021</u>

Interest rate is assumed @ 4.00%

5. LONG-TERM LIABILITIES FOR CLOSURE AND POSTCLOSURE CARE OF LANDFILLS

Federal, State and local regulations require the Authority to place final cover on its landfills when it stops accepting waste (including ash) and to perform certain maintenance and

monitoring functions for periods which may extend to thirty years after closure.

GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", applies to closure and postclosure care costs which are paid near or after the date a landfill stops accepting waste. In accordance with GASB Statement No. 18, the



Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date. This amount increases the liability on the balance sheet for closure and postclosure care of landfills. These costs are generally paid when the landfill is closed and may continue for up to thirty years thereafter. The liability for these costs is reduced when the costs are actually incurred.

Actual costs may be higher due to inflation or changes in permitted capacity, technology or regulation.

The closure and postclosure care expenses and the amounts paid or accrued for fiscal 2003 and 2004 for the landfills, are presented in the following table:

Project/Landfill	Liability at July 1, 2002 (\$000)	Expense (\$000)	Paid or Accrued (\$000)	Liability at June 30, 2003 (\$000)	Expense (\$000)	Paid or Accrued (\$000)	Liability at June 30, 2004 (\$000)	Amounts Due Within One Year (\$000)
Mid-Connecticut:								
Hartford	\$4,306	\$2,030	\$-	\$6,336	\$190	\$-	\$6,526	\$-
Ellington	3,381	(25)	(154)	3,202	\$277	(161)	3,318	178
Bridgeport:								
Shelton	10,713	181	(639)	10,255	\$1,097	(367)	10,985	1,070
Waterbury	512	444	-	956	61	-	1,017	-
Wallingford	<u>3,953</u>	<u>1,488</u>	<u>(238)</u>	<u>5,203</u>	<u>264</u>	<u>(164)</u>	<u>5,303</u>	<u>185</u>
Total	<u>\$22,865</u>	<u>\$4,118</u>	<u>(\$1,031)</u>	<u>\$25,952</u>	<u>\$1,889</u>	<u>(\$692)</u>	<u>\$27,149</u>	<u>\$1,433</u>

The estimated remaining costs to be recognized in the future as closure and postclosure care of landfill expense, the percent of landfill capacity used and the remaining years of life for open landfills at June 30, 2004, are scheduled below:



Project/Landfill	Remaining Costs to be Recognized (\$000)	Capacity Used Landfill Area		Estimated Years of Remaining Landfill Area Life	
		Ash	Other	Ash	Other
Mid-Connecticut-Hartford	\$1,173	60%	97%	4	2
Bridgeport-Waterbury	<u>126</u>	----	89%	----	2
Total	<u>\$1,299</u>				

The State of Connecticut Department of Environmental Protection (DEP) requires that certain financial assurance mechanisms be maintained by the Authority to ensure payment of closure and postclosure costs related to certain landfills. Additionally, DEP requires that the Authority budget for anticipated closure costs for Mid-Connecticut's Hartford Landfill.

The Authority has placed funds in trust accounts for financial assurance purposes. The Mid-Connecticut Ellington Landfill account is valued at \$421,000 and \$419,000 at June 30, 2004 and 2003, respectively. The Bridgeport Waterbury Landfill account is valued at \$150,000 and \$149,000 at June 30, 2004 and 2003, respectively. The Wallingford Landfill account is valued at \$132,000 and \$131,000 at June 30, 2004 and 2003, respectively. These trust accounts are reflected as restricted assets in the accompanying balance sheets.

At June 30, 2004, a letter of credit for \$305,000 was outstanding for financial assurance of the Bridgeport Shelton Landfill. No funds were drawn on this letter during fiscal year 2004.

In addition to the above accounts and letter of credit, the Authority satisfies certain financial assurance requirements at June 30, 2004 and 2003 by meeting specified criteria pursuant to Section 258.74 of the federal Environmental Protection Agency Subtitle D regulations.

6. MAJOR CUSTOMERS

Energy generation revenues from CL&P totaled 18% and 17% of the Authority's operating revenues for the years ended June 30, 2004 and 2003, respectively.

Service charge revenues from Waste Management of Connecticut, Inc. totaled 12% of the Authority's operating revenues for each of fiscal years ended June 30, 2004 and 2003.

7. SETTLEMENT INCOME

In November 2002, the Authority received \$375,000 from a contractor as a result of a settlement of a claim with the contractor for facility utilization.

8. RETIREMENT PLAN

The Authority is the Administrator of its 401(k) Employee Savings Plan. This defined contribution retirement plan covers all eligible employees. To be eligible, the employee must be 18 years of age and have been a full time employee for six months.

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions are 5 percent of payroll plus a dollar for dollar match of employees' contributions up to 5 percent. Authority contributions for the years ended June 30, 2004 and 2003 amounted to \$275,000 and \$254,000, respectively. Employees contributed \$252,000



to the plan in fiscal year 2004 and \$211,000 in fiscal year 2003.

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority endeavors to purchase commercial insurance for all insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. During fiscal year 2004, the Public Officials/Employers liability insurance coverage was increased from \$3 million to \$5 million to take advantage of the improved market. Also, in fiscal year 2004, CRRA reduced the overall property insurance limit from \$450 million to \$305 million, which represents 100% replacement cost values for the Mid-Connecticut Power Block Facility and Energy Generating Facility, plus business interruption and extra expense values for the Mid-Connecticut project. This is CRRA's highest valued single facility. The \$305 million applies on a blanket basis for property damage to all locations.

The Authority is a member of the Connecticut Interlocal Risk Management Agency's (CIRMA) Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is a guaranteed cost program. The deposit contributions (premiums) paid were \$49,000 and \$35,000 for the years ended June 30, 2004 and 2003, respectively.

Under the Master Loan Agreement entered into between the State of Connecticut and the Authority, the Authority is obligated to pay principal and interest on any State loans advanced, on a monthly basis, until 2012. Each advance and all amounts outstanding will bear interest at a variable rate, as determined by the Office of the State Treasurer each month and may not exceed six percent. Principal repayments shall be made in consecutive equal monthly installments. As of June 30, 2004, the

Authority had \$12.1 million outstanding in State loans.

10. COMMITMENTS

The Authority has various operating leases for office space, land, landfills and office equipment. For the years ended June 30, 2004 and 2003, operating lease payments totaled \$927,000 and \$968,000, respectively. The Authority also has agreements with various municipalities for payments in lieu of taxes (PILOT) for personal and real property. For the years ended June 30, 2004 and 2003, the PILOT payments totaled \$7,512,000 and \$7,213,000, respectively. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2004 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2005	\$723	\$7,761
2006	765	8,012
2007	777	8,272
2008	801	8,541
2009	451	7,531
2010 - 2014	<u>845</u>	<u>22,805</u>
Total	<u>\$4,362</u>	<u>\$62,922</u>

The Authority has executed contracts with the operators of the resources recovery facilities, regional recycling centers, transfer stations and landfills containing various terms and conditions expiring through November 2015. Generally, operating charges are derived from various factors such as tonnage processed, energy produced and certain pass-through operating costs.



The approximate amount of contract operating charges included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2004 and 2003 was as follows:

Project	2004 (\$000)	2003 (\$000)
Mid-Connecticut	\$42,789	\$43,184
Bridgeport	37,693	39,456
Wallingford	13,079	13,208
Southeast	<u>9,415</u>	<u>9,288</u>
Total	<u>\$102,976</u>	<u>\$105,136</u>

11. OTHER FINANCING

The Authority has issued several bonds pursuant to Indenture Agreements to fund the construction of waste processing facilities built and operated by independent contractors. The revenue bonds were issued by the Authority to lower the cost of borrowing for the contractor/operator of the projects. The Authority is not involved in the construction activities, and construction requisitions by the contractor are made from various trustee accounts.

The Authority is not involved in the repayment of debt on these issues except for the portion of the bonds allocable to Authority purposes. In the event of default, and except in cases where the State has a contingent liability discussed below, the payment of debt is not guaranteed by the Authority or the State. Therefore, the Authority does not record the assets and liabilities related to these bond issues in its financial statements. The principal amounts of these bond issues outstanding at June 30, 2004 (excluding portions allocable to Authority purposes) are as follows:

Project	Amount (\$000)
Bridgeport - 1999 Series A	\$ 80,635
Wallingford - 1998 Series A	<u>18,243</u>
Southeast -	
1992 Series A (Corp. Credit)	30,000
1998 Series A (Project)	61,518
2001 Series A (American Ref- Fuel Company LLC – I)	6,750
2001 Series A (American Ref- Fuel Company LLC – II)	<u>6,750</u>
	<u>105,018</u>
Total	<u>\$203,896</u>

The Southeast 1998 Series A Project bond issue is secured by a special capital reserve fund. The State is contingently liable for any deficiencies in the special capital reserve fund for this bond issue.

12. SEGMENT INFORMATION

The Authority has four segments that operate resources recovery and recycling facilities and landfills throughout the State and are required to be self-supporting through user service fees and sales of electricity. The Authority has issued various revenue bonds to provide financing for the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the respective bond indentures. Financial segment information is presented below as of and for the year ended June 30, 2004.



	Mid-Connecticut (\$000)	Bridgeport (\$000)	Wallingford (\$000)	Southeast (\$000)
Condensed Statements of Net Assets				
Assets:				
Current unrestricted assets	\$39,323	\$15,309	\$25,676	\$7,789
Current restricted assets	25,463	1,475	10,274	3,912
Total current assets	<u>64,786</u>	<u>16,784</u>	<u>35,950</u>	<u>11,701</u>
Non-current assets:				
Cash and cash equivalents	46,785	1,508	1,313	1,275
Capital assets, net	175,255	20,716	1,979	-
Other assets, net	2,146	153	1,527	5,378
Total non-current assets	<u>224,186</u>	<u>22,377</u>	<u>4,819</u>	<u>6,653</u>
Total assets	<u>\$288,972</u>	<u>\$39,161</u>	<u>\$40,769</u>	<u>\$18,354</u>
Liabilities:				
Current liabilities	\$30,860	\$7,839	\$4,170	\$5,813
Long-term liabilities	184,969	18,225	8,289	8,529
Total liabilities	<u>215,829</u>	<u>26,064</u>	<u>12,459</u>	<u>14,342</u>
Net Assets:				
Invested in capital assets, net of debt	13,030	13,066	-	-
Restricted	53,552	2,464	7,842	147
Unrestricted	6,561	(2,433)	20,468	3,865
Total net assets	<u>73,143</u>	<u>13,097</u>	<u>28,310</u>	<u>4,012</u>
Total Liabilities and Net Assets	<u>\$288,972</u>	<u>\$39,161</u>	<u>\$40,769</u>	<u>\$18,354</u>
Condensed Statements of Revenues, Expenses, and Changes in Net Assets				
Operating revenues	\$83,755	\$49,566	\$21,487	\$11,938
Operating expenses	(65,004)	(44,488)	(16,572)	(10,739)
Depreciation and amortization expense	(16,081)	(854)	(324)	(448)
Operating income (loss)	<u>2,670</u>	<u>4,224</u>	<u>4,591</u>	<u>751</u>
Nonoperating income (expenses):				
Other income (expenses)	(122)	(40)	-	-
Investment income	1,102	100	359	30
Interest expense	(11,032)	(454)	(254)	(742)
Transfers in	5,337	2,443	1,047	252
Transfers out	-	-	-	-
Change in net assets	<u>(2,045)</u>	<u>6,273</u>	<u>5,743</u>	<u>291</u>
Total net assets, July 1, 2003	<u>75,188</u>	<u>6,824</u>	<u>22,567</u>	<u>3,721</u>
Total net assets, June 30, 2004	<u>\$73,143</u>	<u>\$13,097</u>	<u>\$28,310</u>	<u>\$4,012</u>
Condensed Statement of Cash Flows				
Net cash provided by (used in):				
Operating activities	\$16,976	\$5,390	\$6,697	(\$124)
Investing activities	1,106	99	363	43
Capital and related financing activities	(17,375)	(2,563)	(1,753)	(1,253)
Noncapital financing activities	5,328	2,425	1,047	251
Net increase (decrease)	<u>6,035</u>	<u>5,351</u>	<u>6,354</u>	<u>(1,083)</u>
Cash and cash equivalents, July 1, 2003	<u>91,368</u>	<u>7,619</u>	<u>28,446</u>	<u>8,528</u>
Cash and cash equivalents, June 30, 2004	<u>\$97,403</u>	<u>\$12,970</u>	<u>\$34,800</u>	<u>\$7,445</u>



13. SIGNIFICANT EVENTS

During 2001, the Authority entered into an energy agreement with the Connecticut Light & Power Company (CL&P) and Enron Power Marketing, Inc. (Enron), which consisted of the sale of the first 250,000 megawatt hours of electricity produced at the Mid-Connecticut Facility in the fiscal year to Enron and the balance to CL&P. With the bankruptcy filing of Enron on December 2, 2001, the Authority remarketed that portion of electricity sales and entered into an Energy Purchase Agreement with Select Energy on June 30, 2003.

Covanta Mid-Connecticut, Inc., (Covanta) operator of the steam and electricity production components of the Mid-Connecticut facility, filed for bankruptcy on April 1, 2002. During fiscal year 2004, Covanta has emerged from the bankruptcy.

14. CONTINGENCIES

The Authority, through the Connecticut Attorney General's Office, is pursuing recovery of lost monies from the transaction with Enron and its subsidiaries in bankruptcy, federal and state courts from its former law firms, financial institutions, rating agencies, Enron and Enron related parties. Other than the legal fees for which the Authority is responsible, management believes that the outcome of the claim will not have a material adverse effect on the Authority's financial position (see Note 16 Subsequent Events).

In January 2002, a former employee of the Authority filed suit against both the Authority and its former President for alleged damages flowing from his December 2001 termination. The Authority's exposure is estimated to be its \$100,000 deductible. In addition, the Authority is indemnifying and defending its former President in his personal capacity, for which there appears to be no insurance coverage. Management believes that the outcome of this claim will not have a material adverse effect on the Authority's financial position.

The Authority is also defending and indemnifying its former President pursuant to his separation agreement in civil matters only. He, however, has reserved his right to sue the Authority for payment of criminal defense costs.

In November 2003, the Town of West Hartford filed suit against the Authority's former President and Chairman seeking alleged actual damages resulting from the failed Enron transaction, as well as equitable relief and punitive damages. In December 2003, the Town of New Hartford filed suit against the Authority, all former board members and delegates, the Authority's former President, and others, seeking alleged actual damages resulting from the failed Enron transaction, as well as equitable relief and punitive damages. The Authority's insurer is treating the two matters as one claim for insurance purposes. The Authority's exposure is estimated to be the amount of its deductible. In addition, the Authority is indemnifying and defending its former President and board members and may have some exposure for legal fees. Management believes that the outcome of this claim will probably not have a material adverse effect on the Authority's financial position.

In May 2001, Bridgeport Resco filed a demand for arbitration seeking a declaratory judgment that it is entitled to approximately \$9,000,000 of savings from an August 1999 bond refinancing. The parties are continuing to attempt to settle this claim and management believes that the outcome of the claim will most probably not have a material adverse effect on the Authority's financial position.

The Authority has numerous open issues with the Metropolitan District including claims asserted by both parties. The resolution to many of these are subject to ongoing arbitration / mediation proceedings and cannot be predicted at this time. Management believes the net outcome of the various claims will not have a material adverse effect on the Authority's financial position.

The Authority is subject to numerous federal, state and local environmental and other



regulatory laws and regulations and management believes it is in substantial compliance with all such governmental laws and regulations.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, the Authority believes that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations of the Authority.

15. OPERATIONS

During fiscal year 2001, as part of the deregulation of the energy industry in Connecticut and the resultant energy contract buy-downs, the Authority entered into agreements with Enron and CL&P that would have provided \$26 million of revenue per year from Enron through fiscal year 2012. The annual debt service payment on the outstanding Mid-Connecticut Project bonds is \$26 million. Enron has not made any payments since December 2001 and is currently in bankruptcy. In response to this matter, the Authority sought assistance from the State. Chapter 446e, Sections 22a-257 et seq., as amended by Public Act No. 02-46 in April 2002 and Public Act 03-5 in August 2003 (Act) authorizes a loan of up to \$115 million from the State to the Authority in support of its Mid-Connecticut debt service obligations. The Act requires that the Authority file certain documents and comply with certain reporting requirements with the State as a condition of obtaining the proceeds of the loan. The Act also requires the Authority to adopt a plan to minimize its tipping fees charged to municipalities.

On December 31, 2002, the Authority filed its Steering Committee Report with the Connecticut General Assembly. The Steering Committee Report outlined the short, medium and long-term operating and financial solutions that the new Board of Directors recommended for the Authority. It also discussed the new strategic plan, which included the projected

future tip fees at the Mid-Connecticut facility, plans for the use of recoveries from litigation relating to the Enron bankruptcy and potential revenues from negotiated electricity contracts due to the Enron bankruptcy. In order to commence loan draws on the \$115 million loan, the Authority also submitted its Financial Mitigation Plan to the State Treasurer and the Secretary of the Office of Policy and Management on May 5, 2003.

Through June 30, 2004, the Authority has drawn down \$12.8 million of the authorized loan amount. Management has also negotiated with a CL&P affiliate a new power contract that is expected to increase electricity revenues through fiscal year 2005. In addition, for fiscal year 2004, the Board of Directors increased the tip fee at the Mid-Connecticut Project almost 12%, from \$57.00 per ton to \$63.75 per ton.

16 SUBSEQUENT EVENTS

On July 22, 2004, the Authority's Board of Directors passed a resolution authorizing the settlement of the Enron litigation, which was recommended by the State of Connecticut's Attorney General. The Authority's Board of Directors further authorized the initiation of a bidding process to sell the Enron claim in the capital markets. On August 20, 2004, the Authority's Board of Directs passed a resolution approving the sale of the Enron claim to a major financial institution with a significant presence in the distressed debt claims markets, which resulted in a premium of 34.4% over the projected bankruptcy court's plan distribution. The Authority is expecting to realize approximately \$111.2 million upon closing, scheduled for the fourth quarter of calendar 2004.



Connecticut Resources Recovery Authority

COMBINING BALANCE SHEETS

AS OF JUNE 30, 2004

(In Thousands)

EXHIBIT A

Page 1 of 2

ASSETS	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2004
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$1,555	\$25,199	\$9,989	\$23,256	\$2,313	\$	\$62,312
Accounts receivable, net of allowance	-	8,197	5,263	2,117	5,476	-	21,053
Inventory	-	3,541	-	-	-	-	3,541
Prepaid expenses	29	1,065	57	303	-	-	1,454
Due from other funds	32	1,321	-	-	-	(1,353)	-
Total Unrestricted Assets	<u>1,616</u>	<u>39,323</u>	<u>15,309</u>	<u>25,676</u>	<u>7,789</u>	<u>(1,353)</u>	<u>88,360</u>
Restricted Assets:							
Cash and cash equivalents	20	25,419	1,473	10,231	3,857	-	41,000
Accrued interest receivable	-	44	2	43	55	-	144
Total Restricted Assets	<u>20</u>	<u>25,463</u>	<u>1,475</u>	<u>10,274</u>	<u>3,912</u>	<u>-</u>	<u>41,144</u>
Total Current Assets	<u>1,636</u>	<u>64,786</u>	<u>16,784</u>	<u>35,950</u>	<u>11,701</u>	<u>(1,353)</u>	<u>129,504</u>
NON-CURRENT ASSETS							
Restricted cash and cash equivalents	-	46,785	1,508	1,313	1,275	-	50,881
Capital assets:							
Depreciable:							
Plant	870	160,783	25,126	-	-	-	186,779
Equipment	852	201,181	2,796	-	-	-	204,829
Less: accumulated depreciation	1,722	361,964	27,922	-	-	-	391,608
Total Depreciable, net	<u>(736)</u>	<u>(197,805)</u>	<u>(22,406)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,947)</u>
Nondepreciable:							
Land	-	10,595	15,200	1,979	-	-	27,774
Construction in progress	-	501	-	-	-	-	501
Total Nondepreciable	<u>-</u>	<u>11,096</u>	<u>15,200</u>	<u>1,979</u>	<u>-</u>	<u>-</u>	<u>28,275</u>
Development and bond issuance costs, net	-	2,146	153	1,527	5,378	-	9,204
Total Non-Current Assets	<u>986</u>	<u>224,186</u>	<u>22,377</u>	<u>4,819</u>	<u>6,653</u>	<u>-</u>	<u>259,021</u>
TOTAL ASSETS	<u>\$2,622</u>	<u>\$288,972</u>	<u>\$39,161</u>	<u>\$40,769</u>	<u>\$18,354</u>	<u>(\$1,353)</u>	<u>\$388,525</u>



Connecticut Resources Recovery Authority

**COMBINING BALANCE SHEETS
AS OF JUNE 30, 2004
(In Thousands)**

**EXHIBIT A
Page 2 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southwest Project	Eliminations	Total 2004
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current portion of:							
Bonds payable, net	\$ -	\$ 15,320	\$ 1,696	\$ 1,351	\$ 555	\$ -	\$ 18,922
State loan payable	-	1,484	-	-	-	-	1,484
Closure and postclosure care of landfills	-	178	1,070	185	-	-	1,433
Accounts payable and accrued expenses	1,030	9,822	5,073	2,634	5,258	-	23,817
Due to other funds	1,321	32	-	-	-	(1,353)	-
Other	-	4,024	-	-	-	-	4,024
Total Current Liabilities	2,351	30,860	7,839	4,170	5,813	(1,353)	49,680
LONG-TERM LIABILITIES							
Bonds payable, net	-	164,698	7,292	3,171	8,529	-	183,690
State loan payable	-	10,606	-	-	-	-	10,606
Closure and postclosure care of landfills	-	9,665	10,933	5,118	-	-	25,716
Total Long-term Liabilities	-	184,969	18,225	8,289	8,529	-	220,012
TOTAL LIABILITIES	2,351	215,829	26,064	12,459	14,342	(1,353)	269,692
NET ASSETS							
Invested in Capital Assets, net of related debt	-	13,030	13,066	-	-	-	26,096
Restricted:							
Debt service reserve funds	-	20,023	1,261	101	78	-	21,463
Energy generating facility	-	20,000	-	-	-	-	20,000
Debt service funds	-	8,363	1,053	-	69	-	9,485
Tip fee stabilization	-	-	-	7,609	-	-	7,609
Operating and maintenance	-	1,529	-	-	-	-	1,529
Equipment replacement	-	1,529	-	-	-	-	1,529
Select energy escrow	-	1,000	-	-	-	-	1,000
Landfill custodian accounts	-	421	150	132	-	-	703
Regional recycling center equipment	-	448	-	-	-	-	448
Recycling education fund	-	239	-	-	-	-	239
Mercury public awareness	20	-	-	-	-	-	20
Total Restricted	20	53,552	2,464	7,842	147	-	64,025
Unrestricted	251	6,561	(2,433)	20,468	3,865	-	28,712
	271	60,113	31	28,310	4,012	-	92,737
Total Net Assets	271	73,143	13,097	28,310	4,012	-	118,833
TOTAL LIABILITIES AND NET ASSETS	\$2,622	\$288,972	\$39,161	\$40,769	\$18,354	(\$1,353)	\$388,525



Connecticut Resources Recovery Authority

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2004

(In Thousands)

EXHIBIT B

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2004
Operating Revenues							
Service charges:							
Members	\$ -	\$ 39,466	\$ 30,098	\$ 8,313	\$ 10,664	\$ -	\$ 88,541
Others	-	15,789	11,556	142	1,225	(1,328)	27,384
Energy generation	-	24,052	-	12,946	-	-	36,998
Ash disposal fees	-	-	4,031	-	-	-	4,031
Other operating revenues	-	4,448	3,881	86	49	-	8,464
Total operating revenues	-	<u>83,755</u>	<u>49,566</u>	<u>21,487</u>	<u>11,938</u>	<u>(1,328)</u>	<u>165,418</u>
Operating Expenses							
Solid waste operations	7	58,675	42,228	15,864	10,570	(1,328)	126,016
Depreciation and amortization	180	16,081	854	324	448	-	17,887
Maintenance and utilities	-	1,481	241	(25)	-	-	1,697
Closure and postclosure care of landfills	-	467	1,158	264	-	-	1,889
Project administration	-	4,381	861	469	169	-	5,880
Total operating expenses	<u>187</u>	<u>81,085</u>	<u>45,342</u>	<u>16,896</u>	<u>11,187</u>	<u>(1,328)</u>	<u>153,369</u>
Operating Income (Loss)	<u>(187)</u>	<u>2,670</u>	<u>4,224</u>	<u>4,591</u>	<u>751</u>	<u>-</u>	<u>12,049</u>
Non-Operating Revenues and (Expenses)							
Investment income	32	1,102	100	359	30	-	1,623
Other income (expenses)	316	(122)	(40)	-	-	-	154
Interest expense	-	(11,032)	(454)	(254)	(742)	-	(12,482)
Net Non-Operating Income and (Expenses)	<u>348</u>	<u>(10,052)</u>	<u>(394)</u>	<u>105</u>	<u>(712)</u>	<u>-</u>	<u>(10,705)</u>
Income (Loss) before operating transfers	161	(7,382)	3,830	4,696	39	-	1,344
Transfers in (out)	(9,079)	5,337	2,443	1,047	252	-	-
Increase (Decrease) in Net Assets	<u>(8,918)</u>	<u>(2,045)</u>	<u>6,273</u>	<u>5,743</u>	<u>291</u>	<u>-</u>	<u>1,344</u>
Total Net Assets, beginning of year	<u>9,189</u>	<u>75,188</u>	<u>6,824</u>	<u>22,567</u>	<u>3,721</u>	<u>-</u>	<u>117,489</u>
Total Net Assets, end of year	<u>\$ 271</u>	<u>\$ 73,143</u>	<u>\$ 13,097</u>	<u>\$ 28,310</u>	<u>\$ 4,012</u>	<u>\$ -</u>	<u>\$ 118,833</u>



Connecticut Resources Recovery Authority

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

**EXHIBIT C
Page 1 of 2**

(In Thousands)

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2004
Cash Flows From Operating Activities							
Payments received from providing services	\$ -	\$ 83,491	\$ 48,952	\$ 22,966	\$ 11,552	\$ -	\$ 166,961
Payments received from other funds	1,321	(70)	-	-	-	(1,251)	1,251
Payments to suppliers for goods and services	329	(62,597)	(43,062)	(15,999)	(11,578)	-	(132,907)
Payments to employees for services	-	(2,527)	(500)	(270)	(98)	-	(3,395)
Payments to other funds	70	(1,321)	-	-	-	1,251	(1,251)
Net Cash Provided by (Used in) Operating Activities	1,720	16,976	5,390	6,697	(124)	-	30,659
Cash Flows From Investing Activities							
Interest on investments	32	1,106	99	363	43	-	1,643
Net Cash Provided by Investing Activities	32	1,106	99	363	43	-	1,643
Cash Flows From Capital and Related Financing Activities							
Proceeds from State loan	-	10,842	-	-	-	-	10,842
Proceeds from sales of investments	181	-	-	-	-	-	181
Proceeds from sales of equipment	-	3	-	-	-	-	3
Payment for landfill closure and postclosure care liabilities	-	(161)	(367)	(164)	-	-	(692)
Acquisition and construction of capital assets	(842)	(1,567)	(51)	-	-	-	(2,460)
Interest paid on long-term debt	-	(10,745)	(525)	(250)	(606)	-	(12,126)
Principal paid on long-term debt	-	(15,747)	(1,620)	(1,339)	(647)	-	(19,353)
Net Cash Used in Capital and Related Financing Activities	(661)	(17,375)	(2,563)	(1,753)	(1,253)	-	(23,605)
Cash Flows From Non-Capital Financing Activities							
Transfer in	-	5,337	2,443	1,047	252	(9,079)	-
Other interest and fees	99	(9)	(18)	-	(1)	-	71
Transfers out	(9,079)	-	-	-	-	9,079	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(8,980)	5,328	2,425	1,047	251	-	71



Connecticut Resources Recovery Authority

COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2004

(In Thousands)

EXHIBIT C
Page 2 of 2

	Administrative Pool	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2004
Net increase (decrease) in cash and cash equivalents	\$ (7,889)	\$ 6,035	\$ 5,351	\$ 6,354	\$ (1,083)	\$ -	\$ 8,768
Cash and cash equivalents, beginning of year	9,464	91,368	7,619	28,446	8,528	-	145,425
Cash and cash equivalents, end of year	\$ 1,575	\$ 97,403	\$ 12,970	\$ 34,800	\$ 7,445	\$ -	\$ 154,193
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating income (loss)	\$ (187)	\$ 2,670	\$ 4,224	\$ 4,591	\$ 751	\$ -	\$ 12,049
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation of capital assets	180	15,746	823	-	-	-	16,749
Amortization of development and bond issuance costs	-	335	30	324	449	-	1,138
Provision for closure and postclosure care of landfills (Increase) decrease in:	-	467	1,158	264	-	-	1,889
Accounts receivable, net of allowance	-	(264)	(613)	1,479	(387)	-	215
Inventory	-	66	-	-	-	-	66
Prepaid expenses	38	(94)	26	1	21	-	(8)
Due from other funds (Decrease) increase in:	70	(1,321)	-	-	-	(1,251)	-
Accounts payable and accrued expenses	298	(559)	(258)	38	(958)	-	(1,439)
Due to other funds	1,321	(70)	-	-	-	1,251	-
Net Cash Provided by (Used in) Operating Activities	\$ 1,720	\$ 16,976	\$ 5,390	\$ 6,697	\$ (124)	\$ -	\$ 30,659



Connecticut Resources Recovery Authority

**SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2004
(In Thousands)**

**EXHIBIT D
Page 1 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total 2004
Net assets invested in capital assets, net of related debt	\$ -	\$ 13,030	\$ 13,066	\$ -	\$ -	\$ 26,096
Restricted net assets:						
Restricted cash and cash equivalents:						
Debt service reserve funds	-	26,786	1,508	1,313	1,274	30,881
Energy generating facility	-	20,000	-	-	-	20,000
Debt service funds	-	12,263	1,302	947	450	14,962
Tip fee stabilization	-	-	-	7,609	-	7,609
Revenue fund	-	3,527	-	1,394	1,201	6,122
MDC arbitration escrow	-	4,193	-	-	-	4,193
Montville landfill postclosure	-	-	-	-	2,032	2,032
Operating and maintenance	-	1,529	-	-	-	1,529
Equipment replacement	-	1,529	-	-	-	1,529
Select energy escrow	-	1,000	-	-	-	1,000
DEP trust - landfills	-	421	150	132	-	703
RRC container equipment	-	451	-	-	-	451
Customer guarantee of payment	-	216	18	42	-	276
Rebate funds	-	10	3	107	151	271
Recycling education fund	-	239	-	-	-	239
Town of Ellington trust - pooled funds	-	41	-	-	-	41
Mercury public awareness	20	-	-	-	-	20
Authority project cost account	-	-	-	-	-	-
Earning fund	-	-	-	-	18	18
Total restricted cash and cash equivalents	20	72,205	2,981	11,544	5,131	91,881



Connecticut Resources Recovery Authority

**SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2004
(In Thousands)**

**EXHIBIT D
Page 2 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total 2004
Less liabilities to be paid with restricted assets:						
Bonds payable, net	\$ -	\$ 3,910	\$ 252	\$ 1,351	\$ 555	\$ 6,068
State loan payable	-	1,484	-	-	-	1,484
Closure and postclosure care of landfills	-	178	18	185	-	381
Accounts payable and accrued expenses	-	2,294	-	954	3,233	6,481
Accrued MDC escrow	-	4,024	-	-	-	4,024
Total liabilities to be paid with restricted assets:	-	11,890	270	2,490	3,788	18,438
Bonds payable to be retired from non-current restricted assets	-	6,763	247	1,212	1,196	9,418
Total restricted net assets	20	53,552	2,464	7,842	147	64,025
Unrestricted net assets:						
Designated for:						
Postclosure care of landfills	-	2,321	2,911	5,320	-	10,552
Closure care of landfills	-	6,674	202	-	-	6,876
Future loss contingencies	-	5,342	-	1,047	252	6,641
Waste processing facility modifications	-	3,890	-	-	-	3,890
Rolling stock	-	2,817	-	-	-	2,817
Recycling	-	1,860	-	-	-	1,860
Landfill replacement	-	1,800	-	-	-	1,800
Future use	-	-	569	-	-	569
Benefit fund	251	-	-	-	-	251
Undesignated	-	(18,143)	(6,115)	14,101	3,613	(6,544)
Total unrestricted net assets	251	6,561	(2,433)	20,468	3,865	28,712
Total Net Assets	\$ 271	\$ 73,143	\$ 13,097	\$ 28,310	\$ 4,012	\$ 118,833

TAB 7

**RESOLUTION REGARDING THE ADOPTION OF AN ISSUANCE
AND RETIREMENT OF BONDS, NOTES AND OTHER
OBLIGATIONS OF THE AUTHORITY PROCEDURE**

RESOLVED: That the Issuance and Retirement of Bonds, Notes and Other Obligations of the Authority Procedure of the Connecticut Resources Recovery Authority be adopted substantially in the form as presented and discussed at this meeting.

22a-268a Section text
1 of 1 document(s) retrieved

Sec. 22a-268a. Written procedures. The board of directors of the Connecticut Resources Recovery Authority shall adopt written procedures, in accordance with the provisions of section 1-121, for: (1) Adopting an annual budget and plan of operations, including a requirement of board approval before the budget or plan may take effect; (2) hiring, dismissing, promoting and compensating employees of the authority, including an affirmative action policy and a requirement of board approval before a position may be created or a vacancy filled; (3) acquiring real and personal property and personal services, including a requirement of board approval for any such nonbudgeted expenditure in excess of five thousand dollars; (4) contracting for (A) the business, design, operating, management, construction, transportation, marketing, planning and research and development functions of the authority, (B) financial, legal, bond underwriting and other professional services, and (C) supplies, materials and equipment, including (i) notwithstanding any provision of this chapter, standards for determining when contracts described in this subdivision (4) shall be awarded on the basis of competitive bidding or competitive negotiation, an exemption for small purchases, and criteria for waiving competitive bidding or competitive negotiation, and (ii) a requirement that the authority solicit proposals at least once every three years for each such professional service which it uses; (5) issuing and retiring bonds, bond anticipation notes and other obligations of the authority; (6) awarding loans, grants and other financial assistance, including eligibility criteria, the application process and the role played by the authority's staff and board of directors; and (7) the use of surplus funds to the extent authorized under this chapter or other provisions of the general statutes.



**ISSUANCE AND RETIREMENT OF
BONDS, NOTES AND OTHER
OBLIGATIONS OF THE AUTHORITY**

EFFECTIVE SEPTEMBER __, 2004

CONNECTICUT RESOURCES RECOVERY AUTHORITY
ISSUANCE AND RETIREMENT OF BONDS, NOTES AND OTHER
OBLIGATIONS OF THE AUTHORITY

BOARD OF DIRECTORS POLICY No. 015

I. Policy

To define the procedure on how to issue and retire bonds, notes and other obligations of the Connecticut Resources Recovery Authority (the "Authority") for the purposes defined of the Authority in the Solid Waste Management Services Act Chapter 446e of the Connecticut General Statutes (the "Act"). Any bonds or notes issued by the Authority shall be general obligations of the Authority payable out of any revenues or other receipts, funds or moneys of the Authority that are pledged for the purpose of the bonds or notes so issued. Bonds or notes may be further secured by the State of Connecticut's Special Capital Reserve Fund (as further described herein) or by other credit enhancements as are available to be purchased in the municipal marketplace.

Each project that the Authority owns or operates shall cause a Master Bond Resolution to be created upon the issuance of any series of bond or note indebtedness for such project. Such Master Bond Resolution shall be executed between the Authority and the Bond Trustee (currently U.S. Bank). Any additional bonds or notes may be issued under a Supplemental Bond Resolution for the respective project. No bonds or notes shall be issued under a Master Bond Resolution for a project under the auspices of another Master Bond Resolution.

Pursuant to Section 22a-268d of the Connecticut General Statutes, the Authority may borrow temporarily from the State for the purposes of supporting the repayment of debt issued by the Authority on behalf of the Mid-Connecticut Project. (See Section IV(A) herein regarding available loan amounts.) Master Loan Agreements have been executed between the Authority and the State of Connecticut for the fiscal years 2003, 2004 and 2005 for such temporary borrowings.

II. Procedures Regarding Bonds

A. Issuance of Bonds

1. The Authority may issue bonds from time to time, subject to the affirmative vote of a majority of the Directors and Ad Hoc Members eligible to vote (the "Directors"). The Authority's Chairman or its Finance Committee must recommend such bonds to the Directors upon advice of the President or Chief Financial Officer of the Authority, bond counsel or such other advisors as the Chairman or Finance Committee deems appropriate.

2. All bonds of the Authority are subject to the final approval of Treasurer of the State of Connecticut (the "State Treasurer").
3. Bonds of the Authority may be issued in any form as authorized under the Act and as provided in the Board resolution authorizing the issuance of the bonds.
4. Bonds may have maturities not exceeding 40 (forty) years.
5. Upon approval by the Board of Directors, the Authority may enter into an underwriting agreement(s) with a nationally-recognized bond dealer(s) (Red Book listed), upon satisfaction of a Request for Proposal process to select such underwriter(s) for the purpose of a negotiated bond underwriting. The Authority may recommend a competitive or private placement bond sale to the Board of Directors should market conditions so warrant.
6. Proceeds of bond sales must be invested according to the Authority's current Investment Policy.
7. All bond issued by the Authority will be in book-entry only form. No bond certificates will be printed, maintained, recorded or otherwise generated by the Authority.
8. A fully executed original set of bond closing documents shall be maintained by the Authority at its offices, for each bond issuance.

B. Debt Service Reserve Fund and Special Capital Reserve Fund (SCRF)

1. All bonds issued by the Authority shall have a Debt Service Reserve Fund established consistent with standards in the municipal marketplace to ensure the highest possible bond rating and subject to the approval of nationally-recognized bond counsel.
2. Pursuant to Section 22a-272b of the Connecticut General Statutes, no such bonds secured by a Special Capital Reserve Fund shall be issued by the Authority to pay project costs unless the Authority is of the opinion and determines that the revenues to be derived from the project shall be sufficient (1) to pay the principal of and interest on the bonds issued to finance the project, (2) to establish, increase and maintain any reserves deemed by the Authority to be advisable to secure the payment of the principal and interest on such bonds, (3) to pay the costs of maintaining the project in good repair and keeping it properly insured and (4) to pay such other costs of the project as may be required. In making such determination, the Authority may seek the advice of bond counsel retained by the Authority or such other advisors, as they deem appropriate.
3. Upon determination of project sufficiency, the Authority (or bond counsel) may apply to the State Treasurer for Special Capital Reserve Fund designation.

C. Retirement of Bonds

1. The Directors, with the advice of the President or the Chief Financial Officer of the Authority, bond counsel and such other advisors, may approve an early retirement or defeasance of Authority bonds, as they deem appropriate.

III. Procedures Regarding Notes

A. Issuance of Notes

1. From time to time the Authority may, upon an affirmative vote of a majority of the Directors and Ad Hoc Members eligible to vote, issue, renew or refinance short-term notes. Such notes shall be bid competitively unless the Directors determine that it is not in the best interest of the Authority to do so. The Authority's Financial Advisor shall place a Notice of Sale in *The Bond Buyer* or other national municipal market publication and/or website for a request for bids.
2. Notes issued by the Authority are, to the extent required by law, subject to approval by the State Treasurer.
3. Notes issued by the Authority will usually mature within one year of issuance, however this requirement will not preclude renewing any notes for subsequent periods, so long as the term or renewal thereof shall not exceed a period equal to five years from the date of issuance of such note.
4. A fully executed original set of closing documents shall be maintained for each note issued by the Authority at its offices.

IV. Procedures Regarding the Mid-Connecticut Project State Loan

A. History

Pursuant to Section 22a-268d of the Connecticut General Statutes, the Authority received authorization to borrow up to \$115 million in State Loans for the purposes of debt repayment on the Mid-Connecticut project bonds. The Statute allows the Authority to borrow up to \$22 million for fiscal years ending June 30, 2003 and June 30, 2004. For subsequent fiscal years, the Authority may borrow up to \$93 million in accordance with the provisions of the aforementioned Statute.

B. Drawdowns Under the State Loan

1. The Authority may request an annual State Loan amount for the ensuing fiscal year, subject to the approval of two-thirds of the Authority's voting Board of Directors present at a duly called meeting. Pursuant to Section 22a-268d of the Connecticut General Statutes, the annual State Loan amount requires subsequent approval by the State Treasurer and the Secretary of the Office of Policy and

Management. The Authority's Chairman or its Finance Committee must recommend a borrowing amount to the Directors upon advice of the President or Chief Financial Officer of the Authority, bond counsel or such other advisors as the Chairman or Finance Committee deems appropriate.

2. Upon approval by the Directors, and prior to any such drawdown under the State Loan, the Authority will submit its financial mitigation plan, as required by Section 22a-268d of the Connecticut General Statutes, to the State Treasurer and the Secretary of the Office of Policy and Management.
3. Pursuant to and as set forth in Section 22a-268d(b) of the Connecticut General Statutes, the Authority must provide annual and quarterly reports to the State Treasurer, the Secretary of the Office of Policy and Management and the Joint Standing Committee of the General Assembly on Finance, Revenue and Bonding.
4. Upon approval of the State Loan by the State Treasurer and the Secretary of the Office of Policy and Management, the Authority will enter into a Master Loan Agreement between the State and the Authority.
5. Drawdowns under the State Loan shall occur monthly, if necessary, and will be by written requisition, submitted five business days prior to the date the Authority desires deposit of the same with the Bond Trustee to the State Treasurer's Office and must be accompanied by two signatures of any of the following: The Authority Chairman, Authority Finance Committee Chairman, Authority President or Authority Chief Financial Officer.
6. Following the requisition, the State Treasurer's Office will wire funds directly to the Bond Trustee not less than two business days prior to the end of that calendar month for further credit to the Mid-Connecticut Project debt service accounts.

C. Pre-Payments and Retirement of the State Loan

1. The Directors, with the advice of the President or the Chief Financial Officer of the Authority, bond counsel and such other advisors, may pre-pay State Loan advances in whole or in part, at any time.
2. The Authority shall consult with the State Treasurer and the Secretary of the Office of Policy and Management regarding the utilization of proceeds received in connection with any claims or recoveries arising from the Enron litigation, as more fully detailed in the respective Master Loan Agreements. Such proceeds or recoveries may be used to prepay State Loan advances, mitigate the need for anticipated future advances under the State Loan and/or to mitigate the Mid-Connecticut Project service payments.

V. Miscellaneous

A. Approval of Procedural Deviation

Any deviation from the above procedures must be approved by a majority of the Authority's voting Board of Directors present at any meeting at which a quorum is in attendance.

B. History

Statutory References: C.G.S. Sections 1-121; 22a-261, as amended; 22a-265(15); 22a-268a; 22a-268d; 22a-269; and 22a-272

Date of Adoption by Board of Directors: November 20, 1990
Reviewed and Revised by the Finance Committee: September 16, 2004
Revised Version Adopted by the Board of Directors: September __, 2004

TAB 8

**RESOLUTION REGARDING THE ADOPTION OF AWARDING
LOANS, GRANTS AND OTHER FINANCIAL ASSISTANCE
PROCEDURES**

RESOLVED: That the Awarding Loans, Grants and Other Financial Assistance Procedure of the Connecticut Resources Recovery Authority be adopted substantially in the form as presented and discussed at this meeting.

22a-268a Section text
1 of 1 document(s) retrieved

Sec. 22a-268a. Written procedures. The board of directors of the Connecticut Resources Recovery Authority shall adopt written procedures, in accordance with the provisions of section 1-121, for: (1) Adopting an annual budget and plan of operations, including a requirement of board approval before the budget or plan may take effect; (2) hiring, dismissing, promoting and compensating employees of the authority, including an affirmative action policy and a requirement of board approval before a position may be created or a vacancy filled; (3) acquiring real and personal property and personal services, including a requirement of board approval for any such nonbudgeted expenditure in excess of five thousand dollars; (4) contracting for (A) the business, design, operating, management, construction, transportation, marketing, planning and research and development functions of the authority, (B) financial, legal, bond underwriting and other professional services, and (C) supplies, materials and equipment, including (i) notwithstanding any provision of this chapter, standards for determining when contracts described in this subdivision (4) shall be awarded on the basis of competitive bidding or competitive negotiation, an exemption for small purchases, and criteria for waiving competitive bidding or competitive negotiation, and (ii) a requirement that the authority solicit proposals at least once every three years for each such professional service which it uses; (5) issuing and retiring bonds, bond anticipation notes and other obligations of the authority; (6) awarding loans, grants and other financial assistance, including eligibility criteria, the application process and the role played by the authority's staff and board of directors; and (7) the use of surplus funds to the extent authorized under this chapter or other provisions of the general statutes.



**AWARDING LOANS, GRANTS AND
OTHER FINANCIAL ASSISTANCE**

EFFECTIVE SEPTEMBER __, 2004

CONNECTICUT RESOURCES RECOVERY AUTHORITY

AWARDING LOANS, GRANTS AND OTHER FINANCIAL ASSISTANCE

BOARD OF DIRECTORS POLICY No. 016

I. Policy

Connecticut General Statutes, Section 22a-268a requires the Connecticut Resources Recover Authority adopt written procedures for, among other things, “awarding loans, grants and other financial assistance, including eligibility criteria, the application process and the role played by the Authority’s staff and Board of Directors (“Directors”). While the exercise of such an option is remote, the following procedures establishes guidelines as required should this event occur.

II. Procedures Regarding Awarding Loans

A. Application Process

1. The Authority may award loans from time to time, subject to a two-thirds approval of the Authority’s Board of Directors (the “Directors”). Such loans must be recommended to the Directors by the Authority’s Chairman or its Finance Committee upon advice of the President of the Authority, bond counsel or such other advisors as the Chairman or Finance Committee deems appropriate.

B. Repayment of Loans

1. The Directors, on a case-by-case basis, will determine the maximum maturity for each loan awarded.
2. The Directors shall also have discretion as to setting the principal repayment schedule (equal principal, level debt service, balloon payment, etc.) for each loan awarded.
3. Unless otherwise determined on a case-by-case basis, any loan awarded shall bear interest at a monthly variable interest rate plus 50 basis points. The Authority’s Chief Financial Officer shall calculate the monthly variable interest rate based on the Authority’s monthly cost of funds. In no case shall the monthly variable interest rate be greater than the Authority’s monthly cost of funds plus 200 basis points.

III. Procedures Regarding Awarding Grants

A. Application Process

1. The Authority may, on a case-by-case basis and with an affirmative vote of a majority of the Directors and Ad Hoc Members eligible to vote award grants.
2. Any grant recipient must make a formal presentation to the Board at a regularly scheduled meeting.
3. The Authority's Chairman or its Finance Committee, upon advice of the President and the Chief Financial Officer of the Authority, must recommend any grant to the Directors.

IV. Procedures Regarding Awarding Other Financial Assistance

A. Application Process

1. On a case-by-case basis, the Directors may authorize and approve, by an affirmative vote of a majority of the Directors and Ad Hoc Members eligible to vote, the awarding of other financial assistance, to be determined solely by the Directors.
2. The Directors will determine the repayment of any financial assistance at the time such financial assistance is discussed. The Board must approve, by an affirmative vote of the Directors and Ad Hoc Members eligible to vote, the terms of the repayment provisions concurrent with this section.

V. Miscellaneous

A. Approval of Procedural Deviation

Any deviation from the above procedures must be approved by an affirmative vote of the Directors and Ad Hoc Members eligible to vote.

B. History

Statutory Reference:

C.G.S. Sections 22a-268a

Date of Adoption by Board of Directors:

September __, 2004

TAB 9

**RECOMMENDED BOARD RESOLUTION REGARDING
PROJECTED LEGAL EXPENDITURES**

WHEREAS: CRRA has entered into Legal Service Agreements with various law firms to perform legal services; and

WHEREAS: CRRA is projecting additional outside legal services for fiscal year 2005.

NOW THEREFORE, it is RESOLVED: that the following amounts be authorized for projected legal fees to be incurred through June 30, 2005:

<u>Firm:</u>	<u>Amount:</u>
Anderson Kill & Olick	\$ 500,000
Brown Rudnick	120,000
Halloran & Sage	500,000
Kainen & Escalere & Michale	75,000
McCarter & English	400,000
Pepe Hazard	50,000
Perakos Zitser	75,000
Pullman & Comley	100,000
Sidley Austin Brown & Wood	100,000

**CONNECTICUT RESOURCES RECOVERY AUTHORITY
FISCAL YEAR 2005 LEGAL EXPENDITURE SUMMARY REPORT**

Legal Counsel	Amounts Paid	Amounts Paid Through	Projected Costs	Required Board
	FY04 ^(a)	Jul 31-04 ^(a)	FY05	Approval ^(b)
Anderson Kill & Olick (AG)	\$403,409	\$12,698	\$500,000	\$500,000
Pepe & Hazard (AG)	\$14,658	\$0	\$50,000	\$50,000
Brown Rudnick	\$304,566	\$22,007	\$200,000	\$200,000 (e)
Cohn Birnbaum	\$100,590	\$6,100	\$40,000	-
Halloran & Sage (GC)	\$278,769	\$160,237	\$500,000	\$500,000
Kainen Escalere & Michale	\$29,683	\$9,246	\$75,000	\$75,000
McCarter & English ^(c)	\$113,355	\$49,986	\$400,000	\$400,000 (f)
Perakos & Zitser	\$36,385	\$0	\$75,000	\$75,000
Pullman Comley	\$129,151	\$37,127	\$100,000	\$100,000
Sidley Austin Brown & Wood	\$126,601	\$1,360	\$100,000	\$100,000
Jackson Lewis ^(d)	\$12,151	\$4,981	\$35,000	-
Total	\$1,549,317	\$303,743	\$2,075,000	\$2,000,000

(a) Actual amounts paid may include payment for expenses incurred in prior years.

(b) Board Approval is required for individual Request for Services in excess of \$50,000.

(c) Transferred work to General Counsel (GC), except for items listed in Activity column.

(d) Insurance appointed counsel, CRRRA pays first \$100k.

(e) Includes Board approved amount of \$80k.

(f) Includes cost of arbitration panels.

**CONNECTICUT RESOURCES RECOVERY AUTHORITY
FISCAL YEAR 2005 LEGAL EXPENDITURE SUMMARY REPORT**

Anderson Kill & Olick (AG)	Enron Bankruptcy related matters, Sale of Claim, CL&P Release, U.S. Bank Release
Brown Rudnick	Environmental Issues (Hartford Landfill)
Cohn Birnbaum	Environmental Issues (South Meadows Remediation)
Halloran & Sage (GC)	Policy and CRRRA Board matters, Wallingford Policy Board matters, Enron issues, New Hartford Litigation, EPA Agreement, General matters.
Kainen Escalere & Michale	Personnel Issues, HR Committee matters, Employee Training and ERISA matters.
McCarter & English ^(b)	Wheelabrator Arbitration, MDC Arbitration, Arbitration Panel Costs, Copying Expenses (File Recovery)
Pepe & Hazard	Expenses for Enron Litigation
Perakos & Zitser	SWEROC Board Issues, Recycling Litigation Matters
Pullman Comley	Enron Related Matters, State Loan Master Loan Agreement, FASB78 Issues, Bond Indenture Covenants, Trustee & State Treasurer Related Matters, Quarterly Financial Mitigation Plan Filings and Future Financing Matters.
Sidley Austin Brown & Wood	Enron Related Matters, State Loan Master Loan Agreement, FASB78 Issues, Bond Indenture Covenants, Trustee & State Treasurer Related Matters, Quarterly Financial Mitigation Plan Filings and Future Financing Matters.
Jackson Lewis ^(c)	Former Employee Lawsuit.

TAB 10

**RESOLUTION REGARDING EXPENDITURES FOR ODOR
MONITORING SERVICES AT THE MID-CONNECTICUT
WASTE PROCESSING FACILITY**

RESOLVED: That the President of CRRA be authorized to increase, to \$76,701.00, the existing Fiscal Year 2005 Request For Services with TRC Environmental Corporation for Odor Monitoring Support at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Odor Hotline Response and On-Call Services – Mid-CT Waste Processing Facility

Presented to the CRRA Board on: September 23, 2004

Vendor/ Contractor(s): TRC Environmental Corporation

Effective date: July 1, 2004

Contract Type/Subject matter: Three Year Services Agreement

Facility (ies) Affected: Mid-CT Waste Processing Facility

Original Contract: 050101

Term: July 1, 2004 through June 30, 2007

Contract Dollar Value: \$76,701.00

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services:

- To provide on-call odor hotline response at the Mid-CT Waste Processing Facility;
- To provide on-site odor patrols at the Mid-CT WPF, as directed;
- To provide proactive odor patrols of likely off-site receptor areas, as directed.

Other Pertinent Provisions: None

Connecticut Resources Recovery Authority Mid-Connecticut Project

Odor Hotline Response and On-Call Services – Mid-CT Waste Processing Facility

September 23, 2004

Executive Summary

For several years CRRA has utilized a team of trained odor specialists from TRC Environmental Corporation to respond to all calls to CRRA's Odor hotline. At the beginning of FY2005, CRRA executed a Request For Services (RFS) pursuant to TRC's three-year engineering Services Agreement with CRRA. This RFS, in the amount of \$19,566 covered TRC's on-call odor response from July 1 through December 31, 2004. On July 15, 2004, CRRA increased this RFS by \$7,980 to cover additional costs for TRC to perform two four-hour proactive odor patrols per week from July 16 to August 31 of areas that are potentially affected by WPF odors. Beginning on August 19, CRRA directed TRC to perform on-site odor inspections at the Mid-Connecticut WPF from 4pm to midnight in lieu of the four-hour patrols. This second change in scope has increased the amount of the RFS to slightly under \$50,000. Because CRRA will require services during the second half of fiscal year 2005, the total amount of anticipated services for these odor monitoring activities is expected to exceed \$50,000 later in the year. This is to request Board approval to increase the amount of this Request for Services to \$76,701 for this fiscal year.

Discussion

For several years, CRRA has employed odor specialists from TRC Environmental Corporation to perform on-call responses to all odor complaints received by CRRA's Odor Hotline. TRC maintains a staff of trained individuals who carry pagers 24 hours a day, seven days a week, and follow a protocol that includes meeting with the complainant, attempting to track the odor to its source and reporting to CRRA staff on their findings. Since the installation of the MCAPS, the number of odor complaints has dropped by over 90%.

However, during the past two months there have occurred several isolated, persistent incidents of odor complaints from East Hartford residents and businesses; these complaints have been confirmed by CRRA's consultant.

In an effort to address this situation, CRRA staff directed TRC to perform proactive odor patrols of the areas surrounding the WPF on Friday and Saturday evenings. CRRA determined that these proactive patrols, although of some value, were not adequate to satisfactorily eliminate odors. Accordingly, CRRA has redirected TRC's patrols to focus on the WPF itself. TRC odor specialists

inspect the WPF from 4pm until midnight on Thursday, Friday and Saturday, looking for any aspect of operations that could create an off-site odor (e.g., unauthorized opening of doors, running of exhaust fans, or improper handling of process residue.) These times were selected to coincide with the times that a restaurant establishment located across the Connecticut River from the WPF offers outdoor entertainment.

Financial Summary

Original amount of the RFS. This covers on-call odor hotline complaint response from July 1, 2004 to December 31, 2004:	\$19,566
Increase of RFS, July 15, 2004. This covered proactive area odor patrols through August 14, 2004:	\$ 7,980
On-premise odor monitoring through October 2, 2004. This covers seven weekends of three evenings each, 4pm to midnight:	\$22,315
On-call odor hotline complaint response January 1, 2005 to June 30, 2005:	\$20,000
On-premise odor monitoring in Spring 2005. This covers two weekends of three evenings each, 4pm to midnight:	\$ 6,840
Total for this amended RFS:	\$76,701

The funds for this activity will be taken from the Engineering account of the Waste Processing Facility budget.

TAB 11

**RESOLUTION REGARDING
ENVIRONMENTAL MONITORING AT THE ELLINGTON
LANDFILL**

RESOLVED: That the President is hereby authorized to enter into a Request for Services with Fuss & O'Neill, Inc. to conduct environmental investigation activities on property adjacent to the Ellington Landfill, substantially as discussed and presented at this meeting.

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Environmental Monitoring – Ellington Landfill

Presented to the CRRRA Board on: September 23, 2004

Vendor/ Contractor(s): Fuss & O'Neill, Inc.

Effective date: September 24, 2004

Contract Type/Subject matter: Request for Services ("RFS")

Facility (ies) Affected: Ellington Landfill

Original Contract: Three-Year Engineering Services Agreement, Number 050107

Term: July 1, 2004 through June 30, 2007
(RFS term: 9/24/04 through 6/30/05)

Contract Dollar Value: \$70,000.00 (not to exceed)

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: To undertake installation and monitoring of several groundwater monitoring wells and piezometers in order to more precisely delineate the extent of the Ellington Landfill leachate plume.

Other Pertinent Provisions: None

Connecticut Resources Recovery Authority Mid-Connecticut Project

Environmental Monitoring – Ellington Landfill

September 23, 2004

Executive Summary

CRRA owns a landfill on Sadds Mill Road in Ellington, Connecticut commonly referred to as the Ellington Landfill. The landfill is approximately 28 acres in size, and was closed in 1993. There is a historical subsurface plume of landfill leachate that has migrated off the landfill property onto adjacent properties. This is to request Board approval to employ Fuss & O'Neill, Inc. to install additional groundwater monitoring wells and piezometers, and to conduct monitoring of the same during fiscal year 2005. This activity is necessary in order to satisfactorily delineate the limits of the subsurface leachate plume to the north and west of the landfill.

Discussion

This project will involve the following scope of work:

- Installation and surveying of six (6) new groundwater monitoring wells;
- Installation and surveying of twelve (12) piezometers in and around Thompson Brook;
- Two rounds of collection and analysis of groundwater samples from eight (8) wells (six new monitoring wells, plus two production wells on adjacent property);
- Two water level surveys (October 2004 and April 2005) of the new piezometers (using electronic data loggers) and eight additional groundwater wells (manual survey methods).
- One additional electronic water level survey of six wells (four monitoring wells plus two production wells on adjacent property); and,
- Data reduction, evaluation, interpretation and reporting with the following objectives:
 - Precisely delineate the limit of the groundwater leachate plume on property located to the north and northwest of the landfill;

- Verify that Thompson Brook acts as a hydraulic barrier to leachate migration; and,
- Identify potential effects, if any, of off-site production well operation on groundwater flow in the area.

Financial Summary

These activities were not specifically contemplated when the FY 2005 Mid-Connecticut Project budget was developed last year. Funds for this activity will be redirected from the funds that are currently being contributed to the Mid-CT Rolling Stock budget account.

TAB 12

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

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

Connecticut Resources Recovery Authority
Contract Summary for Contract
entitled

Special Waste Cover Soils Letter Agreement

Presented to the CRRRA Board on: September 23, 2004

Vendor/ Contractor(s): DeRita Construction Co., Inc.

Effective date: August 6, 2004

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

Facility (ies) Affected: Hartford Landfill

Original Contract: This approval is for both the original contract, and an amendment which increases the amount of soil to be delivered.

Term: Until specified quantity is delivered, or December 1, 2004, whichever occurs first.

Contract Dollar Value: \$180,000.00 (9,000 tons at \$20.00 per ton)

Amendment(s): This approval is for both the original contract, and an amendment which increases the amount of soil to be delivered.

Term Extensions: Not applicable

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

Other Pertinent Provisions: None

Connecticut Resources Recovery Authority Hartford Landfill Delivery of Cover Soil

September 23, 2004

Executive Summary

CRRA has contracted with DeRita Construction Co., Inc. ("DeRita") to deliver approximately 9,000 tons of contaminated soil, generated at a location in Middletown, Connecticut, to the Hartford Landfill for use as daily cover.

In accordance with Section 5.11 (Market Driven Purchases and Sales) of CRRA's Procurement Policies and Procedures, effective January 22, 2004, this is to report to the CRRA Board of Directors that CRRA has entered into this market driven transaction, and to seek Board approval of the transaction.

Discussion

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

During summer 2002, CRRA staff began an initiative to identify sources of contaminated soil that could be used to satisfy the requirement for the landfill's daily cover needs, and for which a delivery charge could be assessed to the generator or deliverer of the soil. CRRA staff contacted environmental remediation companies, and environmental and engineering consulting firms, to determine if there were sources of this soil that would be amenable for use as daily cover. CRRA staff also contacted other landfills and soil treatment facilities to determine the disposal market price for this type of contaminated soil.

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

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

Based on this procedure, CRRA staff negotiated a price of \$20.00 per ton for 9,000 tons of soil generated at a site in Middletown, Connecticut.

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

Financial Summary

This will provide \$180,000 in revenues to the Mid-Connecticut project (9,000 tons at \$20.00 per ton).

TAB 13

**RATIFICATION OF THE PROCUREMENT ACTIONS TAKEN FOR
EMERGENCY REPAIRS TO THE MID-CONNECTICUT PROJECT
RECYCLING SCALES**

RESOLVED: That the Board of Directors hereby ratifies the entrance into a contract for emergency repairs to the Mid-Connecticut Recycling Center scales in accordance with Connecticut Resources Recovery Authority's Procurement Policy.

**Connecticut Resources Recovery Authority
Mid-Connecticut Project
Emergency Procurement
Repairs to Recycling scales**

September 14, 2004

Executive Summary

During the early morning hours on Saturday, August 21, 2004 the Mid-Connecticut Recycling Center scales were struck by lightning. The scales were disabled and considerable damage was done (11 of 16 load cells required replacement). Staff placed calls to two scale repair companies that CRRA has used in the past but both companies were unresponsive. At 1 PM staff called a third company, Modern Scale. A representative from Modern Scale returned the call shortly thereafter and agreed to come to the site. Continued lightning strikes throughout that afternoon prevented inspection of the scale to evaluate damage and repair needs. Modern's technician remained on-site until 9:30 PM to complete the evaluation. A purchase order number was sent to Modern Scale Monday morning so that the appropriate parts could be overnighted for the repair work. Modern completed the replacement of cells and other equipment by Thursday, August 26th. During the interim repairs, customers were re-routed to other nearby scales where weights were recorded and relayed to a CRRA scale operator who entered the data into CRRA's data base.

Discussion

CRRA's procurement policy 5.10 authorizes the President, Chairman, or their Designee *to determine that an Emergency Situation has occurred and 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 contracts, 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.*

A Purchase Requisition to complete the repairs was approved on August 23, 2004. The Requisition (attached) sets an amount not to exceed \$25,000.00.

PURCHASE REQUISITION FORM

FY 20

05

(Insert the number of the Fiscal Year)

VENDOR INFORMATION

VENDOR NUMBER¹:

(Select the Vendor from either of the dropdown lists. The Vendor's name, number and address will automatically be entered.)

START ▾

Alphabetical Order

START ▾

Numerical Order

VENDOR NAME AND ADDRESS

Modern Scale Co.

1655 Mussoview Avenue

Cheshier, CT 06410

¹ If the Vendor is a new Vendor for CRRA, fill out the "New Vendor" form and attach it to this Form.

GOODS/SERVICES 1

	PROJECT	TYPE	FACILITY	ACCOUNT
ACCOUNT NUMBER	41 ▾	001 ▾	604 ▾	56605 ▾

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL PRICE
Emergency replacement and repairs to scale load cells, jay box board, indicators and associated repairs and parts due to lightning strike			\$25,000.00
*NOTE - Construction account will require transfer dollars			

SUBTOTAL FOR GOODS/SERVICES 1	\$25,000.00
SUBTOTAL FROM PAGE 3 AND 4	
GRAND TOTAL	\$25,000.00

REQUESTOR/APPROVAL INFORMATION

Insert Name of Requestor Below		INITIALS	DATE
REQUESTED BY:	Thomas P. Gaffey	<i>T.P.G.</i>	8/23/04
PURCHASE APPROVED BY: (Check approvals required)	<input checked="" type="checkbox"/> Supervisor/Division Head	<i>T.P.G.</i>	8/23/04
	<input checked="" type="checkbox"/> Chief Financial Officer (If Required)	<i>T.P.G.</i>	8/23/04
	<input checked="" type="checkbox"/> President (If Required)	<i>T.P.G.</i>	8/23/04
	<input checked="" type="checkbox"/> Purchasing Manager	<i>T.P.G.</i>	8/23/04

PO INFORMATION

PO NUMBER (Assigned by Accounting)
5859

Check if this Request is to increase the amount of a previously issued PO. (Provide Number Below)

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Check if a copy of the completed Form is to be returned to the Requestor.

Check if you have attached special instructions for this PO.

YOU MUST COMPLETE PAGE 2 OF THE FORM

METHOD OF VENDOR SELECTION

(Check the box below that describes the process you used in selecting the Vendor)

EXISTING CONTRACT, PERMIT, REGULATION OR STATUTE

<input type="checkbox"/>	Vendor required pursuant to valid contract with CRRA, permit requirement, statute or regulation (Additional
--------------------------	---

REQUEST FOR SERVICES

<input type="checkbox"/>	Vendor selected through RFS process pursuant to valid existing contract	Contract #	
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COMPETITIVE PROCESS

<input type="checkbox"/>	\$5,000 or Less (requires approval by Division Head or Chief Financial Officer) [4.2]		
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<input type="checkbox"/>	At least 3 vendors solicited verbally, verbal responses followed up with Form ____ (Attach Forms) [4.2.1]		
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<input type="checkbox"/>	Vendor approved by DAS, DEP, DOT or DOIT [4.2.2]	Contract #	
--------------------------	--	------------	--

<input type="checkbox"/>	\$5,001 to \$25,000 (requires approval by Division Head and Chief Financial Officer or President) [4.3]		
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<input type="checkbox"/>	At least 3 vendors solicited in writing, written responses [4.3.1]		
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<input type="checkbox"/>	Vendor approved by DAS, DEP, DOT or DOIT [4.3.2]	Contract #	
--------------------------	--	------------	--

<input type="checkbox"/>	\$25,001 to \$50,000 (requires approval by Division Head, Chief Financial Officer and President) [4.4]		
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<input type="checkbox"/>	At least 3 vendors solicited in writing, written responses [4.4.1]		
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<input type="checkbox"/>	Vendor approved by DAS, DEP, DOT or DOIT [4.4.2]	Contract #	
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<input type="checkbox"/>	More than \$50,000 (requires approval by 2/3 vote of Board of Directors) [4.5]		
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<input type="checkbox"/>	Vendor selected through Request for Qualifications process [4.5.1]		
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<input type="checkbox"/>	Vendor selected through Request for Proposals process [4.5.2]		
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<input type="checkbox"/>	Vendor selected through Request for Bids process [4.5.3]		
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NON-COMPETITIVE PROCESS

Unless otherwise specified below, the approval(s) required for a non-competitive process is the same as that required for the same dollar amount under the competitive process.

<input checked="" type="checkbox"/>	Emergency Situation as determined by the President (attach determination) [3.1.2.1]		
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<input type="checkbox"/>	Vendor has proprietary, patent or intellectual property rights [3.1.2.3]		
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<input type="checkbox"/>	Vendor mandated by law (attach documentation) [3.1.2.4]		
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<input type="checkbox"/>	Vendor has special capability or unique experience		
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<input type="checkbox"/>	\$10,000 or less (requires approval by President and Chief Financial Officer) [3.1.2.5]		
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<input type="checkbox"/>	More than \$10,000 (requires approval by 2/3 vote of Board; attach documentation) [3.1.2.5]		
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<input type="checkbox"/>	Pursuant to a settlement (requires approval by 2/3 vote of Board; attach documentation) [3.1.2.7]		
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<input type="checkbox"/>	Competitive market does not exist for good or service [3.1.2.9]		
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<input type="checkbox"/>	Pursuant to MSA, PILOT or other similar agreement [3.1.2.10]		
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<input type="checkbox"/>	Small purchase (\$2,500 or less; requires approval by President or Chief Financial Officer) [3.1.2.8] In the space below, provide a brief explanation of why the vendor was selected:		
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INSURANCE

<input type="checkbox"/>	Check this box if this Form is for a payment under a contract that has insurance requirements and, if it is, forward the Form to the Insurance and Claims Manager before submitting it to Finance		
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	Initials of Insurance and Claims Manager indicating insurance requirements have been met		
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TAB 14

RESOLUTION REGARDING SOLID WASTE INDUSTRY SPECIALIST LEGAL SERVICES

RESOLVED: That the President is hereby authorized to enter into Legal Services Agreements for three-year terms with the law firms listed below for the provision of “on call” Solid Waste Industry Specialist Legal Services, substantially as discussed and presented at this meeting, and pending acceptable rates:

McCarter & English, LLP

Byrne & Storm, P.C.

Dechert LLP

Connecticut Resources Recovery Authority

Solid Waste Industry Specialist Legal Services

September 23, 2004

Executive Summary

CRRA desires to obtain the assistance of law firms capable of providing solid waste industry specialist legal services. CRRA's "Procurement Policies and Procedures" establishes a "Request for Qualifications" ("RFQ") process to obtain such services.

CRRA anticipates that during the next few years it will require specialized solid waste industry legal services, including, without limitation, counsel on flow control issues, assistance in development of new solid waste facilities, and assistance in contract negotiations with solid waste haulers and municipalities. CRRA has no agreement currently in place for such specialized services. Accordingly, CRRA issued an RFQ for solid waste industry specialist legal services in July 2004 in order to solicit firms with which to contract for a three year period beginning October 1, 2004.

CRRA received responses to the RFQ from seven firms. The Policy and Procurement Committee and CRRA management evaluated the responses and interviewed three firms. Based on those evaluations and interviews, the firms listed below have been selected for recommendation to the Board of Directors.

This is to request approval of the CRRA Board of Directors for the President to enter into agreements with the firms identified on the attached list to provide services as described below for the three-year period beginning October 1, 2004 and ending September 30, 2007. Any work performed under such an agreement will be pursuant to a Request for Services ("RFS"), and any RFS that is in excess of \$50,000 per year will require approval of the Board of Directors.

Discussion

CRRA's "Procurement Policies and Procedures" establishes an RFQ process as "a process by which CRRA identifies persons to perform services on behalf of . . . CRRA through the solicitation of qualifications, experience, [and] prices." CRRA has historically used the RFQ process to pre-qualify firms for a variety of legal services that it requires. In accordance with its Procurement Policy and Procedures, and Connecticut State Statute, CRRA is required to solicit for technical and professional services once every three years.

CRRA issued an RFQ for solid waste industry specialist legal services on July 6, 2004. The availability of the RFQ was advertised in the Connecticut Law Tribune and on CRRA's web site. Proposals were due by August 19, 2004.

Seven firms responded to the request for qualifications. The Policy and Procurement Committee and CRRA management evaluated the responses based on the respondents' qualifications and experience, the experience of the individuals who would be assigned to do work, fee structure, past working experience with CRRA, and whether or not there were any potential conflicts of interest or outstanding legal issues. The Committee selected and interviewed the following three firms:

McCarter & English, LLP

Byrne & Storm, P.C.

Dechert LLP

and now recommends all three to the Board of Directors, with the proviso that staff negotiate with Dechert LLP for rates lower than those proposed by Dechert, and that any Request for Services from Dechert be contingent upon the firm's agreement to reasonable and appropriate rates for the services to be provided.

The agreements that are to be executed with these firms will have an effective date of October 1, 2004 and will extend through September 30, 2007.

Financial Summary

CRRA makes no financial commitment to any firm or individual in the three year services Agreements. This selection simply qualifies a firm or individual as eligible to undertake work for CRRA at a later date when a specific need is actually identified. Any such future work would be procured through an RFS, and any RFS for more than \$50,000 per fiscal year would require prior approval by the CRRA Board of Directors.

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Solid Waste Industry Specialist Legal Services Agreement

Presented to the CRRA Board on: September 23, 2004

Vendor/ Contractor(s): McCarter & English, LLP
Byrne & Storm, P.C.
Dechert LLP

Effective date: October 1, 2004

Contract Type/Subject matter: Three Year Services Agreement for Solid Waste Industry Specialist Legal Services

Facility(ies) Affected: Not Applicable

Original Contract: Not Applicable

Term: October 1, 2004 through September 30, 2007

Contract Dollar Value: Not Applicable

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: Solid waste industry specialist on-call legal services.

Other Pertinent Provisions: Any work under the Agreements will be pursuant to a Request for Services ("RFS"). Any RFS in excess of \$50,000 per fiscal year will require approval by the Board of Directors.

TAB 15

**Resolution Regarding Human Resources Committee Recommendations
to Board of Directors Regarding Continuation of
Health/Dental/Life/Long-term & Short-term Disability Insurance
Programs**

RESOLVED: That the Board of Directors authorizes the continuation of the health and dental insurance through Anthem for the period of July 1, 2004 through December 31, 2004 for an estimated premium of \$145,600, and

FURTHER RESOLVED: That the Board of Directors authorizes the continuation of life, long-term disability and short-term disability insurance through The Standard Insurance for the period of July 1, 2004 through December 31, 2004 for a premium of \$30,000.00

The aggregate premium is \$175,600.

**Connecticut Resources Recovery Authority
Health/Dental/Life/LTD/STD Insurance Program
Continuation**

September 17, 2004

Executive Summary

CRRA ended its relationship with its insurance benefits broker, Excellus on June 30, 2004 for a savings of \$2,640 per year. Following a competitive bid process CRRA, signed up with a new benefits broker, R.C. Knox & Company of Hartford. R.C. Knox does not charge a fee to administer CRRA's benefits program. CRRA continued with its health/dental carrier, Anthem and its life/LTD and STD carrier The Standard for the remainder of 2004.

R.C. Knox & Company will be marketing CRRA's employee insurance programs to other insurance carriers in October 2004.

Recommendation

In consultation with our broker (R. C. Knox & Co.), Management recommends that the Human Resources Committee approve the continuation of health/dental/life/LTD and STD with its current carriers, Anthem and The Standard Insurance until a formal review has been completed by our new broker. Management further recommends that the estimated-combined premium of \$175,600 be accepted for the period of July 1, 2004-December 31, 2004.