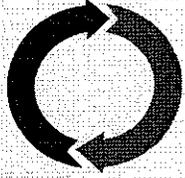


**CRRA
BOARD MEETING
SEPTEMBER 29, 2005**



**CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY**

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

MEMORANDUM

TO: CRRA Board of Directors
FROM: Kristen Greig, Secretary to the Board/Paralegal
DATE: June 17, 2005
RE: Notice of Meeting

There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors held on Thursday, September 29, 2005 at 9:30 a.m. The meeting will be held at the Manufacturing Alliance Service Corporation, 173 Interstate Lane, Waterbury, Connecticut 06705.

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



173 Interstate Lane
Waterbury, Ct 06705
Telephone: 203 574-8285
Fax: 203 574-6870
Email: dfac@colescraw.com or
mrcoop00@sbcglobal.net

"Machines should work, people should think."

Directions from Southern Ct:

Take Ct-15 North toward New Haven for approximately 23 miles
 Take Exit 52 onto CT-8 North toward Waterbury for approximately 24.5 miles
 Take Exit 31 toward Hartford for 2.4 miles
 Take Exit 25/ Harpers Ferry Road onto Reidville Drive, go 0.7 miles
 Turn Right on Interstate Lane [just after BJ's]
 173 Interstate Lane is 0.8 mile on the left

Directions from Hartford, Ct:

Take I-84 West toward Waterbury
 Take Exit 25/ Scott Road toward East Main St for 0.3 mile
 Turn Left on Scott Road for 0.1 mile
 Turn Right on Reidville Drive – go 0.4 mile
 Turn Left on Interstate Lane [BJ's will be diagonally across]
 173 Interstate Lane is 0.8 mile on the left

An Educational Foundation Dedicated to the Perpetuation of the Metal Working Trades

Connecticut Resources Recovery Authority
Board of Directors' Meeting

Agenda

September 29, 2005

9:30 AM

I. Pledge of Allegiance

II. Public Portion

A ½ hour public portion will be held and the Board will accept written testimony and allow individuals to speak for a limit of three minutes. The regular meeting will commence if there is no public input.

III. Minutes

1. Board Action will be sought for the approval of the July 28, 2005 Regular Board Meeting Minutes (Attachment 1).
2. Board Action will be sought for the approval of the August 23, 2005 Special Board Meeting Minutes (Attachment 2).

IV. Finance

1. Board Action will be sought regarding Casualty Insurance Program effective 10/1/05 – 10/1/06 (Attachment 3).
2. Board Action will be sought regarding Approval and Endorsement of Fiscal Year 2005 Audited Financial Statement (Attachment 4).

V. Project Issues

A. Mid-Connecticut

1. Board Action will be sought regarding Contract with CT DEP for Reimbursement of Costs Associated with Annual Stack Testing at Mid-CT RRF for Calendar Years 2006 and 2007 (Attachment 5).
2. Board Action will be sought regarding Delivery of Cover Soils to the Hartford Landfill (Attachment 6).
3. Board Action will be sought regarding the O&M Amendment No. 2 to the Management and Operations Agreement dated May 30, 2000, as amended by Amendment No. 1 dated December 9, 2000 between Connecticut Resources Recovery Authority and Northeast Generation Services Company (Attachment 7).

B. Bridgeport

1. Board Action will be sought regarding Establishing a Special Committee to Study Options for Municipal Solid Waste Disposal Following the Expiration of the Bridgeport Solid Waste Disposal Agreement (Attachment 8).

VI. Chairman's and Committee Reports

A. Policy and Procurement Committee

1. The Policy and Procurement Committee will report on its September 15, 2005 meeting.
2. E-Procurement Presentation (Refer to Attachment I of the Supplemental Package)
3. Board Action will be sought for Adoption of Revised Section 4.2.3 of the CRRA Procurement Policies and Procedures (Attachment 9).
4. Board Action will be sought regarding Amendment to Travel Policy and Expense Reporting (Attachment 10).
5. Board Action will be sought regarding Amendment to Mid-Connecticut Permitting, Disposal and Billing Procedures (Attachment 11).
6. Board Action will be sought regarding Payment of Deferred Legal Expenses (Attachment 12).

B. Organizational Synergy & Human Resources Committee

1. The Organizational Synergy & Human Resources Committee will report on its September 27, 2005 meeting.
2. Board Action will be sought regarding Action to Take in Response to the Report and Mandatory Minimum Procedures for Compensation and Benefit Management at Connecticut's Quasi-Public Agencies (Attachment 13).
3. Board Action will be sought regarding creation of a Government Relations Liaison Position (Attachment 14).

VII. Executive Session

An Executive Session will be held to discuss pending litigation, attorney-client communications and personnel matters with appropriate staff.

TAB 1

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED NINETY-SECOND MEETING

JULY 28, 2005

A Regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, July 28, 2005 at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors: Steve Cassano (Present beginning at 9:45 a.m.)
Benson Cohn
Mark Cooper
James Francis
Michael Jarjura (Present beginning at 12:00 p.m.)
Edna Karanian
Mark Lauretti (Present beginning at 9:45 a.m.)
Theodore Martland
Raymond O'Brien
Andrew Sullivan
Timothy Griswold (Ad-Hoc for Mid-Connecticut Project)
Elizabeth Horton Sheff (Ad-Hoc for Mid-Connecticut Project) (Present until 10:45 a.m.)
Sherwood Lovejoy (Ad-Hoc for Bridgeport Project) (Present until 11:25 a.m.)

Present from the CRRA staff:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Peter Egan, Director of Environmental Affairs and Development
Tom Gaffey, Director of Recycling and Enforcement
Floyd Gent, Director of Operations
Ron Gingerich, Development, Environmental Compliance & IT Manager
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Director of Public Affairs
Michael Tracey, Operations Manager, Construction Management
Kristen Greig, Secretary to the Board/Paralegal

Also present were: Mr. Brian Anderson of AFSCME Council 4, Mr. David Arruda of MDC, Mr. Jonathan Bilmes of BRRFOC, Ms. Susan Hemenway of BRRFOC, Mr. Frank Marci of USA Hauling and Recycling, Ms. Christine Stuart of the Journal Inquirer, Ms. Joyce Tentor of HEJN.

Chairman Pace called the meeting to order at 9:30 a.m. and stated 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.

PUBLIC PORTION

Chairman Pace said that 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.

Mr. Brian Anderson introduced himself as a legislative representative for AFSCME Council 4. Mr. Anderson noted that approximately 100 members of Council 4 work at CRRA's Mid-Connecticut Project. Mr. Anderson stated that Council 4 was requesting that CRRA not proceed with further privatization. Mr. Anderson went on to say that Council 4 is particularly concerned that the jobs at the Mid-Connecticut Project not be privatized because privatization at CRRA has yielded some very disturbing results. Mr. Anderson stated that CWPM, a Manafort family owned company, accepted over \$1 million in CRRA ratepayer-owned trucks and trailers for seemingly nothing in return in a deal arranged by former Chairman Ellef. Mr. Anderson continued by saying that according to the Hartford Courant, this is the same Manafort company that ran trucks illegally overweight from two CRRA transfer stations. Mr. Anderson said that Council 4 was shocked last summer when the Board extended its contract with the Manafort company and said that Manafort should not have been used at all because of its questionable performance practices. Mr. Anderson stated that, this past May, the State Attorney General released a report saying the CWPM truck deal was illegal and added that the Attorney General recommended that Federal and State Tax Departments pursue whether Manafort paid proper taxes on the use of the trucks. Mr. Anderson said that Council 4 was shocked when CRRA signed an additional contract with the Manafort company last month. Mr. Anderson submitted a Hartford Courant article and an Associated Press article showing that CWPM's New Haven office was raided by the FBI last week as part of an apparent investigation of mob-related activities. Mr. Anderson stated that another CRRA related company was also raided. Mr. Anderson, on behalf of Council 4, urged that all further CRRA privatization, contract extensions and awards be put on hold until an independent investigation of CRRA contracting is undertaken, both by the CRRA Board and appropriate State authorities.

Chairman Pace acknowledged that Mr. Anderson's issues were very important and said that it is important that the public understands that the new CRRA Board began a review of that truck deal the day they took office. Chairman Pace stated that after much research and an independent investigation by the Attorney General, CRRA received a final report from the Attorney General that addresses some of the items that Mr. Anderson referred to, but also praised the new CRRA Board for their efforts.

Regarding privatization, Chairman Pace stated that MDC is a contractor of CRRA's. Chairman Pace pointed out that CRRA has repeatedly reached out to try to solve the issues, including performance, with MDC. Chairman Pace noted that just last month CRRA sent another letter to MDC to attempt to initiate good faith negotiations and those negotiations have started. Chairman Pace stated that over the past years, CRRA has made numerous attempts to resolve this issue.

Chairman Pace, referring to the overweight trucks issue, said that CRRA has looked into that issue and continues to monitor all of its haulers. Regarding the bidding process, Chairman Pace said that CRRA makes extraordinary efforts to bid, re-bid and review current contracts. As far as the investigation into the Manafort Company, Chairman Pace acknowledged that Mr. Manafort's companies have been approached by federal authorities for documents in regard to an investigation of garbage hauling in Connecticut as are all other hauling companies in Connecticut. Chairman Pace emphasized that CRRA has not been approached for documents but expects to be in a position to assist the federal investigation by providing data and information and will cooperate in every way possible. Chairman Pace said that the CRRA Board would recall that he had asked several months ago that the Policies & Procurement Committee investigate the practicality of identifying, in the bid process, principals of companies CRRA does business with. Chairman Pace stated that to assign issues of the past to this Board is unfair. Chairman Pace continued, stating that to characterize a document from the Attorney General only in part is misleading and unfair. Chairman Pace said that the Chairman and management have actively pursued, with the Chairman of the MDC, opportunities to try to resolve the issues between the organizations. Chairman Pace further stated that Mr. Anderson worked very hard to lobby against the Chairman during his reappointment hearing. Chairman Pace accepted Mr. Anderson's comments and stated that the Board will look into any new issues he raised. Chairman Pace stated that it is important for the public record to show that these issues have been looked into, have been addressed and have been referred to the Attorney General and noted that CRRA has worked closely with the Attorney General to resolve these issues. Chairman Pace said that CRRA will continue its efforts to work with AFSCME and MDC. Chairman Pace thanked Mr. Anderson for separating issues relating to the old Board from the new Board.

Director O'Brien restated the intention of the CRRA Board to continue its efforts to find more cost-effective contractors, private contractors, including MDC, and said that is not privatization in any sense of the word. Director O'Brien said that what CRRA is doing is seeking out contractors under a bid process or negotiation process and trying to get the most value for the ratepayer's dollar.

APPROVAL OF THE MINUTES OF THE JUNE 7, 2005 SPECIAL BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the June 7, 2005 Special Board Meeting. The motion was made by Director O'Brien and seconded by Director Cohn.

The minutes were approved unanimously.

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

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

APPROVAL OF THE MINUTES OF THE JUNE 23, 2005 REGULAR BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the June 23, 2005 Regular Board Meeting. The motion was made by Director O'Brien and seconded by Director Cohn.

The minutes were approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

APPROVAL OF THE MINUTES OF THE JUNE 29 - 30, 2005 SPECIAL BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the June 29 - 30, 2005 Special Board Meeting. The motion was made by Director O'Brien and seconded by Director Cooper.

Director Horton Sheff stated that she was not able to participate in these meetings, but had a few questions. Chairman Pace stated that he would like to approve the minutes and then respond to Director Horton Sheff's questions.

Director Francis requested that the minutes be split into a separate vote for each day.

Chairman Pace called for a vote to approve the minutes of the June 29, 2005 Special Board Meeting.

The minutes were approved. Directors Cohn, Francis, and Griswold abstained as they were not present at the meeting.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn			X
Mark Cooper	X		
James Francis			X
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut			X
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

Chairman Pace requested a motion to approve the minutes of the June 30, 2005 Special Board Meeting. The motion was made by Director Martland and seconded by Director O'Brien.

Director Horton Sheff stated that the resolution seemed incomplete because it did not indicate that the Finance Committee met and discussed the options. Director Horton Sheff said that in reviewing the minutes she noticed that Director Karanian brought up some valid concerns and asked why, if the resolution is an internal document, Director Karanian's concerns were not included as part of the resolution. Director Horton Sheff asked if this was the normal practice. Director Horton Sheff asked if another resolution addressing Director Karanian's concerns would be forthcoming.

Director Sullivan, as Chairman of the Finance Committee, explained that Director Karanian's concerns would be addressed outside the scope of the contract and added that this was what Director Karanian had intended. Director Sullivan continued by saying that the Finance Committee agreed to review Director Karanian's suggestions. Director Sullivan indicated that, based on where CRRA was in the contract negotiations with FCR, it was not possible to do all of those things prior to the execution of the contract. Director Sullivan said that the Finance Committee decided to recommend that the Board move forward with the fixed price approach.

Director Horton Sheff stated that in her experience all concerns should be documented in the resolution. Chairman Pace stated that this was not the way CRRA structured its resolutions.

Director O'Brien added that these minutes reflected the discussion regarding pricing, not the overall contract. Chairman Pace noted that he had requested that the two pricing models be separated from the vote approving the structure of the contract.

Chairman Pace called for a vote to approve the minutes of the June 30, 2005 Special Board Meeting. The minutes were approved. Vice-Chairman Cassano and Director Griswold abstained as they were not present at the meeting.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano			X
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut			X
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

REPORT ON DEPARTMENT OF ENVIRONMENTAL PROTECTION'S PUBLIC STAKEHOLDER FORUM ON THE MANAGEMENT OF SOLID WASTE GENERATED IN CONNECTICUT HELD ON JUNE 29, 2005

Mr. Egan explained that the current Solid Waste Management Plan, which was developed by the Department of Environmental Protection, is fourteen years old and is in need of updating. Mr. Egan stated that about six or seven months ago, the Connecticut DEP launched an initiative to update and rewrite this document. Mr. Egan said that the DEP developed a scope of work, publicly bid for a consultant to support DEP in its rewrite of the plan, and contracted with a consultant in April or May of 2005. Mr. Egan explained that DEP reached out to key stakeholders such as CRRA to join a stakeholder committee.

Mr. Egan stated that the Department of Environmental Protection hosted a larger, statewide forum on June 29th to discuss any solid waste management issue that that particular stakeholders wished to discuss. Mr. Egan noted that representatives from CRRA were present.

Mr. Egan continued explaining that the consultant will review several areas of solid waste management including source reduction recycling, municipal solid waste generation, landfills, waste-to-energy, future capacity needs and reducing toxicity in the municipal solid waste stream. Mr. Egan said that the consultant will then consider special issues such as electronics, construction and demolition debris, food waste and a number of other waste issues. Mr. Egan informed the Board that the DEP spent a couple of hours at the forum discussing their intent and how they planned to develop the plan. Mr. Egan stated that the forum then broke into four groups, one concentrating on recycling and reuse, one to look at construction and demolition waste, one to concentrate on MSW disposal and ash generation disposal, and the fourth to look at other special waste such as electronic waste. Mr. Egan stated that CRRA participated in all four breakout groups and said that there was a summary of results of the forum that he would be happy to share at the conclusion of the meeting. Mr. Egan noted that this initiative by the DEP would progress over the next four or five months and gave a detailed review of the timeline for the rewrite of the Solid Waste Management Plan.

Mr. Egan pointed out that everyone attending the CRRA Board meeting was there to protect the public health by effectively and safely managing waste – material that could pose a burden to the State if not managed correctly.

Mr. Egan noted that CRRA has been advocating its position throughout the process. Mr. Egan emphasized that waste-to-energy is a cornerstone of waste management in the state and added that CRRA will advocate that the plan prescribe that a second landfill in the state be developed by CRRA. Mr. Egan said that CRRA should continue to serve its public duty by providing an economic balance between the private sector and the State.

Mr. Egan concluded by saying that the process is just getting underway and there are many issues still to be resolved. Mr. Egan said that the external stakeholders group is very balanced with representatives from several of the resource recovery authorities, SCRRA, municipalities, private waste management companies, Stop & Shop, the Connecticut Coalition for Environmental Justice, Connecticut Audubon Society and the Recycling Coalition. Mr. Egan informed the Board that the group will meet monthly through December.

Chairman Pace asked Mr. Egan how he would characterize the forum. Mr. Egan replied that he thought that the forum was very productive and said he is very encouraged and optimistic in the involvement of the DEP. Mr. Egan stated that this is CRRA's opportunity, as it is for all stakeholders, to insert their vision and position into the plan. Mr. Egan said he feels confident that the plan will bring value to the table.

Director O'Brien explained that Ms. Cheryl Reedy is the Director of the Housatonic Resource Recovery Authority and is experienced in the field. Director O'Brien added that she has been involved as First Selection of New Fairfield for at least eight years. Director O'Brien stated that Ms. Reedy does not share Mr. Egan's impression of the forum. Director O'Brien stated that he thought this was because Ms. Reedy went into the forum with no prior involvement with the development of the plan. Director O'Brien stated that some of her comments should be addressed. Director O'Brien indicated that of all the groups mentioned, the general public is represented by a special environmental group but not as the general public. Director O'Brien said that HRRA comes very close to the definition of general public and suggested that Mr. Egan communicate with Ms. Reedy as a test of how DEP should communicate to the general public.

regarding the plan. Director O'Brien asked for a list of stakeholders explaining that he would like to communicate with them. Vice-Chairman Cassano stated that CRRA should not write off what DEP is attempting to do here. Director O'Brien replied that this was not his intent. Director O'Brien concluded by saying that CRRA has a big stake in this plan. Chairman Pace stated that CRRA should take a strong lead in implementing this plan.

Chairman Pace said that it was his intention to invite the new DEP Commissioner to the CRRA October Board meeting.

Chairman Pace introduced Jonathan Bilmes, Chairman of the Bristol Resource Recovery Facility Operating Committee (BRRFOC). Mr. Bilmes informed the Board that BRRFOC has been working in concert with CRRA and others on the Solid Waste Management Plan. Mr. Bilmes stated that even though DEP has a new commissioner, she has not inserted herself into this process in a significant way yet, adding that he expects that she will. Mr. Bilmes said that, at this point, the process is being led by staff at DEP. Mr. Bilmes indicated that one of the areas that DEP struggles with is being very forceful in staking out an environmental position and holding to that position, even in the face of opposition. Mr. Bilmes stated that DEP and R.W. Beck, their contractor, have not yet staked out the significant positions that have to be addressed in order for the plan to move forward. Mr. Bilmes stated that it has only been two months, yet he is concerned that the DEP has not taken a stronger position on some of the key issues such as if there should be more than one ash landfill in the State of Connecticut. Mr. Bilmes stated that this should be part of the plan. Mr. Bilmes said that if the State needs more capacity, the plan should address if the State should handle that waste in Connecticut as opposed to relying on out-of-state disposal. Mr. Bilmes concluded by saying that he was pleased that CRRA was involved in the implementation of the Solid Waste Management Plan.

Chairman Pace concluded the discussion by saying that the DEP Commissioner has been very accessible to groups from around the State. Chairman Pace stated that inviting Commissioner McCarthy to the October Board meeting would allow CRRA to hear her thoughts and have discussions regarding the Plan.

RESOLUTION REGARDING THE ROADWAY RECONSTRUCTION AGREEMENT AT THE POWER BLOCK FACILITY

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

RESOLVED: That the President is hereby authorized to execute an agreement with J.H. Lynch & Sons, Inc. to implement the roadway reconstruction located at the Mid-Connecticut Power Block Facility, substantially as presented and discussed at this meeting, and

FURTHER RESOLVED: That the President is hereby authorized to execute a change order with TRC Environmental Corporation substantially as presented and discussed at this meeting.

The motion was seconded by Director Cohn.

Chairman Pace asked Mr. Tracey to give a brief synopsis of the work to be done.

Mr. Tracey explained that this was a significant roadway project at the Power Block Facility. Mr. Tracey said the project is a combination of safety improvements and pavement reconstruction of approximately 1,100 feet on the main access road to the Power Block Facility. Mr. Tracey said that the road is used for all traffic and must be accessible to emergency vehicles. Mr. Tracey explained that the road was built 25-30 years ago and stated that there had not been any significant work done on the road since that time.

Chairman Pace referred the Board to the financial summary under Tab 4. Chairman Pace pointed out that J.H. Lynch & Sons was the low bidder and noted that there had been five bidders for the project.

Mr. Kirk noted that CRRA would be given a \$60,000 credit from TRC for the remediation project. Director Sullivan asked if CRRA had worked with J. H. Lynch before. Mr. Tracey replied in the negative. Director Sullivan stated that he was curious about the wide range of bids for the contract. Director Sullivan asked Mr. Tracey if CRRA had worked with any of the other bidders. Mr. Tracey stated that CRRA had worked with Xenelis Construction and Terry Contracting. Mr. Tracey indicated that bids received for this job were typical with the lowest two or three bidders close in range and the other prices drifting higher.

Director O'Brien asked if the \$60,000 credit affected the contractors at all. Mr. Kirk responded that CRRA would get \$60,000 over and above the bid price.

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		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

RESOLUTION REGARDING DELIVERY OF COVER SOILS TO THE HARTFORD LANDFILL

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

RESOLVED: That the President is hereby authorized to enter into an amended contract with Newcarp First LLC 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.

The motion was seconded by Director Cohn.

Mr. Egan stated that at the June Board Meeting, he had advised the Board that CRRA was going to amend the cover soil agreement to accept additional soil from a site in West Hartford. Mr. Egan stated that, at the Board's direction, he has included a summary of the analytical data from the site and the approval letter from the DEP authorizing CRRA to use this soil at the landfill. Mr. Egan said he also inserted a term date as requested by the Board. Mr. Egan noted that in the informational package, he included a memo discussing the waste acceptance procedures that CRRA uses to accept special waste at the Hartford Landfill. Mr. Egan explained that the special waste is exclusively soil to be used as cover material because the Hartford Landfill does not accept any other types of special waste. Mr. Egan went on to say that the Board had directed CRRA management to establish a waste performance protocol. Mr. Egan indicated that the protocol is still in the development phase. Mr. Egan informed the Board that CRRA is working with a consultant to develop a written waste performance acceptance procedure to ensure that the soil that is brought to the Hartford Landfill is in conformance with the material as represented.

Director Horton Sheff referred the Board to the Summary of Analytical Results from LEA regarding the contaminants. Director Horton Sheff noted that summary listed contaminants in mg/kg and the informational package refers to parts per million and asked how to compare the two units. Mr. Egan responded that heavy metals are measured several different ways. Mr. Egan explained that CRRA's waste material profile form is formatted to allow the generator to tell CRRA concentrations of heavy metals and organic constituents in several different units of measure. Mr. Egan stated that a mg/kg is a unit of measure to measure total constituent concentration and said that a mg/kg is essentially the same as parts per million. Mr. Egan stated that the two terms are used interchangeably in the environmental community. Mr. Egan said that on the waste profile sheet a unit of measure called mg/liter is used, which is mass per unit volume. This unit of measure flows out of a different analytical test designed to measure leachability of a constituent to determine whether it is going to leach into the ground water. Mr. Egan said that the hazardous waste standards, the thresholds of certain metals and organics, are defined by the leaching weight. Mr. Egan explained that the analytical procedure takes a matrix of the waste, subjects it to a set of conditions, and measures what leaches out. Mr. Egan stated that in that case, the result is a mass per unit volume, not a mass per unit mass. Mr. Egan indicated that in the LEA study, the mg/kg that are shown in the summary for the West Hartford site are the same as parts per million.

Director Horton Sheff asked if 20.8 mg/kg is the same as PPM, then shouldn't the number be less than 5. Chairman Pace suggested that Mr. Egan could spend some time with Director Horton Sheff to answer her question. Director Horton Sheff rephrased her question to ask if the levels of the soil from West Hartford were within regulatory limits or not. Mr. Egan replied in the affirmative. Director Horton Sheff stated that she just wanted assurance that all soils being brought to the Hartford Landfill are within regulatory limits.

Mr. Kirk explained that CRRA is accepting what is termed as "contaminated waste" as defined by the DEP and said that if the soil was within certain acceptable regulatory limits, the soil would be unregulated waste. Mr. Kirk stated that the soil is above the "not regulated" line, but below the threshold acceptable for disposal at the landfill. Mr. Egan explained that the 5 mg per liter threshold is a threshold that flows out of a toxicity characteristic leaching procedure. If the test is run on an increment of solid waste and there are more than 5 mg per liter of lead in the extract, that is defined as a hazardous waste. Mr. Egan explained that the units in the analytical table for the West Hartford soil are in mg/kg – total lead in the soil and said that is not a measure of how much will leach out.

Director Horton Sheff asked if the DEP has a range indicating that the soil cannot be used. Mr. Egan replied in the affirmative. Mr. Kirk added that the metals had to be analyzed in two different categories: how much lead is in the soil and how much lead will leach out. Mr. Kirk said that CRRA is very comfortable with the quality of this soil. Director Horton Sheff noted that the soil will have to be transported and said that if the soil becomes airborne during transportation, it could affect the health of Hartford children. Director Horton Sheff stated that whatever soil comes into the City of Hartford must be well within DEP limits.

Chairman Pace asked if the same standards apply to waste water treatment plants. Mr. Egan replied that similar tests are done on waste water.

The motion previously made and seconded was approved. Director Horton Sheff abstained.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Stephen Cassano	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut			X
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

RESOLUTION REGARDING MID-CONNECTICUT RESOURCES RECOVERY FACILITY ASH RESIDUE TRANSPORTATION SERVICES

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

RESOLVED: The President is hereby authorized to enter into an agreement with Botticello, Inc. for Mid-Connecticut resources recovery facility ash transportation services substantially as presented and discussed at this meeting.

Director Cohn seconded the motion.

Mr. Kirk stated that there was a correction to the "Financial Summary" page. Mr. Kirk called on Mr. Gent to give the Board the correct information. Mr. Gent stated that the \$517,000 for FY06 (first line of the second paragraph) should be \$540,750 for FY06. Mr. Gent further stated that the 5% number should be 10% higher explaining that the rate listed in the budget is \$2.81 and the new rate is \$3.09, which is 10% higher. Mr. Gent stated that there were four companies who bid on this project and Botticello came in as the low bidder. Mr. Gent noted that CRRA had asked bidders to bid on transportation from the Power Block Facility to the Putnam Landfill. Mr. Gent explained that in the event that the Hartford Landfill couldn't accept ash, CRRA would have a firm price for transportation to the alternate landfill and said that CRRA currently has a contract with Wheelabrator at the Putnam facility so that CRRA can utilize this landfill in an emergency.

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		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

RESOLUTION REGARDING EMPLOYMENT OF A CONTRACTOR TO PROVIDE MATERIALS, EQUIPMENT, AND LABOR FOR THE REMOVAL OF THE SCREEN FENCE AT THE HARTFORD LANDFILL

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

RESOLVED: That the President is hereby authorized to enter into a contract with R.L. Rogers & Sons, Inc. to provide materials, equipment, and labor to remove the screen fence at the Hartford Landfill, substantially as discussed and presented at this meeting.

The motion was seconded by Director Cohn.

Mr. Egan explained that this initiative was to remove the visual screen fence that runs along I-91. Mr. Egan stated that building activities are complete on the west side of the landfill. Mr. Egan said the screen was installed six years ago to act as a barrier while landfill activities proceeded along the west slope and now that that area is filled to capacity there is no longer a need to have the screen fence. Mr. Egan noted that because maintenance of the screen fence comes at a significant cost, the screen has not been maintained adequately.

Chairman Pace indicated that the Board has talked about removing the screen fence for a while. Mr. Kirk stated that the fence is more of an eyesore than a benefit and said that CRRA can make the landfill more presentable to traffic along I-91. Mr. Kirk said that the removal of the fence will be a step in reaching this goal.

Director Horton Sheff stated that she agreed that removal of the screen would certainly improve the look of the landfill and asked specifically what would be done with the west slope. Mr. Kirk stated that the closure of the landfill would include planting of vegetation appropriate to the geography of the west slope and said that when it is properly maintained it will be green. Mr. Kirk stated that the vegetation may turn brown over the summer as there is no irrigation on the slope, but the vegetation will protect the slope from erosion. Mr. Kirk stated that what will be seen on the west slope will be a preview of what the entire landfill will look like. Director Horton Sheff asked what types of vegetation would be planted on the west slope. Mr. Egan stated that various grasses would be used and mowed periodically during the season.

Director Griswold asked Mr. Egan to explain Item #2 on Page 3 of the Executive Summary – "Remove fence fabric and deliver to daily cover". Mr. Egan stated that the contractor would remove and transport the fabric from the fence for disposal. Director Griswold asked if CRRA would get the scrap value of the steel poles. Mr. Egan replied in the negative and stated that the contractor would get the scrap value.

Vice-Chairman Cassano asked if wildflowers could be placed on the slope. Mr. Egan replied in the affirmative. Mr. Egan stated that initially grass would be planted on the slope, but moving out into subsequent years when a post-closure use is established, part of that plan may include walking trails, different types of shrubbery, flowering plants and flowers. Director Martland asked if the City of Hartford would be involved in the post-closure plans. Mr. Kirk replied in the affirmative. Chairman Pace indicated that he had spoken with Mayor Perez

regarding this. Mr. Kirk stated that CRRA's responsibility for the landfill ends at final closure and long-term care of the landfill will be discussed with the City.

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		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Timothy Griswold, Ad Hoc, Mid-Connecticut	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

RESOLUTION REGARDING A LIMITED RELEASE AGREEMENT BY AND AMONG EAST HAVEN, SWEROC, CRRA AND FCR, INC.

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

RESOLVED: That the President is hereby authorized to enter into a Limited Release Agreement by and among the City of East Haven, The Southwest Regional Recycling Operating Committee ("SWEROC"), The Connecticut Resources Recovery Authority ("CRRA"), and Fairfield County Recycling, Inc. ("FCR"), substantially in the form as discussed and presented at this meeting.

The motion was seconded by Director Cohn.

Mr. Gent explained that the resolution was a limited release similar to the release approved for the City of Stamford, but with a much lower dollar value than the Stamford release. Mr. Gent informed the Board that East Haven was obligated to bring certain materials to Stratford that they did not bring. Through enforcement efforts and negotiations with East Haven a figure of \$18,000 was agreed upon for past damages. Mr. Gent stated that CRRA has two contracts: SWEROC and CRRA have a contract with FCR where CRRA has an obligation to deliver recyclables to the Stratford IPC and SWEROC has an agreement with all of its members where they have an obligation to deliver the recyclables. Mr. Gent explained that there are actually two releases involved in the agreement. In the first, FCR, CRRA and SWEROC are

releasing East Haven. Mr. Gent stated that there is a second release (not in this document) between SWEROC, CRRA and FCR. In order to get FCR's release, CRRA is providing 18.7% of the \$18,000 to FCR. Mr. Gent explained that the payment would be made as a lump sum payment and noted that SWEROC approved this release.

Mr. Gent asked Director Lovejoy if he had anything to add. Director Lovejoy thanked Mr. Gent for getting this matter resolved and stated that the funds would be set aside in a reserve. Mr. Kirk added that CRRA reasonably felt that the investigation uncovered that this was the full extent of the damages.

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

RESOLUTION REGARDING DIGITAL COPIER PURCHASE

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

RESOLVED: That the President is hereby authorized to enter into an agreement with Ryan Business Systems to purchase six digital copiers, substantially as discussed and presented at this meeting.

The motion was seconded by Director Cohn.

Mr. Bolduc informed the Board that the current lease on the copiers is expiring at the end of August. Mr. Bolduc stated that a bid was put out for purchase/lease options for six replacement copiers. Mr. Bolduc explained that when the bids were received, an analysis was done of both technical capabilities and cost. The consensus of the committee that reviewed the technical and financial issues concluded that CRRA should go with the Canon copier. Mr. Bolduc stated that he and the committee were recommending the purchase of the six units.

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

RESOLUTION REGARDING APPROVAL OF AN AGREEMENT FOR ELECTRONICS RECYCLING COLLECTION SERVICES

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

RESOLVED: The President is authorized to enter into an agreement with Advanced Recovery, Inc. for electronics recycling collection services, substantially in the form as presented and discussed at this meeting.

The motion was seconded by Director Cooper.

Mr. Gent explained that CRRA went out to bid for electronics recycling services and said that there were three bidders, with all bids below CRRA's last contract with Envirocycle. The low bidder for this contract, which includes the Bridgeport, Mid-Connecticut and Wallingford Projects, was Advanced Recovery, Inc at a price of \$.10 per pound. Mr. Gent noted that CRRA has not done business with Advanced Recovery in the past and said that management is recommending the use of Advance Recovery, Inc. for a period of approximately 2 1/2 years with CRRA having an option to extend the contract for one year.

Chairman Pace pointed out that CRRA has, over the past six years, recycled more than 1.7 million pounds of used consumer electronics. Mr. Gent stated that the lower rate, would allow CRRA to have more electronics recycling. Mr. Gent indicated that some of the items with components that could cause environmental concern that are being recycled are CRT's, video screens, computer parts, radios, and televisions.

Director Martland asked how the materials are recycled. Mr. Kirk responded that the contractors dismantle the electronics and salvage what they can such as precious metals or reusable chips. Then, much of the plastic and glass is recycled. Mr. Kirk noted that this is an extraordinarily expensive operation at \$200/ton and CRRA has a great challenge to drive down the costs associated with electronics recycling.

Director Sullivan stated that were it not for recycling efforts such as this, these items could end up posing a health threat and said that CRRA is providing a great service in sponsoring these recycling events.

Director O'Brien suggested that CRRA not limit the electronics recycling to Bridgeport, Mid-CT and Wallingford towns, but take advantage of the volume that CRRA can generate. Director O'Brien said that CRRA should also encourage recycling in towns that are not part of CRRA. Mr. Gent stated that management could certainly look into this.

Chairman Pace asked if CRRA handles the electronics recycling for the State of Connecticut. Mr. Gent responded that the State has their own program and said that it was his understanding was that the rate was much higher than CRRA's. Chairman Pace suggested that perhaps CRRA could offer its services to the State since CRRA is a quasi-public agency. Chairman Pace suggested that Mr. Gent contact the State to offer such services.

Vice-Chairman Cassano pointed out that there was a company in South Windsor who performed this service and asked if there were any other bidders from Connecticut. Mr. Gent replied that WeRecycle (Connecticut) was a company CRRA seriously considered, but given the price difference, CRRA felt that Advanced Recovery, Inc. was a better choice. Mr. Gent said that there may be other opportunities in the future to use a Connecticut company. Mr. Kirk stated that this is a new type of business and added that the next time CRRA went out to bid for such services he would expect many more bidders.

In response, Mr. Gaffey stated that CRRA did use a State contract for electronics recycling and it was much more expensive. Mr. Gaffey added that CRRA would be very interested in extending the contract to other resource recovery authorities in the State.

Director Griswold stated that in his area there was one electronics collection per year and said it is for consumers only. Director Griswold stated that people often come to the town transfer station with electronic waste and end up taking it home because it cannot be disposed with regular trash. Director Griswold suggested that CRRA start an initiative to speak to the towns on this matter and perhaps develop programs where the towns can do electronics recycling more often.

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

RESOLUTION REGARDING ADDITIONAL PROJECTED LEGAL EXPENDITURES FOR FISCAL YEAR 2005

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

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

WHEREAS, the Board of Directors, on September 23, 2004, authorized certain amounts for payment of fiscal year 2005 projected legal fees; and

WHEREAS, the Board of Directors, on February 24, 2005, authorized additional amounts for payment fiscal year 2005 projected legal fees; and

WHEREAS, CRRA has incurred greater than anticipated legal expenses in connection with the Metropolitan District Commission arbitration and associated expert fees, review of proposed legislation, CRRA's tax exempt status, future planning, the South Meadows exit strategy and certain other matters;

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

<u>Firm:</u>	<u>Authorized Amount:</u>	<u>Increase Amount:</u>	<u>Total Amount Authorized for FY05:</u>
Cohn, Birnbaum & Shea	\$40,000 Projected	\$20,000	\$60,000
Halloran & Sage	\$650,000	\$325,000	\$975,000
McCarter & English	\$700,000	\$215,000	\$915,000

The motion was seconded by Director Cooper.

Attorney Hunt explained that since the Director of Legal Services position was vacant, the accounting department was not notified of outstanding legal bills at the end of FY04 and those invoices carried over into the FY05 budget. Attorney Hunt stated that, in addition, in the middle of the year CRRA requested that the General Counsel invoices be split into different invoices by the appropriate Project. Attorney Hunt stated that it took a long time to get the legal bills straightened out and added that she signed off on the last legal bills three days ago. Attorney Hunt stated that she would like to get the bills paid so FY05 books could be closed.

In addition, Attorney Hunt stated that the costs of arbitration with MDC were considerably higher than CRRA had originally anticipated. Director O'Brien noted that those costs were not legal costs, but third party costs.

Chairman Pace indicated that this issue had been discussed at length at the Finance Committee meeting. Chairman Pace indicated that because there was not in-house counsel for a portion of last year, legal costs were not allocated properly and the costs had to be paid from FY05 budgets.

The motion previously made and seconded was approved. Director Cohn abstained because his cousin is a partner at Cohn, Birnbaum & Shea and she has done legal work for him

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

RESOLUTION REGARDING AMENDMENT TO TRAVEL POLICY AND EXPENSE REPORTING

Chairman Pace requested a motion regarding the referenced item. Director Cohn made a motion to table this matter for further clarification by the Policies and Procurement Committee. The motion was seconded by Vice-Chairman Cassano. 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		
Edna Karanian	X		
Mark Lauretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Andrew Sullivan	X		
Non Eligible Voters			
Timothy Griswold, Ad Hoc, Mid-Connecticut			
Sherwood Lovejoy, Ad Hoc, Bridgeport			

CHAIRMAN'S AND COMMITTEE REPORTS

Chairman Pace asked for Committee reports. Director Cohn stated that the Policies & Procurement Committee was asked to look into adding a request for information regarding the principals of the bidding company to bid documents. Director Cohn said that there are some legal complications and therefore, the Committee plans to discuss the matter in detail at the next meeting.

Chairman Pace stated that he wanted to bring the Board up to date on several topics discussed at the Steering Committee meeting.

The first item is the MDC arbitration decision, which is one of CRRA's major accomplishments.

Chairman Pace indicated that CRRA continues to move forward with its business plan by looking ahead to the expiration of the Bridgeport Project in 2008 and Wallingford Project expiration in 2009. Chairman Pace stated that CRRA may be able to serve the towns in other capacities as things move forward and noted that these issues are being reviewed by management. Chairman Pace stated that what may appear as silence is not to be misunderstood as inactivity. Management is working at developing the CRRA business plan. Chairman Pace indicated that management had presented an outline of outstanding items to the Steering Committee and there are many items on the agenda.

Chairman Pace said that there have been discussions to decrease costs, increase revenues and improve service. Mr. Kirk stated that Mid-Connecticut recycling was changing from a cost of \$23 per ton to a revenue of \$34 per ton. Mr. Kirk stated that the Board's intent was to encourage recycling and to maintain a \$0 tip fee arrangement to do so. Mr. Kirk noted that CRRA now receives revenues from recycling and said that CRRA is moving beyond 2012 with a

10-year contract, which essentially states that CRRA will be involved in recycling and encourage recycling for both member and non-member towns.

Chairman Pace stated that CRRA is looking for contractors that will save taxpayers, rate payers and the municipalities money and provide better service.

Vice-Chairman Cassano stated that recycling should be a priority for CRRA. Mr. Kirk agreed and said that CRRA hoped to favorably influence the Solid Waste Management Plan in that regard. Mr. Kirk noted that recycling is "over the hump" in terms of establishing itself as a viable business activity. Mr. Kirk stated that the recycling market can still see volatility, but CRRA is now in a position to make long-term investments with confidence. Mr. Kirk noted that the new recycling contract will allow chipboard and junk paper (cereal boxes, wrapping) recycling. Prior to this, CRRA only recycled corrugated cardboard and newspapers. Chairman Pace suggested that residents might put all junk paper into a separate bin and notice how much less garbage their family produces. Chairman Pace stated that there is a tremendous effort for us to take our namesake, Connecticut Resources Recovery Authority, and recover a tremendous amount of resources that have just been thrown away.

Mr. Gent said that the Board decided on the fixed option, which would provide a revenue of \$34 per ton. Mr. Gent mentioned that there would be a press release regarding the contract with FCR and CRRA is also publishing a notice to change our procedures to expand CRRA's recyclables, which will be presented to the Board at the September meeting. Chairman Pace asked Mr. Gent for clarification that CRRA went from a cost of \$23 per ton for containers and now CRRA receives revenue of \$34 per ton for containers and fiber. Mr. Gent confirmed. Mr. Gent further explained that on average CRRA netted about \$500,000 for paper and container recycling. CRRA will now be receiving \$2.7 million per year, a \$2.1 million increase that is guaranteed for ten years.

Chairman Pace concluded by saying that CRRA is here to fulfill our obligations and said that these additional revenues, as well as reduced costs, will offset and stabilize tip fees. Chairman Pace stated that others may think that these funds will allow them to get more money for the services they want to provide, but Chairman Pace emphasized that this was not the case.

Director Lauretti stated that from a financial standpoint, recycling only works if you don't add another collection cycle. If another collection cycle is added, the municipalities have another cost to incur.

Chairman Pace stated that CRRA is looking to develop a new ash landfill and management is looking at options both in and out of state. Chairman Pace said that the Board and management are mandated to plan for the future. Chairman Pace said that CRRA would work with the DEP on what policy would be, what the demands would be and what the obligations of the Board would be. Mr. Kirk stated that management is continuing to identify the most environmentally sound potential sites for a new ash landfill. Mr. Kirk said the criteria to do that is based on CRRA's authority under Section 285 of the statutes wherein CRRA was ordered by the legislature to develop two sites on each side of the Connecticut River. Mr. Kirk said that CRRA does not believe that it is necessary or possible to develop four sites, but certainly one site is important for the security of the State. Mr. Kirk added that CRRA expects to finalize the best choice for the site in the new year and proceed with development when CRRA is confident that it

can make a compelling, environmentally sound argument for the development of the site. CRRA has been working with the DEP to ensure that CRRA's decisions and recommendations are made with the DEP's extraordinarily conservative siting criteria in mind. Mr. Kirk continued by saying that progress has been good and CRRA expects to be on schedule. If CRRA is able to go forward without major problems, CRRA expects the opening of the landfill to closely coincide with the final closure of the Hartford landfill.

Chairman Pace stated that there was one more issue he'd like to address. Chairman Pace stated that he had spent a day in Waterbury Court, Mr. Kirk spent one day in court and Mr. Bolduc spent two days in court. The matter was a suit against CRRA brought by the Town of New Hartford. Chairman Pace referred the Board to the \$111 million returned to CRRA in the Enron matter. Chairman Pace continued by saying that these funds have stabilized the company and are keeping the company healthy. Chairman Pace said that the Town of New Hartford is, in essence, suing itself. Chairman Pace noted that this suit is costing CRRA considerable time, money and man-hours, as well as insurance company funds. Chairman Pace said that there is a possibility that, because of the New Hartford suit, CRRA may have to make a special assessment on all the towns to cover New Hartford's actions. Chairman Pace indicated that he does not wish to do this, but CRRA is looking at this option for next year's budget cycle or sooner.

Director Cohn stated that this suit is standing in the way of further stabilizing the company. Chairman Pace indicated that CRRA may be able to get some additional funds back through the AG's efforts and this suit is holding these efforts back also.

Director Martland stated that he didn't see why CRRA couldn't litigate against New Hartford because of the problems they are causing CRRA and the State. Director Cohn stated that the most disappointing event that occurred over the last few weeks was that the court ruled against dismissal of the case. Director Martland stated that he would like to see CRRA explore the idea of a countersuit.

Chairman Pace stated that the monies secured through the AG's efforts came entirely to CRRA. In the New Hartford suit, a percentage would go to the attorneys and not directly to the municipalities. Vice-Chairman Cassano stated that CRRA would have to increase its tipping fee to pay the New Hartford costs. Chairman Pace indicated that CRRA had worked itself through a legal maze over the last year and the Board has worked hard to put CRRA back together. Chairman Pace told Director Martland that he would look into the countersuit and get back to him.

EXECUTIVE SESSION

Chairman Pace requested a motion to enter Executive Session to discuss pending litigation, real estate acquisition, trade secrets/feasibility analysis and personnel matters with appropriate staff. The motion made by Director O'Brien and seconded by Director Martland was approved unanimously. Chairman Pace requested that the following people be invited to the Executive Session:

All Directors and Ad-Hocs
Tom Kirk
Jim Bolduc

Peter Egan
Floyd Gent
Laurie Hunt

The Executive Session began at 11:25 a.m. and concluded at 12:50 p.m. Chairman Pace noted that no votes were taken.

The meeting was reconvened at 12:50 p.m.

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 12:51 p.m.

Respectfully submitted,



Kristen B. Greig
Secretary to the Board/Paralegal

TAB 2

CONNECTICUT RESOURCES RECOVERY AUTHORITY

THREE HUNDRED NINETY-THIRD MEETING

AUGUST 23, 2005

A Special telephonic meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Tuesday, August 23, 2005 at 100 Constitution Plaza, Hartford, Connecticut.

Those present by telephone were:

Chairman Michael Pace

Directors: Benson Cohn
Mark Cooper
James Francis
Michael Jarjura
Mark Lauretti
Theodore Martland
Raymond O'Brien
Elizabeth Horton Sheff (Ad-Hoc, Mid-Connecticut Project) (Present until 10:24 a.m.)

Present from the CRRRA staff at 100 Constitution Plaza:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer (via telephone)
Laurie Hunt, Director of Legal Services
Lynn Martin, Risk Manager (Present from 10:24 a.m. to 10:27 a.m.)
Kristen Greig, Secretary to the Board/Paralegal

Chairman Pace called the meeting to order at 10:12 a.m. and noted that there was a quorum.

There were no members of the public present.

EXECUTIVE SESSION

Chairman Pace requested a motion to enter Executive Session to discuss pending litigation related to the Mid-Connecticut Project with appropriate staff. The motion made by Director Martland and seconded by Director O'Brien was approved unanimously. Chairman Pace requested that the following people be invited to the Executive Session:

All Directors and Mid-Connecticut Ad-Hocs
Tom Kirk
Jim Bolduc
Laurie Hunt

The Executive Session began at 10:14 a.m. and concluded at 10:22 a.m. Chairman Pace noted that no votes were taken.

The meeting was reconvened at 10:22 a.m.

RESOLUTION REGARDING ENGAGEMENT OF COUNSEL TO REPRESENT FORMER BOARD MEMBERS, FORMER AD HOC BOARD MEMBERS, AND FORMER OFFICERS OF THE AUTHORITY IN DEPOSITIONS IN THE ENRON GLOBAL SUIT

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

NOW THEREFORE, IT IS RESOLVED: That the President of the Authority is hereby authorized to engage counsel to represent former board members, former ad hoc board members, and former officers of the Authority in depositions to be taken by defendants in the Enron Global Suit, on the terms presented and for the purposes discussed at this meeting.

The motion was seconded by Director Martland.

The motion previously made and seconded was approved unanimously.

Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Laretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Elizabeth Horton Sheff, Ad Hoc, Mid-Connecticut	X		
Non Eligible Voters			
NONE			

EXECUTIVE SESSION

Chairman Pace requested a motion to enter Executive Session to discuss pending litigation related to a general, non-project specific matter with appropriate staff. The motion made by Director Martland and seconded by Director O'Brien was approved unanimously. Chairman Pace requested that the following people be invited to the Executive Session:

All Directors, excluding Ad Hoc
Tom Kirk
Jim Bolduc
Laurie Hunt
Lynn Martin

The Executive Session began at 10:24 a.m. and concluded at 10:27 a.m. Chairman Pace noted that no votes were taken.

The meeting was reconvened at 10:27 a.m.

RESOLUTION REGARDING EXECUTION OF A GENERAL RELEASE OF MARSH & McLENNON COMPANIES, INC.

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

WHEREAS, pursuant to the terms of a Settlement Agreement between Marsh & McLennon Companies, Inc. ("Marsh") and the New York Attorney General and Superintendent of Insurance ("Settlement Agreement"), the Authority is eligible to receive payments from the Settlement Fund established by Marsh; and

WHEREAS, in order to participate in the Settlement Fund, the Authority must execute and return the General Release prescribed by the Settlement Agreement by September 20, 2005; and

WHEREAS, the Board has reviewed the Marsh General Release and determined that it is in the best interests of the Authority to execute the said Release, so as to participate in the Settlement Fund as described therein;

NOW THEREFORE, IT IS RESOLVED: That the President of the Authority is hereby authorized to execute and return the General Release required by the Settlement Agreement, as presented and discussed at this meeting, and to take all related actions in connection with said General Release necessary to participate in the Marsh Settlement Fund as provided therein. This resolution shall take effect immediately.

The motion was seconded by Director Martland.

Director O'Brien noted that both this matter and the previously discussed matter were thoroughly reviewed in Executive Session.

The motion previously made and seconded was approved unanimously.

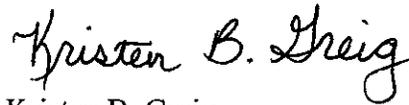
Eligible Voters	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Benson Cohn	X		
Mark Cooper	X		
James Francis	X		
Michael Jarjura	X		
Mark Laretti	X		
Theodore Martland	X		
Raymond O'Brien	X		
Non Eligible Voters			
NONE			

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 10:30 a.m.

Respectfully submitted,



Kristen B. Greig
Secretary to the Board/Paralegal

TAB 3

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 \$166,062; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$1 million of Automobile Liability insurance through AIG Commerce & Industry for a premium of \$69,620; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$30 million Umbrella/Excess Liability through AIG covering Commercial General Liability, Automobile Liability and Employers Liability for a premium of \$290,287; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of \$30 million Pollution Legal Liability insurance through AIG for a premium of \$344,509; and

FURTHER RESOLVED: That the Board of Directors authorizes the purchase of Workers Compensation at Statutory Limits and Employers Liability at \$1 million through Connecticut Interlocal Risk Management Agency (CIRMA) for a premium of \$51,227.

The aggregate premium for all above described premiums is \$921,705 for the period 10/1/05 – 10/1/06. CRRRA's 2006 budget for these policies was \$1,157,000.

Connecticut Resources Recovery Authority Casualty Insurance Program Renewal

September 22, 2005

Background

CRRA's current casualty insurance program, consisting of Commercial General Liability, Automobile Liability, Umbrella Liability, Pollution Legal Liability and Workers Compensation policies, expires on October 1, 2005 and needs to be renewed.

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

Last year we widely marketed the program. Initially, XL Environmental, Liberty Mutual, and ACE expressed interest, but ultimately only Zurich and AIG offered pricing. AIG was aggressive in their pricing to retain our business and provided a quote resulting in a 26% decrease from the expiring program. The premium went from \$1,318,345 to \$978,579, and we increased the overall limit from \$20 million to \$30 million at the same time.

New Program Marketing and Results

At the direction of CRRA's Finance Committee Marsh conducted a full marketing effort again this year.

Marsh performed benchmarking of comparably sized organizations to assist CRRA in determining the appropriate levels of insurance. CRRA is a very unique organization and benchmarking is not an exact determination but it does provide some guidance. Because CRRA has many different kinds of exposures, Marsh looked at three types of organizations – Transportation Services, Utilities (non-nuclear), and Government. Exhibit II is a chart depicting the results. The data indicates that the mid-range of coverage limits would be around \$30 million and that the \$20 million limit is at the low end of the range for Government entities.

General Liability/Umbrella/Excess Liability/Pollution Legal Liability

Quotations on the existing program structure with a total of \$30 million in Umbrella/Excess limits as well as \$30 million in Pollution Legal Liability limits were sought from AIG, Zurich, ACE, XL, Liberty Mutual, Great American, CNA, St. Paul Travelers, Arch and Fireman's Fund. We also requested quotes at the \$20 million level of Umbrella/Excess limits and \$20 million in Pollution Legal Liability from the same insurers for comparison purposes.

Out of all of the companies asked for liability quotes all insurers except AIG declined to quote citing various reasons. Arch and Lexington (an AIG company) competed for the excess coverage – above \$10 million.

While Arch's quote (\$135,000) for the Excess coverage is slightly lower than Lexington's (\$139,000) it is important to note that Lexington has consistently stepped up to cover CRRA's risks even in the face of paying out significant claim damages. In addition, there are more restrictions to coverage in the Arch proposals than in the AIG quote.

Declinations were received from the following insurers for the reasons stated below:

- ACE – only writes self-insured retentions; requires more expense for claim administrator
- XL – interested in excess pollution but AIG quote contingent upon receiving all lines
- Zurich – could not compete with terms and pricing of AIG
- Liberty Mutual – class of business does not fit their risk appetite
- Great American – class of business does not fit their risk appetite
- St. Paul Travelers – class of business did not fit their risk appetite
- Fireman's Fund – no response at all

Automobile Liability

CRRA's passenger vehicles and pickup trucks are aging. Most were purchased in the early to mid-1990s. We investigated the private sale value of these vehicles according to the Kelley Blue Book. This is the value a buyer can expect to pay when buying a used car from a private party. This value may also be used to derive Fair Market Value for insurance purposes. All pricing assumed the vehicles to be in "Good" condition in order to get uniform results. "Good" condition means that the vehicle is free from any major defects, the paint and interior have only minor blemishes, and there are no major mechanical problems. There should be no rust and the tires should match and have substantial tread left. The average value of the vehicles, excluding the two newest (2001 and 2002 Explorers), was \$3,406 (see chart attached as Exhibit VI). CRRA has had a very good claim history with these vehicles. Damage has risen above the \$1,000 deductible on these vehicles only five (5) times in the last five (5) years.

Marsh was asked to get automobile quotes with and without comprehensive and collision coverage on these vehicles so that we could demonstrate the cost-effectiveness of discontinuing this coverage. The only quotes were from AIG - \$72,009 with Comp/Collision for all passenger vehicles and light trucks and \$69,620 with this coverage only on the two newer Explorers as explained above.

Workers Compensation/Employers Liability

For workers compensation/employers liability coverage, Marsh sought quotes from Wausau, The Hartford, Crum & Forster, American Home, Liberty Mutual and CIRMA.

Declinations were received from the following insurers:

Wausau – small size, lack of supporting revenue from other lines

The Hartford – small size, lack of supporting revenue from other lines

Crum & Forster – small size, lack of supporting revenue from other lines

Workers compensation/employers liability insurance quotes were received from CIRMA, our existing insurer in the amount of \$51,277, American Home (an AIG company) for \$49,752, and Liberty Mutual for \$53,796.

CRRA has had a very long and beneficial relationship with CIRMA as our workers compensation insurer. Even though there was a significant claim last year, they offered a lower annualized premium. (Last year CIRMA provided a 15-month policy – 7/1/04 – 10/1/05 - so that CRRA could group all of the casualty policies around the same renewal date).

CIRMA has provided workers compensation insurance to CRRA when there were no other insurers willing to take on CRRA's exposures. They provide safety and loss control services, free seminars on many work-related issues and cover all of CRRA's unique employee categories. These extra benefits are not provided under the American Home policy.

The chart below provides a comparison of the expiring premiums and the quotes received:

CRRA Casualty Insurance: 10/1/05-06
Breakdown of Expiring Premiums vs. Renewal Premiums

Line of Coverage	Expiring Premium (04-05)	Renewal Premium (AIG) (05-06)	Change from expiring (AIG)
General Liability	\$177,000	\$166,062	-6%
Automobile Liability	\$100,329 (w/comp & collision)	\$69,620 (comp & collision on 2 Explorers only)	-31%
Umbrella / Excess Liability (Sits over all but Pollution)	\$30M - \$326,250	\$30M - \$290,287	-11%
Pollution Legal Liability	\$30M - \$375,000	\$30M - \$344,509	-8%
Overall Cost of Program Total	\$30M - \$978,579	\$30M - \$870,478	\$108,101 Savings -11%

Bold indicates Recommendation of Management

Factors to consider when deciding the insurance limit:

- 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 was paid out in attorney fees, there would be \$15 million available to satisfy any judgments against CRRA.
- CRRA's pollution legal liability policy also names 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.

RECOMMENDATIONS

- **In consultation with our broker, Marsh, management recommends that the Finance Committee accept the following quotes offered by AIG for the period 10/1/05 – 10/1/06:**

**\$166,062 for \$1 million of Commercial General Liability
\$151,287 for \$10 million Umbrella Liability
\$139,000 for \$20 million Excess Liability
\$344,509 for \$30 million of Pollution Legal Liability**

All of these policies include TRIA (terrorism) coverage (\$54,650).

- **Management further recommends that the Finance Committee accept the quote offered by AIG Commerce and Industry for Automobile Liability insurance the period 10/1/05 -10/1/06:**

\$69,620 for \$1 million of Commercial Automobile Liability

This policy *does not* include TRIA coverage. Additionally, it only covers the 2001 and 2002 Explorers for comprehensive and collision. Management believes that comprehensive and collision coverage on all other vehicles is not cost-effective.

- **Management further recommends that the Finance Committee accept the quote for Workers Compensation/Employers Liability insurance from Connecticut Interlocal Risk Management Agency (CIRMA) for the period 10/1/05 – 10/1/06:**

**\$51,227 for Workers Compensation w/Statutory Limit and
\$1 million of Employers Liability**

This policy provides TRIA coverage (\$826).

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 somebody'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 discussed above.

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 at transfer stations, recycling facilities.

Automobile Liability Insurance

CRRA is responsible for insuring tractors/ trailers, light trucks and passenger vehicles used in connection with administration and operation of our facilities. Comprehensive and collision coverage is only on passenger vehicles and light trucks with a \$1,000 deductible.

35 power units (2 trailers)

- 6 passenger vehicles \$1,427 per unit)
- 14 light trucks (\$1,285 per unit)
- 1 medium truck (\$1,342 per unit)
- 1 heavy truck (\$2,051 per unit)
- 10 extra heavy trucks (\$3,021 per unit)
- 3 tractors (\$3,364 per unit)
- 2 trailers (\$214 per unit)

Workers Compensation/Employers Liability Insurance

This insurance is comprised of a schedule of benefits payable to an employee for injury, disability, dismemberment or death as a result of an occupational hazard.

CRRA purchases the statutory limit for workers compensation insurance and \$1,000,000 for the Employers Liability portion of this coverage because our umbrella insurance policy requires that attachment point.

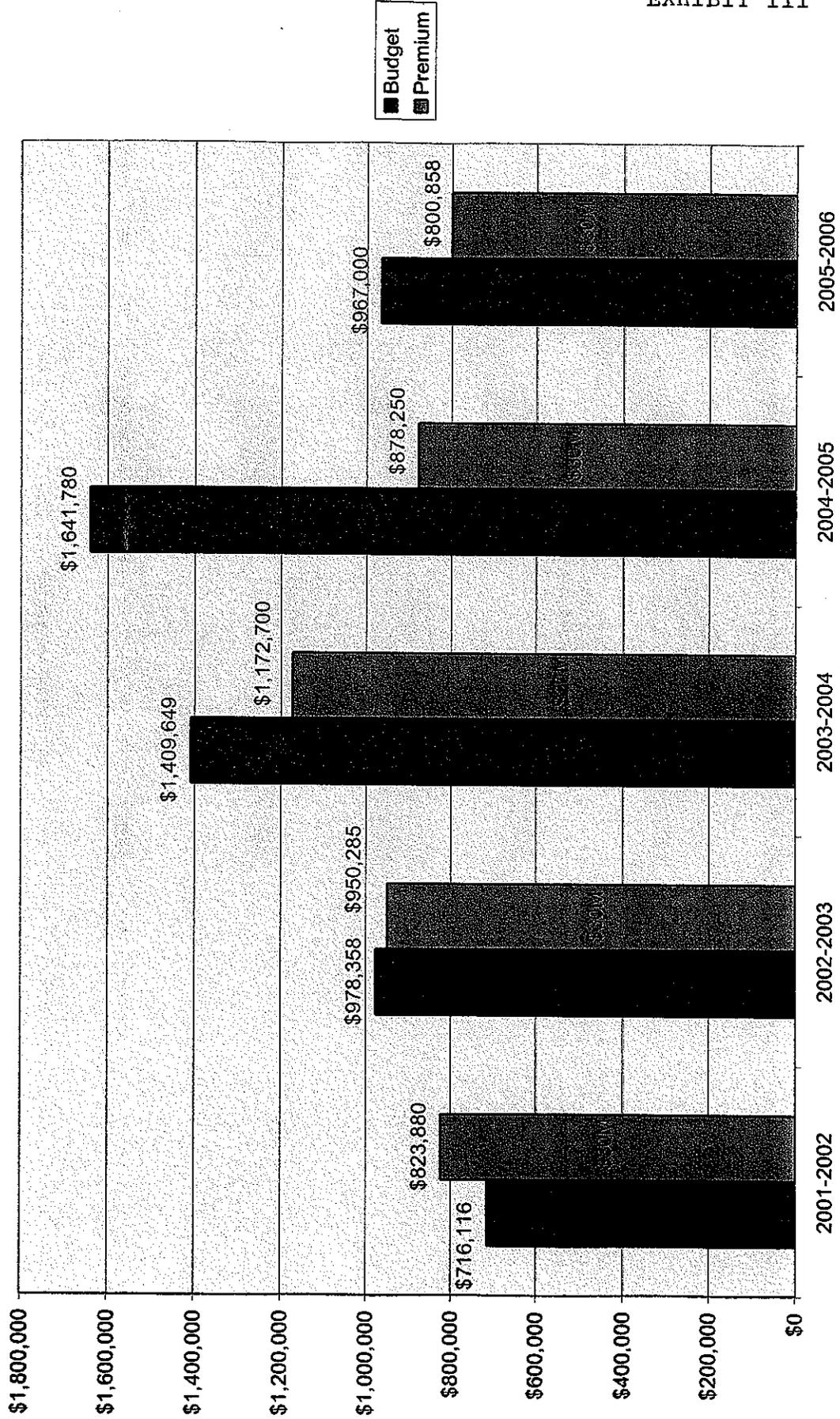
Connecticut Resources Recovery Authority Benchmarking Data (Excess Liability)							
Industry	Annual Revenues*	Number of Responses	Minimum Limits*	Maximum Limits*	Average Limits*	Average Price Per Million	Average Cost Per \$1,000 of Revenue
Transportation Services	2003-2004	64	1	200	35	\$14,329	\$8.07
	2004-2005	64	1	500	45	\$13,381	\$8.11
Utility, Non-Nuclear	2003-2004	32	5	400	50	\$6,964	\$4.36
	2004-2005	32	5	500	46	\$7,940	\$5.52
Governmental	2003-2004	33	3	250	35	\$15,157	\$5.47
	2004-2005	33	2	250	26	\$11,400	\$3.99
CRRRA	2004-2005	158			30	\$10,875	\$2.06
	2005-2006	165			30	\$9,676	\$1.76

* Amount In Millions

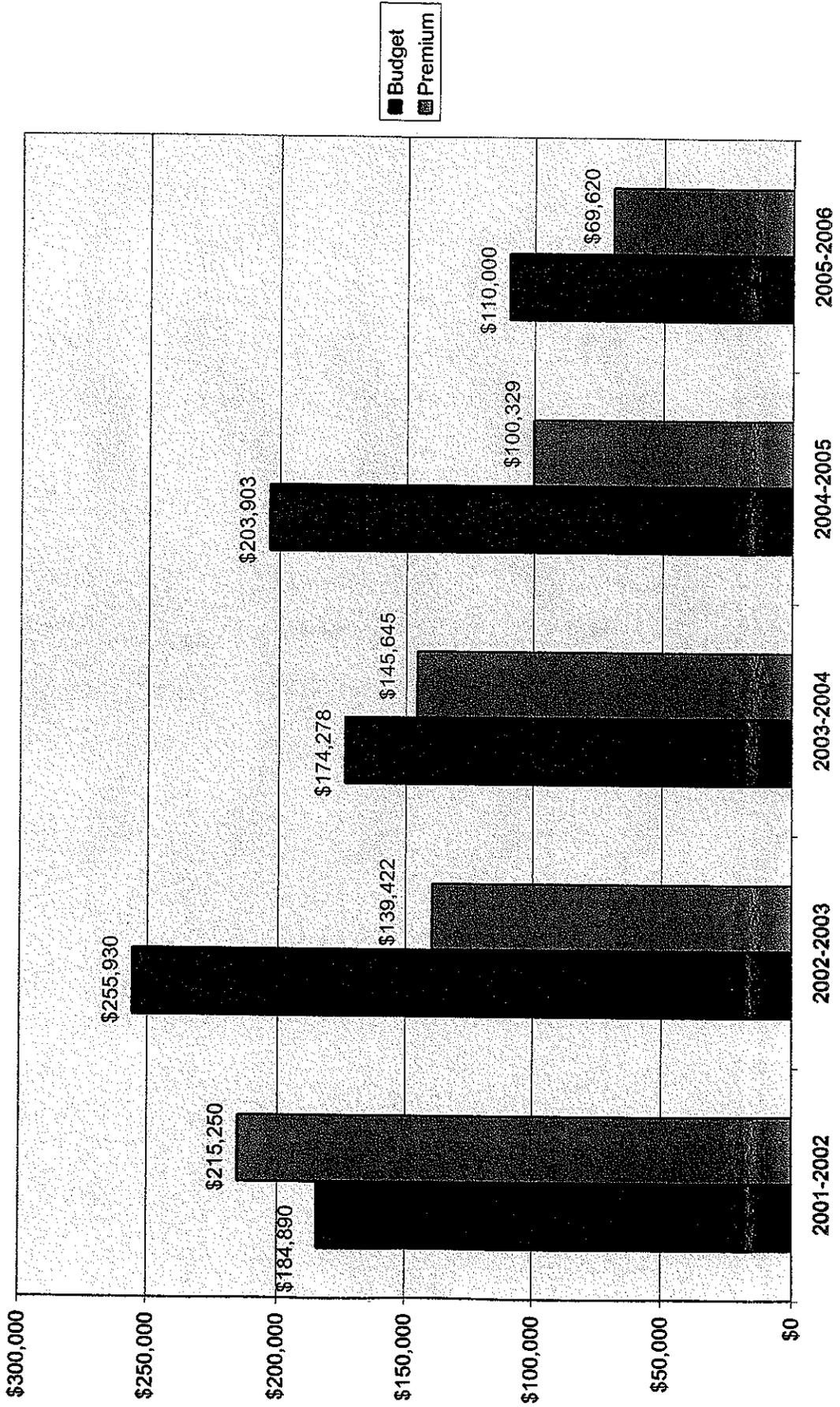
** Non-pollution only

Commercial General Liability - Umbrella Liability - Pollution Legal Liability

EXHIBIT III



Automobile Liability Insurance



CRRA PREMIUM SUMMARY

Insurance Type	(1) 2005 Premium	(2) (7/1/05 - 6/30/06) 2006 Budget	(3) Renewal Premium	(4) (7/1/05 - 6/30/06) 2006 Cost	(5) Estimated Savings Over 2006 Budget
Casualty (inc. Auto)	\$978,579	\$1,077,000	\$870,478	\$897,504	\$179,496
Workers Comp	*\$72,836	\$80,000	\$51,227	\$52,989	\$27,011
Public Officials	\$263,202	\$290,000	No renewal 'til 4/06	(a)\$269,902	\$20,098 (estimate)
Commercial Crime	\$6,520	\$4,000	No renewal 'til 4/06	(b) \$4,257	\$257 (estimate)
Property Insurance	\$690,000	\$884,000	No renewal 'til 4/06	(c) \$738,501	\$145,499 (estimate)
TOTAL					<u>\$371,847 (estimate)</u>

(a) 9/12 x Col 1 = \$197,402
 3/12 x Col 2 = \$ 72,500
 (b) 18-month premium 7/1/04 - 4/1/06
 9 x \$362 (per month premium of Col 1) = \$3258
 3 x \$333 (per month premium of Col 2) = \$ 999

* 15-month premium - 7/1/04 - 10/1/05

(c) 9/12 x Col 1 = \$517,500
 3/12 x Col 2 = \$221,001

EXHIBIT VI

CRRA Passenger Vehicles

Year	Make	Model	Mileage	Value
2002	Ford	Explorer	28,148	\$13,460
2001	Ford	Explorer	33,484	\$10,650
				Continue comp/coll - not counted in average
1996	Jeep	Cherokee	56,939	\$4,050
1994	Jeep	Cherokee	57,743	\$3,300
1993	Jeep	Cherokee	145,780	\$2,400
1993	Jeep	Cherokee	82,644	\$3,025
				Continue comp/coll - not counted in average
				<u>\$12,775</u>

CRRA Light Trucks

Year	Make	Model	Mileage	Value
1996	Ford	Ranger	89,000	\$4,440
1996	Ford	Ranger	56,939	\$4,050
1996	Ford	Ranger	120,178	\$3,540
1996	Ford	Ranger	109,477	\$3,665
1996	Ford	Ranger	97,762	\$3,715
1996	Ford	Ranger	41,281	\$4,690
1996	Ford	Ranger	122,188	\$3,540
1996	Ford	Ranger	73,120	\$4,790
1995	GMC	Sierra	80,868	\$5,450
1994	Ford	Ranger	69,972	\$3,660
1994	Ford	Ranger-125	71,236	\$3,610
1990	Ford	Pickup	74,652	\$2,240
1987	Ford	E350-Van	67,083	\$1,150
1986	Ford	Pickup	Not Roadworthy	\$0
				<u>\$48,540</u>

Assumed all in "Good" condition, although condition varies

\$12,775
\$48,540
\$61,315 / 18 = \$3,406 (Average \$ per Unit)

TAB 4

***RESOLUTION REGARDING THE FISCAL YEAR 2005
FINANCIAL STATEMENT AND AUDIT REPORT***

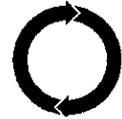
RESOLVED: That the Board hereby approves and endorses the Fiscal Year 2005 Financial Statement and Audit Report, substantially as discussed and presented at this meeting.

CONNECTICUT RESOURCES RECOVERY AUTHORITY

**ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR DISCUSSION ONLY



ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2005

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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, 2005 and 2004, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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, 2005 and 2004, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2005 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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.

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**

Our audits were conducted for the purpose of forming an opinion on CRRA's basic financial statements. The combining financial statements as of and for the year ended June 30, 2005 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 2005 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2005 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2005 financial statements taken as a whole.

Glastonbury, Connecticut
September 14, 2005

**PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY**



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the Connecticut Resources Recovery Authority (the "Authority") activities and financial performance provides an introduction to the audited financial statements for the fiscal years ended June 30, 2005 and 2004 as compared to prior fiscal years. The MD&A reflects the Authority'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.

During fiscal year 2005, the Authority realized \$111.7 million, including \$0.4 million of interest income, from the sale of its bankruptcy claim against Enron. The Authority sold its claim to a major financial institution through a competitive bid auction. For accounting purposes, the Authority has reported \$82.8 million, which represents an estimated recovery of its Enron claim, as non-operating revenue, and \$28.5 million, which represents the gain on the sale of the Enron claim, as a special item, in the accompanying statements of revenues, expenses and change in net assets. The \$111.7 million sale proceeds have been used to defease certain outstanding bonds issued for the Mid-Connecticut Project and to establish an escrow fund as more fully described in the "Enron Matters" section herein.

FINANCIAL POSITION SUMMARY

The Authority's fiscal year 2005 total assets increased by \$0.6 million or 0.2% over fiscal year 2004 and total liabilities decreased by \$111.3 million or 41.3%. Total assets exceeded liabilities by \$230.8 million in 2005 as compared to \$118.8 million for 2004, or a net increase of \$111.9 million. The fiscal year 2004 total assets decreased by \$6.9 million or 1.8% compared to 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>2005</u>	<u>2004</u>	<u>2003</u>
ASSETS			
Current unrestricted assets	\$ 92,846	\$ 88,360	\$ 81,344
Current restricted assets	<u>23,225</u>	<u>29,504</u>	<u>28,873</u>
Total current assets	<u>116,071</u>	<u>117,864</u>	<u>110,217</u>
Non-current assets:			
Restricted cash and cash equivalents	81,452	62,521	61,694
Capital assets, net	184,414	198,936	213,219
Development and bond issuance costs, net	<u>7,221</u>	<u>9,204</u>	<u>10,341</u>
Total non-current assets	<u>273,087</u>	<u>270,661</u>	<u>285,254</u>
TOTAL ASSETS	<u><u>\$ 389,158</u></u>	<u><u>\$ 388,525</u></u>	<u><u>\$ 395,471</u></u>
LIABILITIES			
Current liabilities	\$ 33,695	\$ 47,780	\$ 46,939
Long-term liabilities	<u>124,695</u>	<u>221,912</u>	<u>231,043</u>
TOTAL LIABILITIES	<u>158,390</u>	<u>269,692</u>	<u>277,982</u>
NET ASSETS			
Invested in capital assets, net of related debt	100,471	26,096	26,456
Restricted	61,082	64,025	63,385
Unrestricted	<u>69,215</u>	<u>28,712</u>	<u>27,648</u>
Total net assets	<u>230,768</u>	<u>118,833</u>	<u>117,489</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 389,158</u></u>	<u><u>\$ 388,525</u></u>	<u><u>\$ 395,471</u></u>

FINANCIAL HIGHLIGHTS

The following is an overview of significant changes within the Balance Sheets as of June 30, 2005 and 2004:

ASSETS

Current unrestricted assets increased by \$4.5 million or 5.1% over fiscal year 2004 and \$7.0 million or 8.6% over fiscal year 2003. The fiscal year 2005 increase is primarily due to:

- A \$1.0 million grant receivable from the Connecticut Department of Environmental Protection (“CTDEP”) as reimbursement for costs previously incurred by the Authority in the closure of the Wallingford Landfill; and
- Increased solid waste service charges of \$7.4 million at the Mid-Connecticut, Bridgeport, and Wallingford projects; and
- Interest earned of \$2.8 million; and
- Other, net of \$1.3 million including \$0.6 million for recyclable sales, offset by:
- A transfer of funds (\$4.5 million) and contributions (\$2.3 million) to the Mid-Connecticut and Wallingford non-current restricted assets for operating reserve requirements; and
- A distribution of the Wallingford project surplus funds of \$1.2 million to its participating municipalities.



The fiscal year 2004 increase is due to increased tipping fees at the Mid-Connecticut, Bridgeport, and Southeast projects, higher electricity rates negotiated in a new Energy Purchase Agreement at the Mid-Connecticut project and a transfer of funds from the Mid-Connecticut restricted assets as a result of a major fiber contract expiration offset by a contribution to the Wallingford Tip Fee Stabilization Fund.

Current restricted assets decreased by \$6.3 million or 21.3% over fiscal year 2004 and increased by \$0.6 million or 2.1% compared to fiscal year 2003. The fiscal year 2005 decrease is due to decreased debt service fundings in Mid-Connecticut project as a result of the defeasance of debt and in the Wallingford and Southeast projects as a result of bond redemptions. The fiscal year 2004 increase is 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 as a result of the major fiber contract expiration.

Non-current assets increased by \$2.4 million or 0.9% over fiscal year 2004 and decreased by \$14.6 million or 5.4% compared to fiscal year 2003 due to:

- Restricted cash and cash equivalents increased by \$18.9 million compared to fiscal year 2004 and \$0.8 million compared to fiscal year 2003. The fiscal year 2005 increase is due to:
 - A combination of the transfer of funds and contributions from unrestricted assets for operating reserve requirements; and
 - The creation of the State Loan Escrow account from the Enron claim settlement funds, which is designated for the repayment of the State loans until it is paid in full; and
 - Interest earned, offset by:
 - A decrease in Special Capital Reserve and Debt Service Reserve Funds as a result of the Mid-Connecticut defeasance of debt and the Wallingford and Southeast bond redemptions.

The fiscal year 2004 increase is due to an additional contribution to the Wallingford Tip Fee Stabilization Fund during fiscal year 2004 to cover future reductions in electricity revenues and increases in anticipated operating expenses at the Wallingford project.

- Capital assets decreased by \$14.5 million compared to fiscal year 2004 and \$14.3 million compared to fiscal year 2003. The fiscal year 2005 decrease is due to depreciation expense of \$16.8 million offset by \$2.3 million in plant improvements and equipment purchases. The fiscal year 2004 decrease is due to depreciation expense of \$16.7 million offset by \$2.4 million in plant improvements and equipment purchases.
- Development and bond issuance costs decreased by \$2.0 million compared to fiscal year 2004 and \$1.1 million compared to fiscal year 2003. The fiscal year 2005 decrease is due to amortization expense and write-off of unamortized bond issuance costs related to the Mid-Connecticut defeasance of debt. The fiscal year 2004 decrease is due to amortization expense.



LIABILITIES

Current liabilities decreased by \$14.1 million or 29.5% compared to fiscal year 2004 and increased by \$0.8 million or 1.8% compared to fiscal year 2003. The fiscal year 2005 decrease is due to a \$16.2 million decrease in the current portion of bonds payable as a result of the Mid-Connecticut defeasance of debt and the Wallingford and Southeast bond redemptions offset by an increase in the current portion of the State loans payable as a result of scheduled principal payments on prior State loans drawdowns. The fiscal year 2004 increase is due 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 loans payable offset by a \$1.4 million decrease in accounts payable and accrued expenses.

Long-term liabilities decreased by \$97.2 million or 43.8% compared to fiscal year 2004 and \$9.1 million or 4.0% compared to fiscal year 2003 due to:

- Long-term portion of bonds payable, net decreased by \$101.5 million compared to fiscal year 2004 and \$18.9 million compared to fiscal year 2003. The fiscal year 2005 decrease is due to:
 - Defeasance of debt: Mid-Connecticut System Bonds 1996 Series A Bonds (\$81.5 million), 1997 Series A Bonds (\$2.1 million) and 2001 Series A Bonds (\$13.2 million); and
 - Bond redemptions: Wallingford Resources Recovery Project 1991 Series One Subordinated Bonds (\$0.5 million) and Southeast Project 1989 Series A Bonds (\$2.0 million); and
 - Regular principal payments due on Authority bonds.

The fiscal year 2004 decrease is due to regular principal payments on Authority bonds during the fiscal year. The debt amounts as of June 30, 2005 and 2004 reflect the deferred amount on refunding of bonds and the unamortized premium on sale of bonds.

- State loans payable increased by \$5.3 million over fiscal year 2004 and \$8.8 million over fiscal year 2003. The fiscal year 2005 increase is due to additional drawdowns during the first six months of fiscal year 2005. There were no drawdowns since January 2005. The fiscal year 2004 increase is due to additional drawdowns during the fiscal year.
- Closure and postclosure care of landfills decreased by \$0.7 million compared to fiscal year 2004 and increased by \$1.2 million compared to fiscal year 2003. The fiscal year 2005 decrease is due to a reduction of the long-term liability accounts as a result of payments for the Ellington, Shelton and Wallingford landfills. In addition, there was no significant increase in projected costs for the Ellington, Hartford, Shelton, Waterbury and Wallingford landfills during fiscal year 2005. The fiscal year 2004 increase is due to payments of \$0.7 million for the Ellington, Shelton and Wallingford landfills offset by a \$1.9 million increase in projected costs for all five 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>2005</u>	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 168,941	\$ 165,418	\$ 155,820
Operating expenses	<u>137,443</u>	<u>135,482</u>	<u>138,272</u>
Excess before depreciation and amortization and other non-operating revenues and (expenses)	31,498	29,936	17,548
Depreciation and amortization	<u>17,864</u>	<u>17,887</u>	<u>18,188</u>
Income before other non-operating revenues and (expenses), net	13,634	12,049	(640)
Non-operating revenues and (expenses), net	<u>75,927</u>	<u>(10,705)</u>	<u>(10,686)</u>
Income before special items	89,561	1,344	(11,326)
Special items:			
Gain on sale of Enron claim	28,502	-	-
Early retirement/defeasance of debt	<u>(6,128)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in net assets	111,935	1,344	(11,326)
Total net assets, beginning of year	<u>118,833</u>	<u>117,489</u>	<u>128,815</u>
Total net assets, end of year	<u>\$ 230,768</u>	<u>\$ 118,833</u>	<u>\$ 117,489</u>

Operating revenues increased by \$3.5 million or 2.1% during fiscal year 2005 over fiscal year 2004 and \$9.6 million or 6.2% from fiscal year 2003 to fiscal year 2004. The fiscal year 2005 increase was due to a \$6.2 million increase in service charges due to tip fee increases at three of the four Authority projects (see "Authority Rates and Charges," herein) and increases in contracted waste deliveries. There was also a \$0.5 million increase due to favorable recycling sales. These increases were offset by lower energy revenues of \$3.2 million. The fiscal year 2004 increase was due primarily to a \$5.1 million increase in service charges at three of the four Authority projects, a \$2.4 million increase in energy revenue at the Mid-Connecticut project offset by \$161,000 in decreased energy revenue at the Wallingford project, and a \$2.2 million increase in other operating revenue as a result of increased recycling sales and the return of a \$500,000 contribution previously made to National Geographic.

Operating expenses increased during fiscal year 2005 by \$2.0 million or 1.4% compared to fiscal year 2004 due to an increase in waste deliveries, costs associated with capital improvements and an increase in enforcement and scale staffing at the projects. 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.



Depreciation and amortization remained fairly constant, decreasing by \$23,000 and \$301,000, over fiscal years 2004 and 2003, respectively, due to full depreciation of certain assets during the fiscal years and decreased amortization of bond issuance costs related to the Mid-Connecticut defeasance of debt during fiscal year 2005, which was offset by depreciation expense on capital additions.

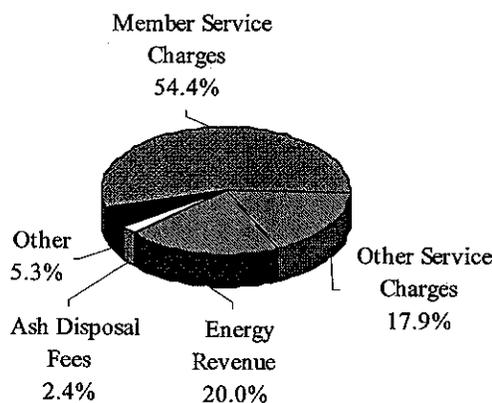
Non-operating revenues, net increased by \$86.6 million during fiscal year 2005 due to the receipt of the Enron claim settlement funds of \$82.8 million, increased investment income and lower interest expense, offset by increased net other expense. Non-operating expenses, net remained fairly constant, increasing by \$19,000, between the fiscal years 2004 and 2003 due to a decrease in investment income and other settlement income offset by a decrease in bond interest expense.

Special item – Gain on sale of Enron claim represents proceeds from the sale of the Enron claim settlement to a major financial institution with a significant presence in the distressed debt claims markets. Such sale resulted in a premium of 34.4% or \$28.5 million over the Enron claim settlement of \$82.8 million.

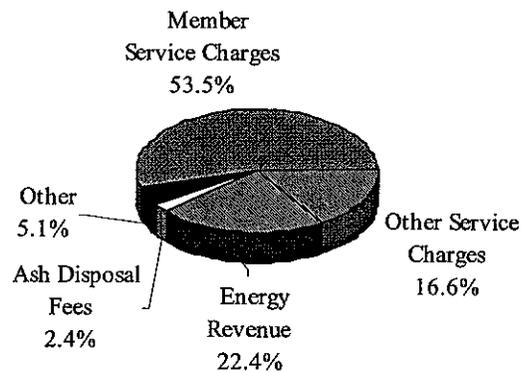
Special item – Early retirement/defeasance of debt of \$6.1 million is attributable to the write-off of unamortized amounts such as bond issuance costs and other deferred amounts related to the Mid-Connecticut 1996 Series A Bonds, 1997 Series A Bonds and 2001 Series A Bonds, which were partially or fully defeased, plus the Wallingford Project 1991 Series One Subordinated Bonds which were redeemed during fiscal year 2005.

SUMMARY OF OPERATING REVENUES

The following charts show the major sources and the percentage of operating revenues for the fiscal years ended June 30, 2005 and 2004:



Fiscal Year 2005



Fiscal Year 2004

During fiscal year 2005, Solid Waste tipping fees (member service and other service charges) plus ash disposal fees account for nearly 75% of the Authority’s operating revenues. Energy production makes up another 20.0% of operating revenues. During fiscal year 2004, Solid Waste tipping fees (member service and other service charges) plus ash disposal fees accounted for



72.5% of the Authority's operating revenues. Energy production made up another 22.4% of operating revenues.

A summary of the operating revenues, non-operating revenues and special item for the fiscal year ended June 30, 2005, and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING, NON-OPERATING REVENUES AND SPECIAL ITEM
Fiscal Years Ended June 30,
(In Thousands)

	2005	2005 Percent of Total	2004	2005 Increase/ (Decrease) from 2004	2005 Percent Increase/ (Decrease)	2003	2004 Increase/ (Decrease) from 2003	2004 Percent Increase/ (Decrease)
Operating:								
Member Service Charges	\$ 91,894	32.1%	\$ 88,541	\$ 3,353	3.8%	\$ 82,915	\$ 5,626	6.8%
Other Service Charges	30,223	10.5%	27,384	2,839	10.4%	27,927	(543)	-1.9%
Energy Revenue	33,798	11.8%	36,998	(3,200)	-8.6%	34,639	2,359	6.8%
Ash Disposal Fees	4,025	1.4%	4,031	(6)	-0.1%	4,033	(2)	0.0%
Other Operating Revenue	9,001	3.1%	8,464	537	6.3%	6,306	2,158	34.2%
Total Operating Revenues	168,941	58.9%	165,418	3,523	2.1%	155,820	9,598	6.2%
Non-Operating:								
Enron Claim Settlement	82,760	28.9%	-	82,760	100.0%	-	-	0.0%
Investment Income	4,471	1.6%	1,623	2,848	175.5%	2,386	(763)	-32.0%
Other Income	1,884	0.7%	184	1,700	923.9%	549	(365)	-66.5%
Total Non-Operating Revenues	89,115	31.2%	1,807	87,308	4831.7%	2,935	(1,128)	-38.4%
Special Item:								
Gain on sale of Enron claim	28,502	9.9%	-	28,502	100.0%	-	-	0.0%
TOTAL	\$ 286,558	100.0%	\$ 167,225	\$ 119,333	71.4%	\$ 158,755	\$ 8,470	5.3%

Overall, fiscal year 2005 total revenues rose by \$119.3 million or 71.4% over fiscal year 2004, largely reflective of the Enron claim settlement. Fiscal year 2004 total revenues rose by \$8.5 million or 5.3% from fiscal year 2003. The following discusses the major changes in operating, non-operating revenues and special item of the Authority:

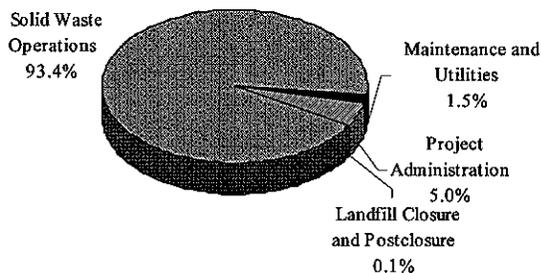
- Member service charges increased by \$3.4 million in fiscal year 2005 and \$5.6 million in fiscal year 2004. These increases reflect the increase of the tipping fee enacted at the Bridgeport, Mid-Connecticut and Wallingford projects in fiscal year 2005 and tipping fee increases enacted at the Bridgeport, Mid-Connecticut and Southeast projects in fiscal year 2004.
- Other service charges to both contract towns and spot waste haulers, increased by \$2.8 million from fiscal year 2004 to 2005. This is contrasted by a \$543,000 decrease in other service charges from fiscal year 2003 to 2004. The fiscal year 2005 increase is due to contracting additional waste at the Bridgeport project and higher tipping fees for contract towns at the Mid-Connecticut project. The fiscal year 2004 decrease is due to the loss of private hauler contracts at the Bridgeport project and a decrease in contract deliveries at the Mid-Connecticut project due to the increase in tipping fees.



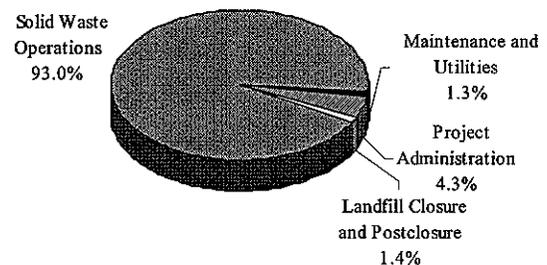
- Energy revenue decreased by \$3.2 million during fiscal year 2005 and increased by \$2.4 million during fiscal year 2004. The fiscal year 2005 decrease reflects lower electrical generation due to poor plant performance and a lower electricity contract rate during the 2005 fiscal year at the Mid-Connecticut project. The fiscal year 2004 increase reflects a net increase in energy revenue at the Mid-Connecticut project due to a more favorable electricity contract rate during the 2004 fiscal year.
- Other operating revenue increased by \$537,000 in fiscal year 2005 and \$2.1 million in fiscal year 2004. The fiscal year 2005 increase is a result of contractual favorable recycling sales market. The fiscal year 2004 increase is due to the return of a \$500,000 contribution previously made to the National Geographic, better-than-expected recycling sales of \$1 million, unanticipated increases of ferrous metal sales and revenues for soil deliveries to the Hartford landfill.
- Enron claim settlement of \$82.8 million represents the portion of the Enron claim that was awarded to the Authority from the bankruptcy court (see “Enron Matters” section herein).
- Investment income increased \$2.8 million from fiscal 2004 to 2005 due to overall improved market returns and increased balances. Investment income decreased \$763,000 from fiscal year 2003 to 2004 due to poor market returns and lower balances.
- Other income of \$1.9 million represents a settlement with an insurance company for contingent commissions or overrides, funds authorized for release by the Southeastern Connecticut Regional Resources Recovery Authority from the restricted Montville Landfill Postclosure Fund to cover fiscal year 2004 operating deficit and landfill postclosure expenses and a grant from the CTDEP for landfill closure costs incurred by the Authority to close the Wallingford landfill (see “Landfill Activity” section herein). Other income during fiscal year 2004 was \$184,000 representing gains on sales of investments and computer equipment.
- Special item -- Gain on sale of Enron claim (previously discussed on page 8 of the MD&A).

SUMMARY OF OPERATING EXPENSES

The following charts show the major sources and the percentage of expenses for the fiscal years ended June 30, 2005 and 2004:



Fiscal Year 2005



Fiscal Year 2004



Solid Waste Operations are the major component of the Authority's operating expenses, accounting for 93% of the operating expenses in both fiscal years 2005 and 2004.

A summary of the operating expenses, non-operating expenses and special item for the fiscal year ended June 30, 2005, and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING, NON-OPERATING EXPENSES AND SPECIAL ITEM
Fiscal Years Ended June 30,
(In Thousands)

	2005	2005 Percent of Total	2004	2005 Increase/ (Decrease) from 2004	2005 Percent Increase/ (Decrease)	2003	2004 Increase/ (Decrease) from 2003	2004 Percent Increase/ (Decrease)
Operating:								
Solid Waste Operations	\$ 128,394	73.5%	\$ 126,016	\$ 2,378	1.9%	\$ 127,873	\$ (1,857)	-1.5%
Maintenance and Utilities	2,037	1.2%	1,697	340	20.0%	1,076	621	57.7%
Project Administration	6,832	3.9%	5,880	952	16.2%	5,205	675	13.0%
Landfill Closure and Postclosure	180	0.1%	1,889	(1,709)	-90.5%	4,118	(2,229)	-54.1%
Total Operating Expenses	137,443	78.7%	135,482	1,961	1.4%	138,272	\$ (2,790)	-2.0%
Depreciation	17,864	10.2%	17,887	(23)	-0.1%	18,188	(301)	-1.7%
Non-Operating:								
Interest Expense	10,022	5.8%	12,482	(2,460)	-19.7%	13,510	(1,028)	-7.6%
Other Expenses	3,166	1.8%	30	3,136	10453.3%	111	(81)	-73.0%
Total Non-Operating Expenses	13,188	7.6%	12,512	676	5.4%	13,621	\$ (1,109)	-8.1%
Special Item:								
Early retirement/defeasance of debt	6,128	3.5%	-	6,128	100.0%	-	-	0.0%
TOTAL	\$ 174,623	100.0%	\$ 165,881	\$ 8,742	5.3%	\$ 170,081	\$ (4,200)	-2.5%

The Authority's total expenses increased by \$8.7 million or 5.3% between fiscal year 2004 and 2005. Fiscal year 2004 total expenses decreased by \$4.2 million or 2.5% from fiscal year 2003. Notable differences between the years include:

- Solid waste operations increased by \$2.4 million from fiscal year 2004 to 2005 primarily due to increased deliveries at the Bridgeport facility. From fiscal year 2003 to 2004, solid waste operations decreased by \$1.9 million due to a reduction in contract operating charges as a result of lower solid waste deliveries at the Mid-Connecticut and Bridgeport projects and lower legal fees as a result of settled litigations.
- Maintenance and utilities expenses increased \$340,000 during fiscal year 2005 primarily due to extensive conveyor rebuilds at the Mid-Connecticut facility. During fiscal year 2004, maintenance and utilities expenses increased by \$621,000 as a result of 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 \$952,000 during fiscal year 2005 over fiscal year 2004 and \$675,000 during fiscal year 2004 over fiscal year 2003. During fiscal year 2005, this increase was due to the addition of enforcement staff and scalehouse operators.



During fiscal year 2004, the increase was due to filling vacant management positions and the hiring of new staff positions including four enforcement positions at the four projects and two administrative positions.

- Landfill closure and postclosure costs decreased \$1.7 million between fiscal year 2004 and 2005, primarily due to lower closure and postclosure care costs recognized in fiscal year 2005 as a result of no significant increase in projected costs for all five landfills. Between fiscal years 2003 and 2004, landfill closure and postclosure care costs decreased \$2.2 million as a result of lower closure and postclosure care costs recognized in fiscal year 2004 for the Hartford and Wallingford landfills, which was offset by higher costs recognized for the Ellington and Shelton landfills. During fiscal year 2004, projected costs for the Ellington and Shelton landfills increased due to increases in land surface care, general engineering services, environmental and remediation costs.
- Interest expense decreased by \$2.5 million during fiscal year 2005 and \$1.0 million during fiscal year 2004 due to the decrease in principal amount of bonds outstanding.
- Other expenses of \$3.1 million represents the Wallingford project rebate to its participating municipalities (\$1,177,000), a settlement with the Bridgeport project's operator (\$1,850,000), trustee fees and letter of credit fees. Other expenses during fiscal years 2004 and 2003 were \$30,000 and \$111,000, respectively, representing trustee fees, letter of credit fees and miscellaneous expenses.
- Early retirement/defeasance of debt (previously discussed on page 8 of the MD&A).

CAPITAL ASSETS

The Authority's investment in capital assets for its activities as of June 30, 2005 and 2004 totaled \$184.4 million and \$198.9 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, gas and steam turbines, rolling stock and vehicles. The total fiscal year 2005 and 2004 decrease in the Authority's investment in capital assets was 7.3% and 6.7%, respectively. The decrease is due to depreciation expense offset by plant improvements and equipment purchases.

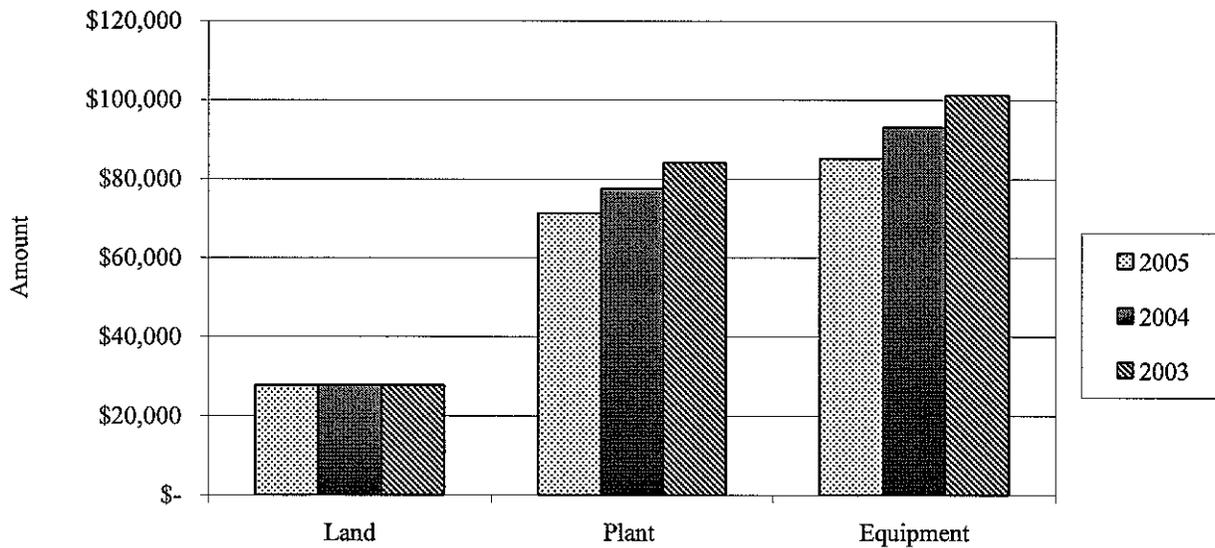
Major capital asset events during the current and immediate prior two fiscal years included conveyor rebuilds, floor repairs, building/leasehold improvements, installation of a dolomitic lime system and new gas collection wells, and extension of the ash base liner system.



The following table is a three year comparison of the investment in capital assets:

Capital Assets
(Net of Accumulated Depreciation)
As of June 30,
(In Thousands)

	2005	2004	2003
Land	\$ 27,774	\$ 27,774	\$ 27,774
Plant	71,380	77,593	84,145
Equipment	85,189	93,068	101,264
Construction in progress	71	501	36
Totals	\$ 184,414	\$ 198,936	\$ 213,219



Additional information on the Authority’s capital assets can be found in Notes 1J and 3 on pages 27, 28 and 32 of this report.

ENRON MATTERS

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 capacity and for electricity generated from such steam from the Authority’s Mid-Connecticut project. 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 continued its efforts to mitigate the financial impact of the above on the municipalities that are part of the Mid-Connecticut project. These efforts included: 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 Authority, through the State’s Attorney General’s Office continues to pursue recovery of lost monies in federal and state courts. Furthermore, the State provided its support to ensure timely payment of debt service on the Mid-Connecticut bonds as required by legislation (see “State Loans” section below).

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 transaction. On June 29, 2004, Enron agreed to the proposed settlement of the claim that was filed, pending approval from the United States Bankruptcy court, among others. On July 22, 2004, the Authority’s Board of Directors voted to allow bids to be received in connection with a potential sale of the Enron claim. The Authority’s Enron claim was an estimated by the bankruptcy court to have a recovery amount of \$82,760,484. On August 20, 2004, the Authority’s Board of Directors received bids and 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 \$28,501,471 or 34.4% over the estimated recovery amount. On January 20, 2005, the settlement motion and associated releases deeming the sale as final were filed with the United States Bankruptcy court. On February 1, 2005, the Authority received \$111,686,881 (which included \$424,926 interest) at the closing of the Enron claim sale, which was applied to the Mid-Connecticut project debt as follows: On March 11, 2005, the Authority fully defeased its outstanding Mid-Connecticut Project Bonds 1997 Series A and 2001 Series A and partially defeased its outstanding Mid-Connecticut Project Bonds 1996 Series A. In addition, the Authority established an irrevocable escrow account on March 24, 2005 in the amount of \$19,394,506 with the remaining Enron claim settlement funds, which will provide for future State loans repayments.

STATE LOANS

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 project, 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. This State support resulted in the approval of a loan in the amount of \$22 million for the period June 30, 2003 through June 30, 2004 and the approval of a subsequent loan in the amount of \$20 million for the period July 1, 2004 through June 30, 2005. As of June 30, 2005, the Authority had drawn down \$21.5 million of the authorized State loans and had a principal balance of \$18.5 million outstanding. The Authority makes monthly loan repayments comprising both principal and interest payments. The monthly interest rate on the State loans equals the monthly State Treasurer’s Short Term Investment Fund rate plus 25 basis points, and is capped at six percent.



LANDFILL ACTIVITY

During calendar year 2004, the Authority entered into a contract with an environmental engineering firm to conduct a comprehensive landfill siting investigation. This analysis is complete and has identified potential sites within the State that are technically and environmental amenable to permitting and constructing an ash residue and/or bulky waste landfill. The Authority is now reviewing the results of this report to select a site upon which it will initiate siting activities. The Authority expects to make a decision by the end of calendar year 2005.

There is approximately 12 months of capacity remaining at the Hartford landfill for non-processible waste and process residue generated at the Mid-Connecticut Resource Recovery Facility ("RRF"), and there is approximately 33 months of capacity remaining at the Hartford landfill for ash residue generated by the Mid-Connecticut RRF. The Authority intends to employ a consulting engineer to develop a closure plan for the area of the landfill that accepts the non-processible waste and process residue. The Authority intends to submit the closure plan to the CTDEP by the end of calendar year 2005.

The solid waste permit and regulations that govern activities at the Hartford landfill require that the Authority estimate the cost of landfill closure, and reserve funds against this estimated cost. The same permit and regulations also require that a 30-year postclosure care and maintenance cost estimate be developed, and that funds be reserved for these future activities. The Authority has developed both a closure and postclosure cost estimate and has reserved funds for these activities in accordance with the permit and regulations. The Authority has accounted for such amounts in accordance with GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs". Pursuant to the Lease Agreement between the Authority and the City of Hartford, the obligation for closure and postclosure activities are shared by the Authority and the City of Hartford. The Authority and the City differ on the proportionate share of these costs for which each party is responsible, and are working so that the matter is resolved prior to closure of the landfill. The Authority is reserving funds sufficient to cover what it believes is its share of the closure and post-closure costs.

The Authority received final closure certification from the CTDEP for the Wallingford landfill on February 28, 2005. Following receipt of the formal closure certification, the Authority, in conjunction with the Town of Wallingford, executed a contract with the CTDEP to receive \$1,000,000 as reimbursement for landfill closure costs incurred by the Authority to close the landfill. This money was earmarked by the Connecticut Legislature in calendar year 1999 for this purpose and has been held in escrow by the CTDEP since that time, pending final closure. On August 26, 2005, the CTDEP received authorization to release the funds, which the Authority expects to receive during September 2005.

METROPOLITAN DISTRICT COMMISSION ARBITRATION RULING

The Authority completed two arbitration hearings with the Metropolitan District Commission (the "MDC") during fiscal year 2005 on claims asserted by both parties.

The first arbitration hearing was held in the fall of 2004 regarding the Authority's right to hire replacement workers at the Mid-Connecticut Project transfer stations and for transportation



services. The arbitrators ruled that the Authority has the right to replace the MDC workers. The MDC did not seek damages.

A second arbitration hearing was held in the spring of 2005 to resolve certain claims, including non-payment of two MDC invoices and the Authority's claim that it was being overcharged by the MDC for indirect costs. The Authority had previously created an escrow account to set aside 25% of the indirect costs invoiced by the MDC pursuant to a previous arbitration panel's ruling in 1999. In July 2005, the second arbitration panel ruled in favor of the Authority stating that due to the overcharges the Authority did not have to pay the two MDC invoices and that the Authority shall retain 100% of the escrow account which was approximately \$5.0 million at the end of June 30, 2005. The MDC has since filed an action to vacate the ruling of the arbitrators. The Authority plans to contest this action.

NEW HARTFORD SUIT

In December 2003, the Towns of New Hartford and Barkhamsted filed suit against the Authority, former board members and delegates, the Authority's former President, and others, seeking damages allegedly resulting from the Enron transaction (and, with regard to some of the defendants, other allegedly improper transactions), as well as equitable relief. In addition to vigorously contesting these claims on its own behalf, the Authority, as required by statute, is defending and indemnifying its former President and board members. On September 7, 2004, the plaintiff Towns filed a motion to have all municipalities that receive and pay for solid waste management services from the Mid-Connecticut Project under contract with the Authority certified as a class. On August 10, 2005, the Motions to Dismiss all of the non-Authority defendants were granted; on August 30, 2005, plaintiffs filed an appeal. On August 11, 2005, the court established a scheduling order for Class Certification.



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	Bridgeport¹		Wallingford	Southeast
2000	\$49.00	\$60.00	\$10.00	\$57.00	\$59.00
2001	50.00	60.00	7.00	56.00	58.00
2002	51.00	60.00	7.00	55.00	57.00
2003	57.00	62.00	7.00	55.00	57.00
2004	63.75	63.00	8.00	55.00	60.00
2005	70.00	64.50	8.00	56.00	60.00

LONG-TERM DEBT ISSUANCE, ADMINISTRATION AND CREDIT RATINGS

As detailed in the table on page 19, as of the fiscal year ended June 30, 2005, the Authority had \$286.5 million of outstanding debt. Of this amount, \$43.5 million comprises debt issued by the Authority as a conduit issuer for the Southeast Project in connection with the American Ref-Fuel Company and is not carried on the Authority’s books. In addition, \$65.3 million of the outstanding bonds pertaining to the Bridgeport project, \$14.9 million of the outstanding bonds pertaining to the Wallingford project and \$57.7 million of the outstanding bonds pertaining to the Southeast project do not appear on the books of the Authority as these bonds were issued to fund construction of waste processing facilities operated by independent contractors who have commitments to repay the debt that is not allocable to Authority purposes.

Finally, the Authority defeased \$96.8 million bonds pertaining to the Mid-Connecticut project, which also do not appear on the Authority’s books. The Mid-Connecticut Project Bonds defeased during the fiscal year 2005 are invested in an escrow fund made up of U.S. Government Securities (State and Local Government Series). The total of outstanding bonds carried on the Authority’s books as of the fiscal year ended June 30, 2005 is \$105.1 million.

With the exception of the Southeast Project conduit bonds, all other bonds issued by the Authority are secured by credit enhancement in the form of municipal bond insurance or the Special Capital Reserve Fund of the State of Connecticut, and in some cases, both. The Special Capital Reserve Fund (SCRF) is a contingent liability of the State of Connecticut available to replenish any debt service reserve fund draws on bonds that have the SCRF designation. The funds used to replenish a debt service draw are provided by the State’s General Fund and are deemed appropriated by the Connecticut legislature.

¹ The Bridgeport Project charges a split rate; the first rate is for actual tons delivered and the second rate is based on the minimum commitment tonnage.



The Authority did not issue long-term debt for capital improvements during the fiscal year ended June 30, 2005. The Authority did, however, request and receive \$8.6 million in State Loans during fiscal year 2005 in support of the Mid-Connecticut Project Bonds debt service payments due. The State Loans are defined as bonds under the Mid-Connecticut Project Bond Resolution and are included in the table on page 19.

During March 2005, the Authority used the Enron claim settlement funds (See “Enron Matters” section herein) to fully defease its outstanding Mid-Connecticut Project 1997 Series A and 2001 Series A Bonds, to partially defease its outstanding Mid-Connecticut Project 1996 Series A Bonds, and to establish an irrevocable escrow fund for the repayment of its outstanding State loan borrowings. The defeased bonds do not appear on the Authority’s books, however the principal outstanding on State loan borrowings is reflected in the table on page 19.

The Authority also redeemed two outstanding series of bonds during fiscal year 2005:

- In December 2004, the Authority called its outstanding \$500,000 Wallingford Project 1991 Series One Subordinated Bonds at par from available funds and these bonds were retired. The 1991 Series One Bonds were originally issued in the amount of \$7,000,000. The called bonds had a coupon rate of 6.85%.
- In April 2005, the Authority called its outstanding \$2,045,000 Southeast Project 1989 Series A Bonds at par from available funds and these bonds were retired. The 1989 Series A Bonds were originally issued in the amount of \$3,935,000 and had a coupon rate of 7.70%.

The ratings of the Authority’s outstanding bonds were unchanged during the fiscal year ended June 30, 2005, with the exception of the Corporate Credit Revenue Bonds of the Southeast Project. Effective June 24, 2005, Danielson Holding Corporation, through its wholly-owned subsidiary, Covanta Energy Corporation, acquired all of the issued and outstanding shares of capital stock of American Ref-Fuel Holdings Corp., the indirect parent of American Ref-Fuel Company LLC. This acquisition was made pursuant to the terms of a Stock Purchase Agreement, dated as of January 31, 2005 among Danielson, Holdings Corp. and its owners. As a result of the acquisition, Danielson, through Covanta, owns 100% of the voting securities of Holdings Corp. On April 28, 2005, in connection with its consideration of the acquisition, Moody’s Investors Service issued a ratings action downgrading American Ref-Fuel Company LLC (“ARC”) and the guaranteed debt associated with the American Ref-Fuel Company projects. In addition, on June 28, 2005, Standard & Poor’s Ratings Service announced that following the acquisition the credit rating on American Ref-Fuel Company and the guaranteed debt related to the American Ref-Fuel Company projects was lowered to “BB+”.

Additional information on the Authority’s long-term debt can be found in Note 4 on pages 32 – 36 of this report.



Connecticut Resources Recovery Authority

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2005

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	Credit Enhancement	X= SCRF-Backed ¹	Dated	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)
MID-CONNECTICUT PROJECT									
1996 Series A - Project Refinancing ²	Aaa	AAA	MBIA	X	08/20/96	11/15/12	\$209,675	\$69,415	\$69,415
2004 State Loan Borrowings (cumulative) ³	NR	NR	--	--	various	12/01/12	12,842	10,606	10,606
2005 State Loan Borrowings (cumulative) ³	NR	NR	--	--	various	06/01/12	8,659	7,952	7,952
								87,973	87,973
BRIDGEPORT PROJECT									
1999 Series A - Project Refinancing	Aaa	AAA	MBIA	--	08/31/99	01/01/09	141,695	67,925	2,605
2000 Series A - Refinancing (partial insurance)	A3/Aaa	A+/AAA	MBIA	--	08/01/00	01/01/09	9,200	4,640	4,640
								72,565	7,245
WALLINGFORD PROJECT									
1998 Series A - Project Refinancing	Aaa	AAA	Ambac	--	10/23/98	11/15/08	39,475	17,555	2,688
								17,555	2,688
SOUTHEAST PROJECT									
1998 Series A - Project Refinancing	Aaa	AAA	MBIA	X	08/18/98	11/15/15	87,650	64,940	7,227
CORPORATE CREDIT REVENUE BONDS									
1992 Series A - Corporate Credit	Ba2	BB+	--	--	09/01/92	11/15/22	30,000	30,000	0
2001 Series A - American Ref-Fuel Company LLC-I	Ba2	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
2001 Series A - American Ref-Fuel Company LLC-II	Ba2	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
								108,440	7,227
TOTAL PRINCIPAL BONDS OUTSTANDING								\$286,533	\$105,133

BONDS REDEEMED DURING FISCAL YEAR ENDING JUNE 30, 2005

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	Credit Enhancement	X= SCRF-Backed ¹	Dated	Maturity Date	Original Principal (\$000)	Redemption Date	Principal Outstanding (\$000)	Principal Redeemed (\$000)
WALLINGFORD PROJECT										
1991 Series One - Subordinated	A3	NR	--	--	08/01/91	11/15/05	\$7,000	12/15/04	\$500	\$500
SOUTHEAST PROJECT										
1989 Series A - Project Refinancing	Aaa	AAA	MBIA	X	06/01/89	11/15/11	3,935	04/29/05	2,045	2,045

BONDS DEFEASED DURING FISCAL YEAR ENDING JUNE 30, 2005

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	Credit Enhancement	X= SCRF-Backed ¹	Dated	Maturity Date	Original Principal (\$000)	Defeasance Date	Principal Outstanding (\$000)	Principal Defeased (\$000)
MID-CONNECTICUT PROJECT										
1996 Series A - Project Refinancing ²	Aaa	AAA	MBIA	X	08/20/96	11/15/12	\$209,675	03/11/05	\$150,925	\$81,510
1997 Series A - Project Construction	Aaa	AAA	MBIA	X	07/15/97	11/15/06	8,000	03/11/05	2,100	2,100
2001 Series A - Project Construction (Subordinated) ³	Baa3	BBB	--	--	01/18/01	11/15/12	13,210	03/11/05	13,210	13,210

¹ SCRF = Special Capital Reserve Fund of the State of Connecticut

² Partial Defeasance.

³ On 3/24/05, an Irrevocable Escrow Fund in the amount of 19,394,506 was established to pay all future State Loan repayments.

NR = Not Rated



REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Accounting, 100 Constitution Plaza – 6th Floor, Hartford, CT 06103.



BALANCE SHEETS
AS OF JUNE 30, 2005 AND 2004
(In Thousands)

EXHIBIT I

ASSETS	2005	2004
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 64,673	\$ 62,312
Accounts receivable, net of allowance	23,135	21,053
Inventory	3,796	3,541
Prepaid expenses	1,242	1,454
Total Unrestricted Assets	92,846	88,360
Restricted Assets:		
Cash and cash equivalents	22,900	29,360
Accrued interest receivable	325	144
Total Restricted Assets	23,225	29,504
Total Current Assets	116,071	117,864
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	81,452	62,521
Capital Assets:		
Depreciable, net	156,569	170,661
Nondepreciable	27,845	28,275
Development and bond issuance costs, net	7,221	9,204
Total Non-Current Assets	273,087	270,661
TOTAL ASSETS	\$ 389,158	\$ 388,525
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of bonds payable, net	\$ 2,766	\$ 18,922
Current portion of State loans payable	2,619	1,484
Current portion of closure and postclosure care of landfills	1,529	1,433
Accounts payable and accrued expenses	22,021	21,785
Other	4,760	4,156
Total Current Liabilities	33,695	47,780
LONG-TERM LIABILITIES		
Bonds payable, net	82,227	183,690
State loans payable	15,939	10,606
Closure and postclosure care of landfills	24,948	25,716
Other	1,581	1,900
Total Long-Term Liabilities	124,695	221,912
TOTAL LIABILITIES	158,390	269,692
NET ASSETS		
Invested in Capital Assets, net of related debt	100,471	26,096
Restricted	61,082	64,025
Unrestricted	69,215	28,712
Total Net Assets	230,768	118,833
TOTAL LIABILITIES AND NET ASSETS	\$ 389,158	\$ 388,525

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, 2005 AND 2004
(In Thousands)**

	<u>2005</u>	<u>2004</u>
Operating Revenues		
Service charges:		
Members	\$ 91,894	\$ 88,541
Others	30,223	27,384
Energy generation	33,798	36,998
Ash disposal fees	4,025	4,031
Other operating revenues	9,001	8,464
Total operating revenues	<u>168,941</u>	<u>165,418</u>
Operating Expenses		
Solid waste operations	128,394	126,016
Depreciation and amortization	17,864	17,887
Maintenance and utilities	2,037	1,697
Closure and postclosure care of landfills	180	1,889
Project administration	6,832	5,880
Total operating expenses	<u>155,307</u>	<u>153,369</u>
Operating Income	13,634	12,049
Non-Operating Revenues and (Expenses)		
Enron claim settlement	82,760	-
Investment income	4,471	1,623
Other income (expenses), net	(1,282)	154
Interest expense	(10,022)	(12,482)
Net Non-Operating Revenues and (Expenses)	<u>75,927</u>	<u>(10,705)</u>
Income before Special Items	89,561	1,344
Special items:		
Gain on sale of Enron claim	28,502	-
Early retirement/defeasance of debt	(6,128)	-
Total special items	<u>22,374</u>	<u>-</u>
Increase in Net Assets	111,935	1,344
Total Net Assets, beginning of year	<u>118,833</u>	<u>117,489</u>
Total Net Assets, end of year	<u>\$ 230,768</u>	<u>\$ 118,833</u>



Connecticut Resources Recovery Authority

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004
(In Thousands)**

EXHIBIT III

	<u>2005</u>	<u>2004</u>
Cash Flows From Operating Activities		
Payments received from providing services	\$ 169,994	\$ 166,961
Payments to suppliers for goods and services	(135,263)	(132,907)
Payments to municipalities for rebates	(1,177)	-
Payments to employees for services	(4,043)	(3,395)
Net Cash Provided by Operating Activities	<u>29,511</u>	<u>30,659</u>
Cash Flows From Investing Activities		
Proceeds from sale of Enron claim settlement	111,262	-
Interest on investments	4,290	1,643
Proceeds from sales of investments	-	181
Net Cash Provided by Investing Activities	<u>115,552</u>	<u>1,824</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from State loans	8,659	10,842
Proceeds from sales of equipment	17	3
Payments for landfill closure and postclosure care liabilities	(852)	(692)
Acquisition and construction of capital assets	(2,249)	(2,460)
Payment for early retirement/defeasance of debt	(4,501)	-
Interest paid on long-term debt	(10,373)	(12,126)
Principal paid on long-term debt	(121,025)	(19,353)
Net Cash Used for Capital and Related Financing Activities	<u>(130,324)</u>	<u>(23,786)</u>
Cash Flows From Non-Capital Financing Activities		
Other interest and fees	93	71
Net Cash Provided by Non-Capital Financing Activities	<u>93</u>	<u>71</u>
Net increase in cash and cash equivalents	14,832	8,768
Cash and cash equivalents, beginning of year	<u>154,193</u>	<u>145,425</u>
Cash and cash equivalents, end of year	<u>\$ 169,025</u>	<u>\$ 154,193</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income	\$ 13,634	\$ 12,049
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of capital assets	16,786	16,749
Amortization of development and bond issuance costs	1,078	1,138
Provision for closure and postclosure care of landfills	180	1,889
Other income (expenses)	(1,409)	-
(Increase) decrease in:		
Accounts receivable, net	(2,082)	215
Inventory	(255)	66
Prepaid expenses	212	(8)
(Decrease) increase in:		
Accounts payable and accrued expenses	1,367	(1,439)
Net Cash Provided by Operating Activities	<u>\$ 29,511</u>	<u>\$ 30,659</u>

The accompanying notes are an integral part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Connecticut Resources Recovery Authority (the "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, 2005, the Authority is authorized to have a board consisting of eleven directors 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 in order to 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 2,850 ton per day municipal solid waste / 2,030 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 from the Connecticut Light & Power Company (CL&P) four Pratt & Whitney Twin-Pac peaking jets turbines, two steam turbines, and certain other assets and land. 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 18 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 15 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 Authority is considered an Enterprise Fund. The Authority's operations and balances are



accounted for using 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, net

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 \$640,000 and \$250,000 at June 30, 2005 and 2004, 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, 2005 and 2004 are summarized as follows:



Inventories	2005 (\$000)	2004 (\$000)
Spare parts	\$ 3,583	\$ 3,217
Coal	213	324
Total	\$ 3,796	\$ 3,541

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 project. Bond issuance costs are amortized over the life of the related bond issue using the straight-line method.

At June 30, 2005 and 2004, development and bond issuance costs for the projects are as follows:

Project	2005 (\$000)	2004 (\$000)
Development		
costs:		
Mid-Connecticut	\$ 3,277	\$ 3,277
Wallingford	5,667	5,667
Southeast	10,006	10,006
	<u>18,950</u>	<u>18,950</u>
Less accumulated amortization:		
Mid-Connecticut	2,807	2,650
Wallingford	4,534	4,250
Southeast	5,692	5,300
	<u>13,033</u>	<u>12,200</u>
Total development costs, net	<u>\$ 5,917</u>	<u>\$ 6,750</u>
Bond Issuance		
costs:		
Mid-Connecticut	\$ 1,087	\$ 2,832
Bridgeport	275	275
Wallingford	105	584
Southeast	1,008	1,008
	<u>2,475</u>	<u>4,699</u>
Less accumulated amortization:		
Mid-Connecticut	559	\$ 1,313
Bridgeport	153	122
Wallingford	67	474
Southeast	392	336
	<u>1,171</u>	<u>2,245</u>
Total bond issuance costs, net	<u>\$ 1,304</u>	<u>\$ 2,454</u>
Totals, net	<u>\$ 7,221</u>	<u>\$ 9,204</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 capital assets located at the 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 have been designated by the Board of Directors of the Authority for various purposes and such designations totaled \$38,795 and \$35,256 as of June 30, 2005 and 2004, 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, 2005 and 2004 are summarized as follows:

Restricted Net Assets	2005 (\$000)	2004 (\$000)
Energy generating facility	\$ 20,809	\$ 20,000
Debt service reserve	19,129	21,463
Tip fee stabilization	13,875	7,609
Operating and maintenance	1,512	1,529
Equipment replacement	1,512	1,529
Debt service funds	1,019	9,485
Select Energy escrow	1,000	1,000
Landfill custodian accounts	715	703
Regional recycling center equipment	374	448
Recycling education fund	346	239
Revenue fund	344	-
State Loan	124	-
Others	323	20
Total	\$61,082	\$64,025



M. Reclassifications

Certain reclassifications have been made to the 2004 financial statements to conform to the current year presentation.

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2005 and 2004:

	2005 (\$000)	2004 (\$000)
Unrestricted:		
Cash deposits	\$1,419	\$1,766
Cash equivalents:		
STIF *	63,254	60,546
	<u>64,673</u>	<u>62,312</u>
Restricted – current:		
Cash deposits	338	482
Cash equivalents:		
STIF *	19,848	27,059
Money Market Funds	2,714	1,819
	<u>22,900</u>	<u>29,360</u>
Restricted – non-current:		
Cash equivalents:		
STIF *	80,302	61,090
U.S. Treasuries	715	703
Money Market Funds	435	728
	<u>81,452</u>	<u>62,521</u>
Total:	\$169,025	\$154,193

* STIF = Short Term Investment Fund of the State of Connecticut

A. Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's

investment policy does not have a deposit policy for custodial credit risk.

As of June 30, 2005 and 2004, \$4.4 million and \$2.9 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

	2005 (\$000)	2004 (\$000)
Uninsured and Uncollateralized	\$3,866	\$2,635
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	573	320
Total	\$4,439	\$2,955

All of the Authority's 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 other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of 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 the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments in the Short Term Investment Fund ("STIF"), U.S. Treasuries and Money Market Funds as of June 30, 2005 and 2004, are included in cash and cash equivalents in the accompanying balance sheet. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the investment disclosures that follow.



B. Investments

Interest Rate Risk

As of June 30, 2005, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$163,404	\$163,404	\$0	\$0	\$0
U.S. Treasuries	715	715	0	0	0
Money Market Funds	3,149	3,149	0	0	0
Total	\$167,268	\$167,268	\$0	\$0	\$0

As of June 30, 2004, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$148,695	\$148,695	\$0	\$0	\$0
U.S. Treasuries	703	703	0	0	0
Money Market Funds	2,547	2,547	0	0	0
Total	\$151,945	\$151,945	\$0	\$0	\$0

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. As of June 30, 2005 and 2004, STIF had a weighted average maturity of 32 days and 35 days, respectively. The U.S. Treasury Securities are U.S. Treasury Bills that have 90-day maturities. The Money Market Funds invests exclusively in short-term U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury

obligations. This fund complies with Securities and Exchange Commission regulations regarding money market fund maturities, which requires that the weighted average maturity be 90 days or less. As of June 30, 2005 and 2004, the weighted average maturity of this fund was eight days and 38 days, respectively.

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority is limited to investment maturities as required by specific bond resolutions or as needed for immediate use or disbursement. Those funds not included in the foregoing may be invested in longer-term securities as authorized in the Authority's investment policy. The primary objective of the Authority's investment policy is the preservation of principal and the maintenance of liquidity.

Interest repayment obligations, on all outstanding Authority debt is fixed rate with the exception of the State loans, which are variable rate. As discussed in Note 4B, the State sets the interest rate monthly (the STIF rate plus 25 basis points). As of March 1, 2005, the State loan had a principal balance of \$19,213,525. On March 24, 2005, the Authority instructed the Trustee to create an irrevocable escrow fund invested in STIF and deposited \$19,394,506 of the Enron claim settlement funds (see Note 12). The difference between the principal balance and the escrow fund deposit will be used to pay the 25 basis point differential between the STIF rate and the State loan monthly interest rate.

Credit Risk

The Authority's investment policy delineates the investment of funds in securities as authorized and defined within the bond resolutions governing the Bridgeport, Mid-Connecticut, Southeast and Wallingford projects, respectively, for those funds established under the bond resolution and held in trust by the Authority's trustee. For all other funds, Connecticut state statutes permit the Authority to invest in obligations of the United States, including its instrumentalities and agencies; in



obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provide such obligations are rated within one of the top three rating categories of any recognized rating service.

As of June 30, 2005, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$163,404	AAAm	Not Rated	Not Rated
U.S. Treasuries	715	AAA	Aaa	AAA
Money Market Funds	3,149	AAAm	Aaa	AAA/V1+F

As of June 30, 2004, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$148,695	AAAm	Not Rated	Not Rated
U.S. Treasuries	703	AAA	Aaa	AAA
Money Market Funds	2,547	AAAm	Aaa	AAA/V1+F

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not include provisions for custodial credit risk, as the Authority does not invest in securities that are held by counterparties. In accordance with GASB Statement No. 40, none of the

Authority's investments require custodial credit risk disclosures.

Concentration of Credit Risk

The Authority's investment policy places no limit on the amount of concentration in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for Authority and/or bond resolution needs. As of June 30, 2005 and 2004, approximately 97.7% and 97.8%, respectively of the Authority's investments are in the STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity.



3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2004 and 2005:

	Balance at July 1, 2003 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2004 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2005 (\$000)
Nondepreciable assets:									
Land	\$ 27,774	\$ -	\$ -	\$ -	\$ 27,774	\$ -	\$ -	\$ -	\$ 27,774
Construction-in-progress	36	649	(184)	-	501	1,398	(1,828)	-	71
Total nondepreciable assets	\$ 27,810	\$ 649	\$ (184)	\$ -	\$ 28,275	\$ 1,398	\$ (1,828)	\$ -	\$ 27,845
Depreciable assets:									
Plant	\$ 186,157	\$ 986	\$ -	\$ (364)	\$ 186,779	\$ 294	\$ 1,073	\$ (65)	\$ 188,081
Equipment	203,789	937	217	(114)	204,829	648	753	(294)	205,936
Total at cost	389,946	1,923	217	(478)	391,608	942	1,826	(359)	394,017
Less accumulated depreciation for:									
Plant	(102,012)	(7,595)	128	293	(109,186)	(7,523)	-	8	(116,701)
Equipment	(102,525)	(9,154)	(161)	79	(111,761)	(9,263)	2	275	(120,747)
Total accumulated depreciation	(204,537)	(16,749)	(33)	372	(220,947)	(16,786)	2	283	(237,448)
Total depreciable assets, net	\$ 185,409	\$ (14,826)	\$ 184	\$ (106)	\$ 170,661	\$ (15,844)	\$ 1,828	\$ (76)	\$ 156,569

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 2005 and 2004, there was no capitalized interest as there was no external borrowing.

4. LONG-TERM DEBT

A. Bonds Payable

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.

The following is a summary of changes in bonds payable for the years ended June 30, 2004 and 2005.



	Balance at July 1, 2003 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2004 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2005 (\$000)	Amounts Due Within One Year (\$000)
Bonds payable - principal	\$ 224,010	\$ -	\$ (18,601)	\$ 205,409	\$ -	\$ (118,834)	\$ 86,575	\$ 2,875
Unamortized amounts:								
Premiums	1,324	-	(180)	1,144	-	(518)	626	109
Deferred amount on refunding	(4,728)	-	787	(3,941)	-	1,733	(2,208)	(218)
Total bonds payable	<u>\$ 220,606</u>	<u>\$ -</u>	<u>\$ (17,994)</u>	<u>\$ 202,612</u>	<u>\$ -</u>	<u>\$ (117,619)</u>	<u>\$ 84,993</u>	<u>\$ 2,766</u>

The long-term debt amounts for the projects in the table above have been reduced by the deferred amount on refunding of bonds, net of the unamortized premium on the sale of bonds at June 30, 2005 and 2004 as follows:

Project	2005 (\$000)	2004 (\$000)
Deferred amount on refunding:		
Mid-Connecticut	\$ 869	\$ 2,368
Bridgeport	(27)	(42)
Wallingford	17	27
Southeast	1,349	1,588
Subtotal	<u>2,208</u>	<u>3,941</u>
Reduced by unamortized premium:		
Mid-Connecticut	-	(400)
Bridgeport	(20)	(31)
Southeast	(606)	(713)
Subtotal	<u>(626)</u>	<u>(1,144)</u>
Net Reduction	<u>\$ 1,582</u>	<u>\$ 2,797</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, 2005 and 2004, which are backed by special capital reserve funds, are as follows:

Project	2005 (\$000)	2004 (\$000)
Mid-Connecticut	\$ 69,415	\$ 168,775
Southeast	<u>7,227</u>	<u>9,958</u>
Total	<u>\$ 76,642</u>	<u>\$ 178,733</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)
2006	\$ -	\$ 3,785	\$ 1,740	\$ 363	\$ 633	\$ 95
2007	-	3,785	1,845	277	658	69
2008	-	3,785	1,955	185	684	42
2009	-	3,785	1,705	86	713	14
2010	5,810	3,629	-	-	-	-
2011-2015	63,605	5,346	-	-	-	-
2016	-	-	-	-	-	-
	<u>\$ 69,415</u>	<u>\$ 24,115</u>	<u>\$ 7,245</u>	<u>\$ 911</u>	<u>\$ 2,688</u>	<u>\$ 220</u>
Interest Rates	5.375-5.50%		4.88-5.5%		4%	

Year ending June 30	Southeast		Total	
	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)
2006	\$ 502	\$ 373	\$ 2,875	\$ 4,616
2007	529	345	3,032	4,476
2008	556	315	3,195	4,327
2009	586	283	3,004	4,168
2010	618	250	6,428	3,879
2011-2015	3,604	702	67,209	6,048
2016	832	21	832	21
	<u>\$ 7,227</u>	<u>\$ 2,289</u>	<u>\$ 86,575</u>	<u>\$ 27,535</u>
Interest Rates	5.125-5.5%			

Early Retirement of Debt

During the year ended June 30, 2005, the Authority used proceeds from the Enron claim settlement and the sale of the Enron claim (see Note 12) to defease Mid-Connecticut Project debt; excess funds in the Montville Landfill Postclosure Reserve to call Southeast Project debt; and the Debt Service Reserve Fund to call Wallingford Project debt as follows:

Description	Interest Rates	Amount (\$000)
Bonds Defeased		
Mid-Connecticut	4.25% - 6.25%	\$ 96,820
Bonds Called		
Southeast	7.70%	2,045
Wallingford	6.85%	500
		<u>\$ 99,365</u>



A portion of the Enron proceeds was used to purchase U.S. Government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on certain Mid-Connecticut bonds. Thus, those Mid-Connecticut bonds are legally defeased and the liability for those bonds has been removed from the accompanying balance sheet. As of June 30, 2005, \$96,820,000 of Mid-Connecticut bonds are legally defeased.

The Authority recognized \$6,128 in the accompanying statement of revenues, expenses and change in net assets. This amount represents the write-off of unamortized amounts related to the retired/defeased bonds payable, including bond issuance costs and other deferred amounts.

B. State Loans 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, 2005, the Authority has drawn down \$21.5 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 (STIF) plus twenty-five basis points and may not exceed six percent. The interest rate for June 2005 was 3.51%.

The following is a summary of changes in the State loans payable for the years ended June 30, 2004 and 2005.

	Balance at July 1, 2003 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2004 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2005 (\$000)	Amounts Due Within One Year (\$000)
State loans payable - principal	\$ 2,000	\$ 10,842	\$ (752)	\$ 12,090	\$ 8,659	\$ (2,191)	\$ 18,558	\$ 2,619



Maturities of the State loans payable and related interest are as follows:

Year Ending June 30	Principal (\$000)	Interest (\$000)
2006	\$ 2,619	\$ 621
2007	2,619	525
2008	2,619	432
2009	2,619	338
2010	2,619	244
2011 – 2013	<u>5,463</u>	<u>213</u>
Total	<u>\$ 18,558</u>	<u>\$ 2,373</u>

Interest rate is assumed @ 3.51%

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 liabilities including the amounts paid and accrued for fiscal 2004 and 2005 for the landfills, are presented in the following table:



Project/Landfill	Liability at July 1, 2003 (\$000)	Accrued (\$000)	Paid (\$000)	Liability at June 30, 2004 (\$000)	Accrued (\$000)	Paid (\$000)	Liability at June 30, 2005 (\$000)	Amounts Due Within One Year (\$000)
Mid-Connecticut:								
Hartford	\$ 6,336	\$ 190	\$ -	\$ 6,526	\$ 281	\$ -	\$ 6,807	\$ -
Ellington	3,202	277	(161)	3,318	104	(283)	3,139	209
Bridgeport:								
Shelton	10,255	1,097	(367)	10,985	(180)	(409)	10,396	1,120
Waterbury	956	61	-	1,017	-	-	1,017	-
Wallingford	5,203	264	(164)	5,303	(25)	(160)	5,118	200
Total	\$25,952	\$ 1,889	\$ (692)	\$ 27,149	\$ 180	\$ (852)	\$ 26,477	\$ 1,529

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, 2005 are scheduled below:

Project/Landfill	Remaining Costs to be Recognized (\$000)	Capacity Used Landfill Area		Estimated Years of Remaining Landfill Area	
		Ash	Other	Ash	Other
Mid-Connecticut-Hartford	\$ 892	69%	98%	3	1
Bridgeport-Waterbury	126	----	89%	----	3
Total	\$ 1,018				

The Connecticut Department of Environmental Protection ("CTDEP") 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 \$429,000 and \$421,000 at June 30, 2005 and 2004, respectively. The Bridgeport-Waterbury Landfill account is valued at \$152,000 and \$150,000 at June 30, 2005 and 2004, respectively. The Wallingford Landfill account is valued at \$134,000 and \$132,000 at



June 30, 2005 and 2004, respectively. These trust accounts are reflected as restricted assets in the accompanying balance sheets.

At June 30, 2005, 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 2005.

In addition to the above trust accounts and letter of credit, the Authority satisfies certain financial assurance requirements at June 30, 2005 and 2004 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 11% of the Authority's operating revenues for each of the fiscal years ended June 30, 2005 and 2004.

Service charge revenues from Waste Management of Connecticut, Inc. totaled 11% and 12 % of the Authority's operating revenues for each of the fiscal years ended June 30, 2005 and 2004, respectively.

7. 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 an 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, 2005 and 2004 amounted to \$337,000 and \$275,000, respectively. Employees contributed \$289,000 to the plan in fiscal year 2005 and \$252,000 in fiscal year 2004.

8. 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. In fiscal year 2005, the Authority increased the overall property insurance limit from \$305 million to \$315 million to reflect an increase in overall property values. This provides 100% of the replacement cost value 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 the Authority's highest valued single facility. The \$315 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. In fiscal year 2005, CRRRA purchased an extended policy covering our employees from July 1, 2004 through October 1, 2005. The deposit contribution (premium) paid for this policy was \$73,000. The premium for the previous policy for the period from July 1, 2003 through July 1, 2004 was \$49,000.

9. COMMITMENTS

The Authority has various operating leases for office space, land, landfills and office equipment. The following schedule shows the composition of total rental expense for all operating leases:



Fiscal year	2005 (\$000)	2004 (\$000)
Minimum rentals	\$ 638	\$ 927
Contingent rentals	120	-
Total	<u>\$ 758</u>	<u>\$ 927</u>

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, 2005 and 2004, the PILOT payments totaled \$7,761,000 and \$7,512,000, respectively. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2005 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2006	\$ 632	\$ 7,983
2007	628	8,212
2008	644	8,449
2009	294	7,410
2010	114	6,325
2011-2015	241	12,797
Thereafter	<u>0</u>	<u>1,985</u>
Total	<u>\$ 2,553</u>	<u>\$ 53,161</u>

The Authority has executed contracts with the operators/contractors 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, 2005 and 2004 was as follows:

Project	2005 (\$000)	2004 (\$000)
Mid-Connecticut	\$ 44,154	\$ 42,789
Bridgeport	39,682	37,693
Wallingford	13,826	13,079
Southeast	<u>8,690</u>	<u>9,415</u>
Total	<u>\$ 106,352</u>	<u>\$ 102,976</u>

10. 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 was not involved in the construction activities, and construction requisitions by the contractor were 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, 2005 (excluding portions allocable to Authority purposes) are as follows:



Project	Amount (\$000)
Bridgeport - 1999 Series A	\$ 65,320
Wallingford - 1998 Series A	14,867
Southeast -	
1992 Series A (Corp. Credit)	30,000
1998 Series A (Project)	57,713
2001 Series A (American Ref- Fuel Company LLC - I)	6,750
2001 Series A (American Ref- Fuel Company LLC - II)	6,750
	<u>101,213</u>
Total	<u>\$ 181,400</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.

11. 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, 2005.



	Mid-Connecticut (\$000)	Bridgeport (\$000)	Wallingford (\$000)	Southeast (\$000)
Condensed Balance Sheets				
Assets:				
Current unrestricted assets	\$ 43,811	\$ 16,656	\$ 24,543	\$ 7,562
Current restricted assets	17,079	1,763	1,894	2,469
Total current assets	<u>60,890</u>	<u>18,419</u>	<u>26,437</u>	<u>10,031</u>
Non-current assets:				
Restricted cash and cash equivalents	64,301	1,373	14,723	1,055
Capital assets, net	161,572	19,968	1,979	-
Other assets, net	998	122	1,171	4,930
Total non-current assets	<u>226,871</u>	<u>21,463</u>	<u>17,873</u>	<u>5,985</u>
Total assets	<u>\$ 287,761</u>	<u>\$ 39,882</u>	<u>\$ 44,310</u>	<u>\$ 16,016</u>
Liabilities:				
Current liabilities	\$ 16,762	\$ 9,353	\$ 3,687	\$ 3,174
Long-term liabilities	94,223	15,824	6,963	7,685
Total liabilities	<u>110,985</u>	<u>25,177</u>	<u>10,650</u>	<u>10,859</u>
Net Assets:				
Invested in capital assets, net of related debt	86,710	13,761	-	-
Restricted	44,704	1,980	14,118	260
Unrestricted	45,362	(1,036)	19,542	4,897
Total net assets	<u>176,776</u>	<u>14,705</u>	<u>33,660</u>	<u>5,157</u>
Total liabilities and net assets	<u>\$ 287,761</u>	<u>\$ 39,882</u>	<u>\$ 44,310</u>	<u>\$ 16,016</u>
Condensed Statements of Revenues, Expenses, and Changes in Net Assets				
Operating revenues	\$ 86,571	\$ 50,027	\$ 21,973	\$ 11,809
Operating expenses	(66,194)	(45,599)	(16,719)	(10,359)
Depreciation and amortization expense	(16,080)	(858)	(309)	(448)
Operating income	<u>4,297</u>	<u>3,570</u>	<u>4,945</u>	<u>1,002</u>
Non-operating revenues (expenses):				
Enron claim settlement	82,760	-	-	-
Investment income	3,063	286	796	308
Other income (expenses)	(89)	(1,870)	(184)	500
Interest expense	(8,819)	(378)	(160)	(665)
Net non-operating revenues (expense)	<u>76,915</u>	<u>(1,962)</u>	<u>452</u>	<u>143</u>
Income before special items	81,212	1,608	5,397	1,145
Special items:				
Gain on sale of Enron claim	28,502	-	-	-
Early retirement/defeasance of debt	(6,081)	-	(47)	-
Increase in net assets	<u>103,633</u>	<u>1,608</u>	<u>5,350</u>	<u>1,145</u>
Total net assets, July 1, 2004	<u>73,143</u>	<u>13,097</u>	<u>28,310</u>	<u>4,012</u>
Total net assets, June 30, 2005	<u>\$ 176,776</u>	<u>\$ 14,705</u>	<u>\$ 33,660</u>	<u>\$ 5,157</u>
Condensed Statement of Cash Flows				
Net cash provided by (used in):				
Operating activities	\$ 20,404	\$ 4,061	\$ 4,235	\$ 1,352
Investing activities	114,232	283	788	231
Capital and related financing activities	(122,212)	(2,605)	(2,232)	(3,290)
Non-capital financing activities	(32)	(17)	(7)	(9)
Net increase (decrease)	<u>12,392</u>	<u>1,722</u>	<u>2,784</u>	<u>(1,716)</u>
Cash and cash equivalents, July 1, 2004	<u>97,403</u>	<u>12,970</u>	<u>34,800</u>	<u>7,445</u>
Cash and cash equivalents, June 30, 2005	<u>\$ 109,795</u>	<u>\$ 14,692</u>	<u>\$ 37,584</u>	<u>\$ 5,729</u>



12. SIGNIFICANT EVENTS

In connection with the Mid-Connecticut Project and the Enron bankruptcy, the Authority filed proofs of claim against Enron Power Marketing, Inc. and Enron Corporation, seeking to recover losses. On July 29, 2004, Enron agreed to the proposed settlement of the claim that was filed, pending approval from the United States Bankruptcy court. On August 20, 2004, the Authority sold its Enron bankruptcy claim to a major financial institution through a competitive bid auction. This institution agreed to pay the Authority approximately \$111.2 million which resulted in a gain on sale of the Enron claim of \$28.5 million. On January 20, 2005, the bankruptcy court approved the Enron settlement agreement and the order was deemed final. On February 1, 2005, \$111.7 million in funds (representing \$82.8 million claim settlement from the Enron litigation and \$28.5 million gain from the sale of the Enron claim plus \$424,926 of interest income) was released to the Authority. On February 24, 2005, the Board of Directors approved several resolutions regarding the distribution of the Enron claim settlement funds. On March 11, 2005, using the Enron claim settlement funds and other available bond funds, the Authority fully defeased its outstanding Mid-Connecticut Project 1997 Series A Bonds and 2001 Series A Bonds and partially defeased its outstanding 1996 Series A Bonds. On March 24, 2005, using the remaining Enron claim settlement funds, the Authority established an irrevocable escrow fund for the future repayment of the outstanding State loan borrowings.

During fiscal 2005, the Authority's Bridgeport Project entered into a Settlement Agreement related to an August 1999 bond refinancing with a contractor. Under this agreement, the Bridgeport Project will pay \$1,850,000 in fiscal 2006.

13. CONTINGENCIES

In December 2003, the Towns of New Hartford and Barkhamsted filed suit against the Authority, former board members and delegates, the Authority's former President, and others,

seeking alleged damages resulting from the Enron transaction (and, with regard to some of the defendants, other allegedly improper transactions), as well as equitable relief. In addition to vigorously contesting these claims on its own behalf, the Authority, as required by statute, is defending and indemnifying its former President and board members. On August 10, 2005, the Motions to Dismiss of all of the non-Authority defendants were granted; on August 30, 2005, plaintiffs filed an appeal. On August 11, 2005, the court set forth a scheduling order on Class Certification. The matter is too preliminary to calculate any potential exposure.

In April 2001, numerous commercial and residential neighbors of the Hartford Landfill filed suit against the Authority, claiming that as a result of noxious odors emanating from the landfill, bird excrement from birds attracted to the landfill, and an "unsightly 135 foot dirt mound" in the landfill, the plaintiffs have sustained a diminution in the value of their real properties, loss of enjoyment of their properties, clean-up costs relative to bird droppings, and, in one case, loss of business income, totaling approximately \$32,200,000. The total of Plaintiffs' claims exceeds the amount of the Authority's insurance coverage (\$31 million); however, management believes that it is more probable than not that the Authority's exposure is well within its policy limits.

In August 2003, the U.S. Bankruptcy Court for the Northern District of Illinois entered a judgment order in favor of the Authority and against Resource Technology Corporation ("RTC") on all counts of the complaint of RTC against the Authority. In June 2005, after the trustee in bankruptcy for RTC abandoned certain settlement efforts between the parties, the Authority filed a motion to finalize the judgment order on liability issues with respect to RTC's claims against the Authority. The Bankruptcy Court granted the Authority's motion and rendered a final and appealable judgment order in favor of the Authority on RTC's claims. The trustee for RTC took an appeal from that final judgment order, and the appeal is now pending. Other than legal fees for which the Authority may be responsible,



management believes that the outcome of this matter will not have a material adverse effect on the Authority's financial position.

The Authority completed two arbitration hearings with the Metropolitan District Commission (the "MDC") during fiscal year 2005 on claims asserted by both parties. The first arbitration hearing was held in the fall of 2004 regarding the Authority's right to hire replacement workers at the Mid-Connecticut Project transfer stations and for transportation services. The arbitrators ruled that the Authority has the right to replace the MDC workers. The MDC did not seek damages. A second arbitration hearing was held in the spring of 2005, to resolve certain claims, including non-payment of two MDC invoices and the Authority's claim that it was being overcharged by the MDC for indirect costs. Pursuant to the 1999 ruling of a previous arbitration panel, the Authority created and maintained an escrow account, setting aside 25% of the indirect costs invoiced by the MDC. The balance of the Escrow account, which was approximately \$5.0 million as of June 30, 2005, is reflected in the accompanying balance sheets. In July 2005, the second arbitration panel ruled in favor of the Authority stating that due to the overcharges the Authority did not have to pay the two MDC invoices and is entitled to retain 100% of the escrow account. The MDC has since filed an action to vacate the ruling of the arbitrators. The Authority plans to contest this action.

The Authority has disputed matters with several parties related to its recycling programs, including a lawsuit against the Town of Greenwich for the Town's failure to deliver all of its collected fiber recyclables to the Authority's recycling facility. Other than legal fees for which the Authority is responsible, management believes that the outcome of these matters will not have a material adverse effect on the Authority's financial position.

The Authority, through the Connecticut Attorney General's office, is pursuing recovery of lost monies from the transaction with Enron and its subsidiaries in federal and state courts from its former law firms, financial institutions,

rating agencies, Enron and Enron related parties. Other than the legal fees and costs for which the Authority may be responsible, management is uncertain of the amounts that may be realized from these claims.

Unasserted Claims and Assessments:

In Spring of 2005, TRC Companies, Inc. ("TRC") proposed to transfer polluted soil to the Authority's South Meadows Station to be used as fill and cover in connection with the ongoing remediation of the South Meadows property. The Authority rejected TRC's proposal. TRC has indicated an objection to the Authority's position and could potentially assert a claim in arbitration that the Authority wrongfully rejected the transfer of said material, thereby causing TRC to incur substantial damages in procuring alternative materials. At this time, management does not believe that TRC will pursue this matter.

In March of 2005, the Authority received a letter from one of its law firms hired by the Attorney General's office to represent the Authority in pursuit of its Enron-related losses. The law firm claims that the Authority owes it \$163,182.73, based upon an alleged agreement between the law firm and the Authority that the law firm would give the Authority a \$20,000 credit and freeze all of its attorney and paralegal rates at their 2002 levels, and would recover the discounts given once the litigation with Enron was concluded. The Authority has reviewed the evidence supplied by the law firm of the said agreement, as well as its own files, and has discussed the matter with the Attorney General's office. Apart from the referenced \$20,000, management believes that there is inadequate evidence to support the law firm's claim for payment. However, it is possible that the law firm will not accept the Authority's conclusion, and will pursue recovery.

By letter dated July 7, 2004, attorneys for the Organized North Easterners and Clay Hill and North End, Inc. ("ONE/CHANE") sent a letter to the Authority claiming entitlement to grant money of over \$5,000,000, allegedly arising out of a Community Support Agreement between



the Authority and ONE/CHANE dated October 6, 1999 and relating to a possible expansion of the Hartford landfill. The expansion never occurred, and the Authority has informed ONE/CHANE that no money is due it under the agreement. ONE/CHANE has not instituted suit on its claims, and at this time, management does not believe that it intends to do so.

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.



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF BALANCE SHEETS

AS OF JUNE 30, 2005

(In Thousands)

EXHIBIT A
Page 1 of 2

ASSETS	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2005
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$ 1,205	\$ 28,506	\$ 11,560	\$ 21,065	\$ 2,337	\$ -	\$ 64,673
Accounts receivable, net of allowance	137	9,626	4,959	3,188	5,225	-	23,135
Inventory	-	3,796	-	-	-	-	3,796
Prepaid expenses	59	756	137	290	-	-	1,242
Due from other funds	-	1,127	-	-	-	(1,127)	-
Total Unrestricted Assets	1,401	43,811	16,656	24,543	7,562	(1,127)	92,846
Restricted Assets:							
Cash and cash equivalents	20	16,942	1,758	1,843	2,337	-	22,900
Accrued interest receivable	-	137	5	51	132	-	325
Total Restricted Assets	20	17,079	1,763	1,894	2,469	-	23,225
Total Current Assets	1,421	60,890	18,419	26,437	10,031	(1,127)	116,071
NON-CURRENT ASSETS							
Restricted cash and cash equivalents	-	64,301	1,373	14,723	1,055	-	81,452
Capital assets:							
Depreciable:							
Plant	864	162,039	25,178	-	-	-	188,081
Equipment	859	202,261	2,816	-	-	-	205,936
	1,723	364,300	27,994	-	-	-	394,017
Less: accumulated depreciation	(828)	(213,394)	(23,226)	-	-	-	(237,448)
Total Depreciable, net	895	150,906	4,768	-	-	-	156,569
Nondepreciable:							
Land	-	10,595	15,200	1,979	-	-	27,774
Construction in progress	-	71	-	-	-	-	71
Total Nondepreciable	-	10,666	15,200	1,979	-	-	27,845
Development and bond issuance costs, net	-	998	122	1,171	4,930	-	7,221
Total Non-Current Assets	895	226,871	21,463	17,873	5,985	-	273,087
TOTAL ASSETS	\$ 2,316	\$ 287,761	\$ 39,882	\$ 44,310	\$ 16,016	\$ (1,127)	\$ 389,158



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF BALANCE SHEETS AS OF JUNE 30, 2005 (In Thousands)

EXHIBIT A
Page 2 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2005
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current portion of:							
Bonds payable, net	\$ -	\$ -	\$ 1,761	\$ 626	\$ 379	\$ -	\$ 2,766
State loans payable	-	2,619	-	-	-	-	2,619
Closure and postclosure care of landfills	-	209	1,120	200	-	-	1,529
Accounts payable and accrued expenses	719	9,306	6,472	2,861	2,663	-	22,021
Due to other funds	1,127	-	-	-	-	(1,127)	-
Other	-	4,628	-	-	132	-	4,760
Total Current Liabilities	1,846	16,762	9,353	3,687	3,174	(1,127)	33,695
LONG-TERM LIABILITIES							
Bonds payable, net	-	68,547	5,531	2,045	6,104	-	82,227
State loans payable	-	15,939	-	-	-	-	15,939
Closure and postclosure care of landfills	-	9,737	10,293	4,918	-	-	24,948
Other	-	-	-	-	1,581	-	1,581
Total Long-Term Liabilities	-	94,223	15,824	6,963	7,685	-	124,695
TOTAL LIABILITIES	1,846	110,985	25,177	10,650	10,859	(1,127)	158,390
NET ASSETS							
Invested in Capital Assets, net of related debt	-	86,710	13,761	-	-	-	100,471
Restricted:							
Energy generating facility	-	20,809	-	-	-	-	20,809
Debt service reserve funds	-	18,089	971	-	69	-	19,129
Tip fee stabilization	-	-	-	13,875	-	-	13,875
Debt service funds	-	165	854	-	-	-	1,019
Operating and maintenance	-	1,512	-	-	-	-	1,512
Equipment replacement	-	1,512	-	-	-	-	1,512
Select Energy eserow	-	1,000	-	-	-	-	1,000
Landfill custodian accounts	-	429	152	134	-	-	715
Regional recycling center equipment	-	374	-	-	-	-	374
Recycling education fund	-	346	-	-	-	-	346
Revenue fund	-	344	-	-	-	-	344
State loan	-	124	-	-	-	-	124
Other	20	-	3	109	191	-	323
Total Restricted	20	44,704	1,980	14,118	260	-	61,082
Unrestricted	450	45,362	(1,036)	19,542	4,897	-	69,215
Total Net Assets	470	176,776	14,705	33,660	5,157	-	230,768
TOTAL LIABILITIES AND NET ASSETS	\$ 2,316	\$ 287,761	\$ 39,882	\$ 44,310	\$ 16,016	\$ (1,127)	\$ 389,158



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2005

(In Thousands)

EXHIBIT B

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2005
Operating Revenues							
Service charges:							
Members	\$ -	\$ 42,133	\$ 30,535	\$ 8,560	\$ 10,666	\$ -	\$ 91,894
Others	-	18,259	12,207	53	1,143	(1,439)	30,223
Energy generation	-	20,496	-	13,302	-	-	33,798
Ash disposal fees	-	-	4,025	-	-	-	4,025
Other operating revenues	-	5,683	3,260	58	-	-	9,001
Total operating revenues	-	<u>86,571</u>	<u>50,027</u>	<u>21,973</u>	<u>11,809</u>	<u>(1,439)</u>	<u>168,941</u>
Operating Expenses							
Solid waste operations	11	59,094	44,356	16,196	10,176	(1,439)	128,394
Depreciation and amortization	169	16,080	858	309	448	-	17,864
Maintenance and utilities	-	1,730	301	6	-	-	2,037
Closure and postclosure care of landfills	-	385	(180)	(25)	-	-	180
Project administration	-	4,985	1,122	542	183	-	6,832
Total operating expenses	<u>180</u>	<u>82,274</u>	<u>46,457</u>	<u>17,028</u>	<u>10,807</u>	<u>(1,439)</u>	<u>155,307</u>
Operating Income (Loss)	<u>(180)</u>	<u>4,297</u>	<u>3,570</u>	<u>4,945</u>	<u>1,002</u>	<u>-</u>	<u>13,634</u>
Non-Operating Revenues and (Expenses)							
Enron claim settlement	-	82,760	-	-	-	-	82,760
Investment income	18	3,063	286	796	308	-	4,471
Other income (expenses)	361	(89)	(1,870)	(184)	500	-	(1,282)
Interest expense	-	(8,819)	(378)	(160)	(665)	-	(10,022)
Net Non-Operating Revenues and (Expenses)	<u>379</u>	<u>76,915</u>	<u>(1,962)</u>	<u>452</u>	<u>143</u>	<u>-</u>	<u>75,927</u>
Income before Special Items	199	81,212	1,608	5,397	1,145	-	89,561
Special Items:							
Gain on sale of Enron claim	-	28,502	-	-	-	-	28,502
Early retirement/defeasance of debt	-	(6,081)	-	(47)	-	-	(6,128)
Total special items	<u>-</u>	<u>22,421</u>	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>22,374</u>
Increase in Net Assets	199	103,633	1,608	5,350	1,145	-	111,935
Total Net Assets, beginning of year	271	73,143	13,097	28,310	4,012	-	118,833
Total Net Assets, end of year	<u>\$ 470</u>	<u>\$ 176,776</u>	<u>\$ 14,705</u>	<u>\$ 33,660</u>	<u>\$ 5,157</u>	<u>\$ -</u>	<u>\$ 230,768</u>



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2005 (In Thousands)

EXHIBIT C
Page 1 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2005
Cash Flows From Operating Activities							
Payments received from providing services	\$ -	\$ 85,175	\$ 50,341	\$ 21,910	\$ 12,568	\$ -	\$ 169,994
Payments received from other funds	32	194	-	-	-	(226)	-
Payments to suppliers for goods and services	(379)	(61,997)	(45,609)	(16,173)	(11,105)	-	(135,263)
Payments to employees for services	-	(2,936)	(671)	(325)	(111)	-	(4,043)
Payments to municipalities for rebates	-	-	-	(1,177)	-	-	(1,177)
Payments to other funds	(194)	(32)	-	-	-	226	-
Net Cash Provided by (Used in) Operating Activities	(541)	20,404	4,061	4,235	1,352	-	29,511
Cash Flows From Investing Activities							
Proceeds from sale of Enron claim settlement	-	111,262	-	-	-	-	111,262
Interest on investments	18	2,970	283	788	231	-	4,290
Net Cash Provided by Investing Activities	18	114,232	283	788	231	-	115,552
Cash Flows From Capital and Related Financing Activities							
Proceeds from State loans	-	8,659	-	-	-	-	8,659
Proceeds from sales of equipment	2	15	-	-	-	-	17
Payments for landfill closure and postclosure care liabilities	-	(283)	(409)	(160)	-	-	(852)
Acquisition and construction of capital assets	13	(2,181)	(81)	-	-	-	(2,249)
Early retirement/defeasance of debt	-	(4,454)	-	(47)	-	-	(4,501)
Interest paid on long-term debt	-	(9,204)	(445)	(165)	(559)	-	(10,373)
Principal paid on long-term debt	-	(114,764)	(1,670)	(1,860)	(2,731)	-	(121,025)
Net Cash Provided by (Used in) Capital and Related Financing Activities	15	(122,212)	(2,605)	(2,232)	(3,290)	-	(130,324)
Cash Flows From Non-Capital Financing Activities							
Other interest and fees	158	(32)	(17)	(7)	(9)	-	93
Net Cash Provided by (Used in) Non-Capital Financing Activities	158	(32)	(17)	(7)	(9)	-	93



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2005 (In Thousands)

EXHIBIT C
Page 2 of 2

	Administrative Pool	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total 2005
Net increase (decrease) in cash and cash equivalents	\$ (350)	\$ 12,392	\$ 1,722	\$ 2,784	\$ (1,716)	\$ -	\$ 14,832
Cash and cash equivalents, beginning of year	1,575	97,403	12,970	34,800	7,445	-	154,193
Cash and cash equivalents, end of year	<u>\$ 1,225</u>	<u>\$ 109,795</u>	<u>\$ 14,692</u>	<u>\$ 37,584</u>	<u>\$ 5,729</u>	<u>\$ -</u>	<u>\$ 169,025</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ (180)	\$ 4,297	\$ 3,570	\$ 4,945	\$ 1,002	\$ -	\$ 13,634
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation of capital assets	169	15,789	828	-	-	-	16,786
Amortization of development and bond issuance costs	-	291	30	309	448	-	1,078
Provision for closure and postclosure care of landfills	-	385	(180)	(25)	-	-	180
Other income (expenses)	110	-	(1,850)	(177)	508	-	(1,409)
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable, net	(137)	(1,429)	304	(1,071)	251	-	(2,082)
Inventory	-	(255)	-	-	-	-	(255)
Prepaid expenses	(30)	309	(80)	13	-	-	212
(Increase) decrease in:							
Due from other funds	32	194	-	-	-	226	-
Accounts payable and accrued expenses	(311)	855	1,439	241	(857)	-	1,367
Due to other funds	(194)	(32)	-	-	-	(226)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (541)</u>	<u>\$ 20,404</u>	<u>\$ 4,061</u>	<u>\$ 4,235</u>	<u>\$ 1,352</u>	<u>\$ -</u>	<u>\$ 29,511</u>



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2005
(In Thousands)**

**EXHIBIT D
Page 1 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total 2005
Net assets invested in capital assets, net of related debt	\$ -	\$ 86,710	\$ 13,761	\$ -	\$ -	\$ 100,471
Restricted net assets:						
Current restricted cash and cash equivalents:						
Revenue fund	-	6,786	-	1,358	1,854	9,998
MDC arbitration escrow	-	4,904	-	-	-	4,904
Debt service funds	-	638	1,299	444	326	2,707
State loans	-	2,619	-	-	-	2,619
Select Energy escrow	-	1,000	-	-	-	1,000
Collection and paying agency account	-	-	441	-	-	441
RRC container equipment	-	402	-	-	-	402
Recycling education fund	-	346	-	-	-	346
Customer guarantee of payment	-	205	18	41	-	264
Montville landfill postclosure	-	-	-	-	157	157
Town of Ellington trust - pooled funds	-	42	-	-	-	42
Mercury public awareness	20	-	-	-	-	20
Total current restricted cash and cash equivalents	20	16,942	1,758	1,843	2,337	22,900
Non-current restricted cash and cash equivalents:						
Debt service reserve funds	-	23,976	1,218	605	901	26,700
Energy generating facility	-	20,809	-	-	-	20,809
State loans	-	16,063	-	-	-	16,063
Tip fee stabilization	-	-	-	13,875	-	13,875
Equipment replacement	-	1,512	-	-	-	1,512
Operating and maintenance	-	1,512	-	-	-	1,512
DEP trust - landfills	-	429	152	134	-	715
Rebate funds	-	-	3	109	154	266
Total non-current restricted cash and cash equivalents	-	64,301	1,373	14,723	1,055	81,452
Less liabilities to be paid with current restricted assets:						
Bonds payable, net	-	-	445	444	326	1,215
State loans payable	-	2,619	-	-	-	2,619
MDC arbitration escrow	-	4,628	-	-	-	4,628
Montville landfill postclosure	-	-	-	-	132	132
Other	-	7,466	459	1,399	1,842	11,166
Total liabilities to be paid with current restricted assets	-	14,713	904	1,843	2,300	19,760
Less liabilities to be paid with non-current restricted assets:						
Bonds payable, net	-	5,887	247	605	832	7,571
State loans payable	-	15,939	-	-	-	15,939
Total liabilities to be paid with non-current restricted assets	-	21,826	247	605	832	23,510
Total restricted net assets	\$ 20	\$ 44,704	\$ 1,980	\$ 14,118	\$ 260	\$ 61,082



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF NET ASSETS AS OF JUNE 30, 2005 (In Thousands)

EXHIBIT D
Page 2 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total 2005
Unrestricted net assets:						
Designated for:						
Postclosure care of landfills	\$ -	\$ 2,946	\$ 3,790	\$ 6,458	\$ -	\$ 13,194
Closure care of landfills	-	7,844	308	-	-	8,152
Future loss contingencies	-	5,345	-	1,047	252	6,644
Waste processing facility modifications	-	4,336	-	-	-	4,336
Rolling stock	-	3,539	-	-	-	3,539
Recycling	-	1,930	-	-	-	1,930
Future use	-	-	514	-	-	514
Benefit fund	240	-	-	-	-	240
South Meadows site remediation	-	246	-	-	-	246
Undesignated	210	19,176	(5,648)	12,037	4,645	30,420
Total unrestricted net assets	<u>450</u>	<u>45,362</u>	<u>(1,036)</u>	<u>19,542</u>	<u>4,897</u>	<u>69,215</u>
Total Net Assets	<u>\$ 470</u>	<u>\$ 176,776</u>	<u>\$ 14,705</u>	<u>\$ 33,660</u>	<u>\$ 5,157</u>	<u>\$ 230,768</u>

To assist in review of FY05 Annual Report regarding accounting treatment for the Enron related funds please see attached GASB 34 guide.

55. *Extraordinary items* are transactions or other events that are both unusual in nature and infrequent in occurrence. ♦ APB Opinion No. 30, *Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*, as amended and interpreted, defines the terms *unusual in nature* and *infrequency of occurrence*. As discussed in ♦ paragraph 53, extraordinary items should be reported separately at the bottom of the statement of activities.

56. Significant transactions or other events *within the control of management* that are *either* unusual in nature *or* infrequent in occurrence are *special items*. Special items should also be reported separately in the statement of activities, before extraordinary items, if any. In addition, governments should disclose in the notes to financial statements any significant transactions or other events that are either unusual or infrequent but not within the control of management.

Special and Extraordinary Items

◆139. Q—Unusual in nature and infrequent in occurrence are key characteristics of extraordinary (◆ paragraph 55) and special (◆ paragraph 56) items. What is the difference between “unusual in nature” and “infrequent in occurrence”?

A—APB Opinion No. 30, *Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions* (paragraphs 20 through 22), defines both terms as follows:

20. Extraordinary items are events and transactions that are distinguished by their unusual nature *and* by the infrequency of their occurrence. Thus, *both* of the following criteria should be met to classify an event or transaction as an extraordinary item:

- a. *Unusual nature*—the underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity operates. (See discussion in paragraph 21[below].)
- b. *Infrequency of occurrence*—the underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates. (See discussion in paragraph 22 [below].)

21. *Unusual Nature.* The specific characteristics of the entity, such as type and scope of operations, lines of business, and operating policies should be considered in determining ordinary and typical activities of an entity. The environment in which an entity operates is a primary consideration in determining whether an underlying event or transaction is abnormal and significantly different from the ordinary and typical activities of the entity. The environment of an entity includes such factors as the characteristics of the industry or industries in which it operates, the geographical location of its operations, and the nature and extent of governmental regulation. Thus, an event or transaction may be unusual in nature for one entity but not for another because of differences in their respective environments. Unusual nature is not established by the fact that an event or transaction is beyond the control of management.

22. *Infrequency of Occurrence.* For purposes of this Opinion, an event or transaction of a type not reasonably expected to recur in the foreseeable future is considered to

occur infrequently. Determining the probability of recurrence of a particular event or transaction in the foreseeable future should take into account the environment in which an entity operates. Accordingly, a specific transaction of one entity might meet that criterion and a similar transaction of another entity might not because of different probabilities of recurrence. The past occurrence of an event or transaction for a particular entity provides evidence to assess the probability of recurrence of that type of event or transaction in the foreseeable future. By definition, extraordinary items occur infrequently. However, mere infrequency of occurrence of a particular event or transaction does not alone imply that its effects should be classified as extraordinary. An event or transaction of a type that occurs frequently in the environment in which the entity operates cannot, by definition, be considered as extraordinary, regardless of its financial effect.

◆ 140. Q—What is the difference between “extraordinary” items and “special” items?

A—Special items are significant transactions or other events within the control of management that are either unusual in nature *or* infrequent in occurrence. Special items differ from extraordinary items in two ways. The first difference is that special items should be *within the control of management*, whereas extraordinary items are not required to be within the control of management. The other difference is that extraordinary items are required to be *both* unusual in nature *and* infrequent in occurrence, whereas special items are only unusual in nature *or* infrequent in occurrence, but not both.

◆ 141. Q—What are some examples of “extraordinary” and “special” items?

A—Determining whether an event or transaction is extraordinary or special and therefore should be reported separately is often a matter of professional judgment and should be done on a case-by-case basis considering geographic location and size and type of government. An event that is infrequent in occurrence for one government may be almost commonplace for another. Similarly, what is unusual for one government may be ordinary for another. Examples of events or transactions that may qualify as extraordinary or special items may include:

Extraordinary items:

- Costs related to an environmental disaster caused by a large chemical spill in a train derailment in a small city.
- Significant damage to the community or destruction of government facilities by natural disaster (tornado, hurricane, flood, earthquake, and so forth) or terrorist act. Geographic location of the government may determine if a weather-related natural disaster is *infrequent*.
- A large bequest to a small government by a private citizen.

Special items:

- Sales of certain general governmental capital assets
- Special termination benefits resulting from workforce reductions due to sale of utility operations
- Early-retirement program offered to all employees
- Significant forgiveness of debt.

◆ 142. **Q**—Can a transaction or event meet the definition of *both* an extraordinary item *and* a special item? If so, how should it be reported?

A—No. If a transaction or event is both unusual in nature and infrequent in occurrence, it should be reported as an extraordinary item without regard to management involvement.

TAB 5

**RESOLUTION REGARDING CONTRACT WITH CT DEP
FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH
ANNUAL STACK TESTING AT MID-CT RRF FOR
CALENDAR YEARS 2006 AND 2007**

RESOLVED: That the President is hereby authorized to enter into a contract with the Connecticut Department of Environmental Protection for reimbursement of costs associated with the annual stack testing at the Mid-Connecticut RRF for calendar years 2006 and 2007, substantially as discussed and presented at this meeting.

Connecticut Resources Recovery Authority

Contract Summary for Contract entitled

Reimbursement for Costs Associated with Annual Stack Testing at the Mid-Connecticut RRF for CYs 2006 and 2007

Presented to the CRRA Board on: September 29, 2005

Vendor/ Contractor(s): Connecticut Department of Environmental Protection

Effective date: November 1, 2005

Contract Type/Subject matter: Reimbursement for costs associated with annual stack testing at the Mid-Connecticut RRF for calendar years 2006 and 2007.

Facility (ies) Affected: Mid-Connecticut RRF

Original Contract: Original Contract

Term: Two (2) Years – November 1, 2005 through October 31, 2007

Contract Dollar Value: \$175,000.00

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Services: Upon completion of the annual stack testing and documentation of the subcontractor selection process and all expenses incurred in the testing, analysis and report preparation, CT DEP will reimburse CRRA for these expenses up to an annual limit of \$87,500 for the calendar years 2006 and 2007.

Other Pertinent Provisions: None

Connecticut Resources Recovery Authority Mid-Connecticut Resource Recovery Facility

Reimbursement for Costs Associated with Annual Stack Testing at the Mid-Connecticut RRF for CY2006 and 2007

September 29, 2005

Executive Summary

CRRA is required by R.C.S.A. Section 22a-174-38 to conduct annual air emissions performance testing at the Mid-Connecticut Resource Recovery Facility (RRF). The CTDEP has offered to enter into a contract with the owners of facilities to whom this regulation applies for reimbursement of the cost of performing this testing.

This is to request CRRA Board of Directors approval to enter into such a contract with CTDEP for reimbursement of costs associated with the annual air emissions performance testing for upcoming calendar years 2006 and 2007.

Discussion

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

In September 2005 CRRA issued an RFP to identify a firm to conduct emissions testing at the Mid-Connecticut RRF for three years: calendar years 2006, 2007 and 2008. It is expected that CRRA management will propose award of this contract at the November 2005 Board of Directors meeting, and that the successful bidder will in-turn begin work on the emission test plan in December 2005, with the testing event to occur in April 2006.

Following testing in April 2006, CRRA will submit its claim to CTDEP for reimbursement of the emissions testing costs per the terms of the CTDEP contract, and based on the amount billed by the testing contractor. (For your information, in the past two years CRRA has paid its emissions testing contractor approximately \$55,000 per year.) Likewise, following testing in April 2007, CRRA will submit its claim for reimbursement of the emissions testing costs to CT DEP. Assuming a timely reimbursement by CT DEP, at the end of the term of this

contract (October 31, 2007) there should be no net cost incurred by CRRA for emissions testing.

CTDEP may or may not offer a contract for reimbursement for CY 2008 testing costs, but if one is offered, CRRA will take advantage of it.

Financial Summary

This contract is for reimbursement (revenue) of money spent by CRRA for RRF emissions testing. Reimbursement by CTDEP for these costs results in no net expense for this activity, provided that the cost of testing does not exceed \$87,500 per year. The funds used by CTDEP for this reimbursement come from the \$1.50 per ton Solid Waste Assessment levied on each of the waste-to-energy facilities in the state for each ton that is processed by the facility.

Although CRRA contracts with an emissions testing contractor for a fixed price, the price does not include costs for unforeseen or uncontrollable events that are not the result of the contractor, such as bad weather or an unscheduled facility outage. The CTDEP has a formula that allows them to reimburse for such contingencies up to an annual total of \$87,500.

TAB 6

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

RESOLVED: That the President is hereby authorized to enter into an amended contract with Newcarp First LLC 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

Amendments to Special Waste Cover Soils Letter Agreement

Presented to the CRRA
Board on: September 29, 2005

Vendor/ Contractor(s): Newcarp First LLC

Effective date: Amendment 3: July 26, 2005
Amendment 4: August 23, 2005
Amendment 5: September 2, 2005
Amendment 6: September 14, 2005
Amendment 7: September 21, 2005

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

Facility (ies) Affected: Hartford Landfill

Original Contract: Letter Agreement for acceptance of 5,000 tons at \$10.00 per ton

Term: September 30, 2005

Contract Dollar Value: Original contract: \$50,000

Amendment(s): Amendments No. 1 and 2 previously approved for additional \$100,000
Amendments 3 through 7 for \$173,000

Term Extensions: Not applicable

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

Other Pertinent Provisions: None

Connecticut Resources Recovery Authority Hartford Landfill Delivery of Cover Soil

September 29, 2005

Executive Summary

CRRA contracted with Newcarp First LLC in June 2005 to deliver approximately 5,000 tons of contaminated soil, generated in West Hartford, Connecticut, to the Hartford Landfill for use as cover material.

Subsequent to committing to the original 5,000 tons, CRRA determined that it could accept additional soil from this source for use as cover material at the landfill, and agreed to accept additional soil from the site pursuant to two amendments to the original letter agreement. These amendments were approved by the Board of Directors at its July 2005 meeting.

Subsequent to acceptance of the material associated with the second amendment, CRRA determined that it could accept additional soil from this source for use as cover material at the landfill, and executed five additional amendments.

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 (i.e., amendments three through seven of the agreement).

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.

Several years ago management 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, soil composition, 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 \$10.00 per ton for 5,000 tons with Newcarp First LLC for soil generated in West Hartford, Connecticut, which was presented to the Board of Directors in at its June 2005 meeting. Subsequent to committing to the original 5,000 tons, CRRA determined that it could accept an additional 7,000 tons, and executed a first amendment to the letter agreement to accept this material. Subsequent to the first amendment, CRRA determined that it could accept an additional 3,000 tons and executed a second amendment to the letter agreement. These additional increments of soil were also accepted for a price of \$10.00 per ton.

Subsequent to agreeing to accept the material associated with the second amendment, CRRA determined that it could accept additional soil and executed five additional amendments during July, August and September 2005.

A summary of the analytical data associated with this soil is included herewith.

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

Financial Summary

Acceptance of the soil associated with these five additional amendments will provide to the Mid-CT Project \$173,000 in revenues, in addition to the \$150,000 in revenues previously approved, for a total of \$323,000 (32,300 tons at \$10.00 per ton).



Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Stockpile Disposal

Loireiro Engineering Associates, Inc.

Location ID	SPR-IP-01	SPR-IP-01	SPR-IP-02	SPR-IP-03	SPR-IP-03	SPR-IP-03	SPR-IP-04	SPR-IP-04
Sample ID	1060387	1060387	1060388	1060389	1060389	1060389	1060390	1060390
Sample Date	01/18/2005	01/18/2005	01/18/2005	01/18/2005	01/18/2005	01/18/2005	01/18/2005	01/18/2005
Sample Time	13:20	13:20	13:25	13:30	13:30	13:35	13:35	13:35
Sample Depth	0'	0'	0'	0'	0'	0'	0'	0'
Laboratory	AEL	Spec	Spec	AEL	Spec	AEL	Spec	Spec
Lab. Number	AEL05000632	SA23182-01	SA23182-02	AEL05000634	SA23182-03	AEL05000635	SA23182-04	SA23182-04
Units								
Constituent								
Date Metals Analyzed		01/21/2005	01/21/2005	01/19/2005	01/21/2005	01/19/2005	01/19/2005	01/21/2005
Date Physical Analyzed		01/19/2005						
Date Semivolatile Organics Analyzed								
Total TICs								
Arsenic	mg/kg							
Barium	mg/kg	92.2	103		113			108
Cadmium	mg/kg	1.02	0.883		1.11			1.16
Chromium, Total	mg/kg	23.2	16.7		24.4			25.8
Lead	mg/kg	20.8	21.4		24.5			22.1
Hydrocarbons, aliphatic, C9-C36, NOS	mg/kg							
Total Petroleum Hydrocarbons (CT ETPH)	mg/kg	41 L		78			42 L	
Total Petroleum Hydrocarbons EPA 418.1	mg/kg							
Benzo(a)anthracene	ug/kg						280 L	
Benzo(b)fluoranthene	ug/kg						300 L	
Benzo(e)pyrene	ug/kg							
Benzo(g,h,i)perylene	ug/kg						250 L	
Benzo(k)fluoranthene	ug/kg							
Chrysene	ug/kg						410 L	
Fluoranthene	ug/kg							
Indeno(1,2,3-c,d)pyrene	ug/kg							
Phenanthrene	ug/kg							
bis(2-Ethylhexyl) Phthalate	ug/kg						300 L	
Pyrene	ug/kg						420 L	
Anthracene	ug/kg							



Table 2
 SUMMARY OF ANALYTICAL RESULTS (DETECTS)
 50 Raymond Road, West Hartford, Connecticut: Stockpile Disposal

		Loureiro Engineering Associates, Inc.									
Location ID	SPR-IP-05	SPR-IP-05	SPR-IP-06	SPR-IP-06	SPR-IP-01	SPR-SP-02	SPR-SP-03				
Sample ID	1060391	1060391	1060392	1060392	1060397	1060398	1060399				
Sample Date	01/18/2005	01/18/2005	01/18/2005	01/18/2005	01/18/2005	01/18/2005	01/18/2005				
Sample Time	13:40	13:40	13:45	13:45	13:20	13:22	13:25				
Sample Depth	0'	0'	0'	0'							
Laboratory	AEL	AEL	Spec	AEL	AEL	AEL	AEL				
Lab. Number	AEL05000636	SA23182-05	SA23182-06	AEL05000637	AEL05000638	AEL05000639	AEL05000640				
Constituent	Units										
Date Metals Analyzed		01/21/2005	01/21/2005	01/21/2005	01/24/2005	01/24/2005	01/24/2005				
Date Physical Analyzed		01/19/2005		01/19/2005	01/19/2005	01/19/2005	01/19/2005				
Date Semivolatile Organics Analyzed											
Total TICs	mg/kg										
Arsenic	mg/kg				3.77	3.48	4.29				
Barium	mg/kg		113		126	123	140				
Cadmium	mg/kg		1.10		0.992						
Chromium, Total	mg/kg		26.2		24.7	29.5	29.7				
Lead	mg/kg		11.6		70.7	49.4 L	94.6				
Hydrocarbons, aliphatic, C9-C36, NOS	mg/kg										
Total Petroleum Hydrocarbons (CT ETPH)	mg/kg	82	90		94	83	110				
Total Petroleum Hydrocarbons EPA 418.1	mg/kg										
Benzo(a)anthracene	ug/kg										
Benzo(b)fluoranthene	ug/kg										
Benzo(g,h,i)perylene	ug/kg										
Benzo(k)fluoranthene	ug/kg										
Chrysene	ug/kg										
Fluoranthene	ug/kg										
Indeno(1,2,3-c,d)pyrene	ug/kg										
Phenanthrene	ug/kg										
bis(2-Ethylhexyl) Phthalate	ug/kg										
Pyrene	ug/kg										
Anthracene	ug/kg										



Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Stockpile Disposal

	Location ID	SPR-SP-04	SPR-SP-05	SPR-SP-06	SPR-SP-07	SPR-SP-08	SPR-SP-09	SPR-SP-10
Sample ID	1060400	1060417	1060418	1060419	1060420	1060421	1060422	
Sample Date	01/18/2005	01/26/2005	01/26/2005	01/26/2005	01/26/2005	01/26/2005	01/26/2005	
Sample Time	15:27	10:10	10:15	10:20	10:25	10:30	10:35	
Sample Depth		5'	4'	3'	5'	4'	4'	
Laboratory	AEL	Spec	Spec	Spec	Spec	Spec	Spec	
Lab. Number	AEL05000641	SA23385-01	SA23385-02	SA23385-03	SA23385-04	SA23385-05	SA23385-06	
Constituent	Units							
Date Metals Analyzed		01/24/2005	01/27/2005	01/27/2005	01/27/2005	01/27/2005	01/27/2005	
Date Physical Analyzed		01/19/2005	01/28/2005					
Date Semivolatile Organics Analyzed			01/28/2005					
Total TICS	mg/kg	45.5				110		
Arsenic	mg/kg	4.07	9.71	4.91			4.43	
Barium	mg/kg	110	111	81.1		74.6	103	
Cadmium	mg/kg		0.601					
Chromium, Total	mg/kg	29.4	21.6	28.2	9.32	10.3	14.1	16.9
Lead	mg/kg	53.9 L	19.3	20.3	20.5	20.8	11.4	11.9
Hydrocarbons, aliphatic, C9-C36, NOS	mg/kg		45.5			110		
Total Petroleum Hydrocarbons (CT ETPH)	mg/kg	64						
Total Petroleum Hydrocarbons EPA 418.1	mg/kg		45.5			110		
Benzo(a)anthracene	ug/kg		747			506		
Benzo(b)fluoranthene	ug/kg		750			436		
Benzo(a)pyrene	ug/kg		723			503		
Benzo(g,h,i)perylene	ug/kg		473			330		
Benzo(k)fluoranthene	ug/kg		539			272		
Chrysene	ug/kg		736			668		
Fluoranthene	ug/kg		1490			697	190	
Indeno(1,2,3-c,d)pyrene	ug/kg		447			232		
Phenanthrene	ug/kg		444			585		
bis(2-Ethylhexyl) Phthalate	ug/kg							
Pyrene	ug/kg		1200			953	169	
Anthracene	ug/kg		229					



Loareiro Engineering Associates, Inc.

Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Stockpile Disposal

Location ID	SPR-SP-11	SPR-SP-12	SPR-SP-13	SPR-SP-14	SPR-SP-15
Sample ID	1060423	1060424	1060425	1060426	1061491
Sample Date	01/26/2005	01/26/2005	01/26/2005	01/26/2005	03/29/2005
Sample Time	10:40	10:45	10:50	11:00	10:50
Sample Depth	3'	12'	10'	8'	
Laboratory	Spec	Spec	Spec	Spec	Spec
Lab. Number	SA23385-07	SA23385-08	SA23385-09	SA23385-10	SA25826-01
Units					
Constituent					
Date Metals Analyzed	01/27/2005	01/27/2005	01/27/2005	01/27/2005	04/05/2005
Date Physical Analyzed					
Date Semivolatile Organics Analyzed		01/28/2005			
Total TICs	mg/kg				
Arsenic	mg/kg	4.21	4.64	10.3	
Barium	mg/kg	76.5	70.4	101	111
Cadmium	mg/kg				
Chromium, Total	mg/kg	11.3	11.5	11.9	27.2
Lead	mg/kg	10.2	13.4	15.8	18.3
Hydrocarbons, aliphatic, C9-C36, NOS	mg/kg				
Total Petroleum Hydrocarbons (CT ETPH)	mg/kg				
Total Petroleum Hydrocarbons EPA 418.1	mg/kg				
Benzo(a)anthracene	ug/kg	337			
Benzo(b)fluoranthene	ug/kg	348			
Benzo(e)pyrene	ug/kg	295			
Benzo(g,h)perylene	ug/kg	179			
Benzo(k)fluoranthene	ug/kg	166			
Chrysene	ug/kg	298			
Fluoranthene	ug/kg	624			
Indeno(1,2,3-c,d)pyrene	ug/kg	171			
Phenanthrene	ug/kg	221			
bis(2-Ethylhexyl) Phthalate	ug/kg				
Pyrene	ug/kg	495			
Anthracene	ug/kg				



Loureiro Engineering Associates, Inc.

Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Soil Stockpile for Disposal at CRRRA -
Supplemental Characterization Data

Location ID	CS08-SW-04	CS09-BS-100	CS09-BS-22R	CS09-BS-26R	CS09-BS-27R	CS09-BS-42R	CS09-BS-50R
Sample ID	1058420	1060357	1060301	1060297	1060296	1060287	1060284
Sample Date	12/29/2004	01/14/2005	01/05/2005	01/05/2005	01/05/2005	01/05/2005	01/05/2005
Sample Time	14:15	09:45	12:30	12:10	12:05	11:20	11:05
Sample Depth	7'	10'	0'	0'	0'	0'	0'
Laboratory	AEL						
Lab. Number	AEL04011474	AEL05000545	AEL05000223	AEL05000219	AEL05000218	AEL05000186	AEL05000183
Units							
Constituent							
Date of Metals SPLP Extraction							
pH (Extract)							
Date Metals Analyzed							
Date Organics Analyzed							
Date of Other SPLP Analysis							
Date Physical Analyzed							
Date Semivolatile Organics Analyzed							
Unidentified Compound	01/03/2005		01/08/2005	01/08/2005	01/08/2005	01/08/2005	01/08/2005
Arsenic	mg/kg						
Barium	mg/kg						
Cadmium	mg/kg						
Chromium, Total	mg/kg						
Chromium, Total (SPLP)	mg/L						
Lead	mg/kg						
Lead (SPLP)	mg/L						
C9-C36 Aliphatic Hydrocarbons	mg/kg						
Total Petroleum Hydrocarbons (CT ETPH)	mg/kg	200	71	98	42 L	120	40 L
Benz(a)anthracene	ug/kg						
Chrysene	ug/kg						
Fluoranthene	ug/kg						
Naphthalene	ug/kg						
Phenanthrene	ug/kg						
Benzyl Butyl Phthalate	ug/kg						
Octyl Phthalate	ug/kg	340 L					
Pyrene	ug/kg						
Methylene Chloride	ug/kg						



Loureiro Engineering Associates, Inc.

Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Soil Stockpile for Disposal at CRRA -
Supplemental Characterization Data

Location ID	CS09-BS-51R	CS09-BS-70	CS09-BS-71	CS09-BS-80	CS09-BS-81	CS09-BS-85	CS09-BS-86
Sample ID	1060283	1058453	1058454	1058463	1058464	1058468	1058469
Sample Date	01/05/2005	01/04/2005	01/04/2005	01/04/2005	01/04/2005	01/04/2005	01/04/2005
Sample Time	11:00	15:00	15:05	15:37	15:40	15:50	15:53
Sample Depth	0'	0'	0'	0'	0'	0'	0'
Laboratory	AEL						
Lab. Number	AEL05000182	AEL05000093	AEL05000094	AEL05000103	AEL05000104	AEL05000108	AEL05000109
Units							
Constituent							
Date of Metals SPLP Extraction							
pH (Extract)							
Date Metals Analyzed							
Date Organics Analyzed							
Date of Other SPLP Analysis							
Date Physical Analyzed							
Date Semivolatile Organics Analyzed							
Unidentified Compound							
Arsenic							
Barium							
Cadmium							
Chromium, Total							
Chromium, Total (SPLP)							
Lead							
Lead (SPLP)							
C9-C36 Aliphatic Hydrocarbons							
Total Petroleum Hydrocarbons (CT ETPH)	61 L	150	130	67	69	59 L	70
Benz(e)anthracene							
Chrysene							
Fluoranthene							
Naphthalene							
Phenanthrene							
Benzyl Butyl Phthalate							
Octyl Phthalate							
Pyrene							
Methylene Chloride							



Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Soil Stockpile for Disposal at CRRA -
Supplemental Characterization Data

	Loureiro Engineering Associates, Inc.							
Location ID	CS09-BS-88	CS09-BS-96	CS09-BS-97	CS09-BS-98	CS09-BS-99	CS09-PT-91R	CS09-SW-48R	
Sample ID	1058471	1060349	1060351	1060352	1060356	1060355	1060285	
Sample Date	01/04/2005	01/13/2005	01/13/2005	01/13/2005	01/14/2005	01/14/2005	01/05/2005	
Sample Time	15:57	11:50	12:10	12:55	09:40	09:35	11:00	
Sample Depth	0'	10'	10'	10'	10'	10'	0'	
Laboratory	AEL	AEL	AEL	AEL	AEL	AEL	AEL	
Lab. Number	AEL05000111	AEL05000516	AEL05000518	AEL05000519	AEL05000544	AEL05000543	AEL05000184	
Constituent	Units							
Date of Metals SPLP Extraction	-							
pH (Extract)	-							
Date Metals Analyzed	-							
Date Organics Analyzed	-							
Date of Other SPLP Analysis	-							
Date Physical Analyzed	-							
Date Semivolatile Organics Analyzed	-	01/07/2005		01/16/2005	01/16/2005	01/16/2005	01/08/2005	
Unidentified Compound	-	01/15/2005						
Arsenic	mg/kg							
Barium	mg/kg							
Cadmium	mg/kg							
Chromium, Total	mg/kg							
Chromium, Total (SPLP)	mg/L							
Lead	mg/kg							
Lead (SPLP)	mg/L							
C9-C36 Aliphatic Hydrocarbons	mg/kg							
Total Petroleum Hydrocarbons (CT ETPH)	mg/kg	58		82	69	79	42 L	
Benz(a)anthracene	ug/kg							
Chrysene	ug/kg							
Fluoranthene	ug/kg							
Naphthalene	ug/kg							
Phenanthrene	ug/kg							
Benzyl Butyl Phthalate	ug/kg							
Octyl Phthalate	ug/kg	290 L						
Pyrene	ug/kg							
Methylene Chloride	ug/kg							



Loureiro Engineering Associates, Inc.

Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Soil Stockpile for Disposal at CRRRA -
Supplemental Characterization Data

Location ID	CS10-B5-03	CS10-B5-04	CS10-SW-05	CS10-SW-05	CS10-SW-06	CS10-SW-07	CS10-SW-08
Sample ID	1058407	1058408	1058409	1058409	1058410	1058411	1058412
Sample Date	12/29/2004	12/29/2004	12/29/2004	12/29/2004	12/29/2004	12/29/2004	12/29/2004
Sample Time	08:40	08:43	08:45	08:45	08:50	08:55	09:00
Sample Depth	7'	7'	3'	3'	3'	3'	3'
Laboratory	AEL						
Lab. Number	AEL04011461	AEL04011462	AEL04011463	AEL05000345	AEL04011464	AEL04011465	AEL04011466
Units							
Date of Metals SPLP Extraction			1/13/05				
pH (Extract)			7.6				
Date Metals Analyzed	01/03/2005	01/03/2005	01/03/2005		01/03/2005	01/03/2005	01/03/2005
Date Organics Analyzed							
Date of Other SPLP Analysis				01/13/2005			
Date Physical Analyzed	01/07/2005	01/07/2005	01/07/2005		01/07/2005		01/07/2005
Date Semivolatile Organics Analyzed							
Unidentified Compound							
Arsenic	3.00	3.24	3.40		3.53	1.15	3.78
Barium	77.5	82.0	113		131	47.9	148
Cadmium							
Chromium, Total	21.5	23.7	26.0		31.5	12.3	34.1
Chromium, Total (SPLP)							
Lead	12.4 L	13.2 L	26.5 L		16.5 L		16.8 L
Lead (SPLP)							
C9-C36 Aliphatic Hydrocarbons							
Total Petroleum Hydrocarbons (CT ETPH)	94	89	99		81		320
Benz(a)anthracene							
Chrysene							
Fluoranthene							
Naphthalene							
Phenanthrene							
Benzyl Butyl Phthalate							
Octyl Phthalate							
Pyrene							
Methylene Chloride							



Louretro Engineering Associates, Inc.

Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Soil Stockpile for Disposal at CRRA -
Supplemental Characterization Data

Location ID	CS10-SW-09	CS10-SW-10	CS10-SW-10	CS10-SW-11	CS10-SW-12	CS10-SW-12	CS11-BB-30
Sample ID	1058413	1058414	1058414	1058415	1058416	1058416	1060406
Sample Date	12/29/2004	12/29/2004	12/29/2004	12/29/2004	12/29/2004	12/29/2004	01/19/2005
Sample Time	09:05	09:10	09:10	09:15	09:20	09:20	13:47
Sample Depth	3'	3'	3'	3'	3'	3'	5'
Laboratory	AEL	AEL	AEL	AEL	AEL	AEL	Spec
Lab. Number	AEL04011467	AEL04011468	AEL05000346	AEL04011469	AEL04011470	AEL05000347	
Constituent							
Date of Metals SPLP Extraction		1/13/05				1/13/05	
pH (Extract)		7.7				7.3	
Date Metals Analyzed	01/03/2005	01/03/2005		01/03/2005	01/03/2005	01/19/2005	01/24/2005
Date Organics Analyzed				01/03/2005	01/04/2005		
Date of Other SPLP Analysis						01/13/2005	
Date Physical Analyzed			01/13/2005				
Date Semivolatile Organics Analyzed				01/07/2005			
Unidentified Compound							
Arsenic	3.44	3.56		2.75	3.70		10.0
Barium	130	144		75.1	143		140
Cadmium							1.62
Chromium, Total	31.8	32.2		25.8	34.1		26.7
Chromium, Total (SPLP)						0.016	
Lead	26.2 L	16.1 L		15.0 L	17.0 L		5.36
Lead (SPLP)							
C9-C36 Aliphatic Hydrocarbons							
Total Petroleum Hydrocarbons (CT ETPH)				130			
Benz(a)anthracene							
Chrysene							
Fluoranthene							
Naphthalene							
Phenanthrene							
Benzyl Butyl Phthalate							
Octyl Phthalate							
Pyrene							
Methylene Chloride				88 L	180 LB		



Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Soil Stockpile for Disposal at CRRA -
Supplemental Characterization Data

Loureiro Engineering Associates, Inc.

Location ID	CS11-BS-32	CS11-BS-34	CS11-SW-17	CS11-SW-19	CS11-SW-26	CS11-SW-28	CS11-SW-41
Sample ID	1060408	1060410	1060376	1060378	1060402	1060404	1065003
Sample Date	01/19/2005	01/19/2005	01/14/2005	01/14/2005	01/19/2005	01/19/2005	04/04/2005
Sample Time	13:52	13:57	12:05	12:10	13:37	13:42	11:55
Sample Depth	5'	5'	10'	10'	3'	3'	8'
Laboratory	Spec	Spec	AEL	AEL	Spec	Spec	AEL
Lab. Number			AEL05000559	AEL05000561			AEL05002702
Units							
Constituent							
Date of Metals SPLP Extraction							
pH (Extract)							
Date Metals Analyzed	01/24/2005	01/24/2005	01/21/2005	01/21/2005	01/24/2005	01/24/2005	04/08/2005
Date Organics Analyzed							
Date of Other SPLP Analysis							
Date Physical Analyzed							
Date Semivolatile Organics Analyzed							
Unidentified Compound							
Arsenic	mg/kg	4.43	3.45	4.80			3.47
Barium	mg/kg	146	138	121	137	94.4	156
Cadmium	mg/kg	1.42	1.69		1.21	1.08	
Chromium, Total	mg/kg	26.3	33.0	29.2	25.0	21.1	35.6
Chromium, Total (SPLP)	mg/L						
Lead	mg/kg	3.86	18.5 L	22.1 L	8.02	15.8	20.6 L
Lead (SPLP)	mg/L						
C9-C36 Aliphatic Hydrocarbons	mg/kg						
Total Petroleum Hydrocarbons (C1-ETPH)	mg/kg						
Benz(e)anthracene	ug/kg						
Chrysene	ug/kg						
Fluoranthene	ug/kg						
Naphthalene	ug/kg						
Phenanthrene	ug/kg						
Benzyl Butyl Phthalate	ug/kg						
Octyl Phthalate	ug/kg						
Pyrene	ug/kg						
Methylene Chloride	ug/kg						



Loureiro Engineering Associates, Inc.

Table 2
SUMMARY OF ANALYTICAL RESULTS (DETECTS)
50 Raymond Road, West Hartford, Connecticut: Soil Stockpile for Disposal at CRRA -
Supplemental Characterization Data

	SPR-06-01	SPR-06-02	SPR-06-03	SPR-06-04	SPR-06-05	SPR-06-06	SPR-06-07
Location ID	1061471	1061472	1061473	1061474	1061475	1061476	1061477
Sample ID	02/25/2005	02/25/2005	02/25/2005	02/25/2005	02/25/2005	02/25/2005	02/25/2005
Sample Date	12:20	12:30	12:40	12:45	12:50	12:55	13:00
Sample Time							
Sample Depth							
Laboratory	Spec						
Lab. Number	SA24607-01	SA24607-02	SA24607-03	SA24607-04	SA24607-05	SA24607-06	SA24607-07
Units							
Constituent							
Date of Metals SPLP Extraction							
pH (Extract)							
Date Metals Analyzed	03/01/2005	03/01/2005	03/01/2005	03/01/2005	03/01/2005	03/01/2005	03/17/2005
Date Organics Analyzed							
Date of Other SPLP Analysis							
Date Physical Analyzed	03/02/2005	03/02/2005					
Date Semivolatile Organics Analyzed	03/02/2005						
Unidentified Compound	45.8	61.6					
Arsenic	mg/kg						
Barium	mg/kg						
Cadmium	mg/kg	1.18	1.15	0.883	1.18	1.28	1.57
Chromium, Total	mg/kg	22.7	23.1	14.3	20.9	24.8	27.8
Chromium, Total (SPLP)	mg/L						0.008
Lead	mg/kg	19.5	8.47	9.05	9.45	8.3	10.7
Lead (SPLP)	mg/L						
C9-C36 Aliphatic Hydrocarbons	mg/kg	45.8	61.6				
Total Petroleum Hydrocarbons (CT ETPH)	mg/kg	45.8	61.6				
Benz(a)anthracene	ug/kg						
Chrysene	ug/kg						
Fluoranthene	ug/kg	171					
Naphthalene	ug/kg						
Phenanthrene	ug/kg						
Benzyl Butyl Phthalate	ug/kg	1420					
Octyl Phthalate	ug/kg	706					
Pyrene	ug/kg						
Methylene Chloride	ug/kg						

TAB 7

Resolution Regarding the O&M Amendment No.2 to the Management and Operations Agreement dated May 30, 2000, as amended by Amendment No.1 dated December 9, 2000 between Connecticut Resources Recovery Authority and Northeast Generation Services Company

RESOVED: The President is hereby authorized to enter into an Amendment No.2 to the Management and Operations Agreement dated May 30, 2000, as amended by Amendment No.1 dated December 9, 2000 between Connecticut Resources Recovery Authority and Northeast Generation Services Company, substantially in the form discussed at this meeting.

Connecticut Resources Recovery Authority

Feasibility Study on Expanding the Mid-Connecticut Waste-to-Energy Facility

Presented to the CRRA Board on: September 29, 2005

Vendor/ Contractor(s): Northeast Generation Services.

Effective date: Upon Execution (Retroactive to January 1, 2005)

Contract Type: Amendment No.2 to O&M Agreement

Facility (ies) Affected: Mid-Ct Jet Turbine Peaking Facility

Original Contract: CRRA & NGS Operation and Maintenance Agreement dated May 30, 2000

Term: Through May 31, 2012

Annual Contract Dollar Value: \$896,880.00

Scope of Services: Provide O&M Services for the Jet Turbine Peaking Facility of the Mid-Connecticut Project

Other Pertinent Provisions: None

Connecticut Resources Recovery Authority Mid-Connecticut Jet Turbine Peaking Facility (“JTF”) Contract Amendment No.2

September 29, 2005

Executive Summary

This is to request approval of the CRRA Board of Directors for the President to execute Amendment No.2 (“Amendment”) to the Management and Operations Agreement (“Agreement”) dated May 30, 2000, as amended by Amendment No.1 (“Amendment No.1”) dated December 9, 2000 between Connecticut Resources Recovery Authority (“CRRA”) and Northeast Generation Services Company (“NGS”).

Last year CRRA executed an amendment to the Jets Power and Sales Agreement with Select Energy to solidify the revenue stream received from the operation of the JTF through FY2012. This revenue stream which is dependent on the availability of the JTF (how well they operate) is the source of funding for both the operation and maintenance of the Electric Generating Facility (“EGF”) by Covanta Energy and the operation and maintenance of the JTF by NGS.

The current Agreement has an Initial Period that ended May 30, 2005. During the Initial Period, the fixed and variable fees that NGS received for compensation were fixed. There was no escalation over that period. The Agreement continues thereafter on a year-to-year basis until terminated by either party under a one year advanced notification termination provision. NGS advised CRRA last year that they could not continue this Agreement under the same fee structure because of two factors. First, NGS O&M costs have escalated over the past five years while the fees paid by CRRA to NGS during this period have been fixed. Second, under the current Agreement, NGS is fiscally responsible for the major rebuilds of the engines which are funded through the Variable Fee paid by CRRA. This Variable Fee, paid per each hour the engine operated, was originally calculated on each unit operating approximately 168 hours per year. Over the first five years the units have operated an average of 77 hours per year. This reduced level of run time does not provide NGS with the required funding to perform the major rebuilds. The current Agreement provides for an extension of the term with the parties negotiating in good faith the new annual fees.

The Amendment calls for an increase in the Fixed Fee from \$695,772 to \$804,480 a \$108,708 increase to cover inflation and some reoccurring pass through costs. The amendment also has a reduction of the Variable Fee from \$270/base hour and \$600/peak hour to \$150/fired hour. This will equate to a reduction of approximately \$175,000 per year on the Variable Fee. With the reduction of the Variable Fee the CRRA will now be responsible for the cost of the rebuilds of the engines. This will allow CRRA to control the funds needed for this work instead of having NGS accumulate a reserve from higher Variable Fees.

Taking into consideration that the JTF was installed in the early 1970's, and these are not common units in the power industry, CRRA believes that an extension of the current Agreement with terms favorable to CRRA would keep the same personnel on site with the historical operating knowledge.

To ensure the current Agreement and Amendment were favorable to CRRA when compared to the industry, CRRA sought the help of R.W. Beck to evaluate the current Agreement with NGS and to review the negotiated Amendment for market comparison. R.W. Beck compared the Non-Fuel Operation and Maintenance costs in the Amendment with their Proprietary O&M Database for similar facilities. The results showed the Amendment O&M Costs are approximately 46% below the average 150 MW facilities in their database. The R.W. Beck memo, summarizing their findings, is included in the Board Information Package.

TAB 8

**RESOLUTION ESTABLISHING A SPECIAL COMMITTEE TO STUDY
OPTIONS FOR MUNICIPAL SOLID WASTE DISPOSAL FOLLOWING THE
EXPIRATION OF THE BRIDGEPORT SOLID WASTE DISPOSAL
AGREEMENT**

RESOLVED: That a Special Committee is hereby formed and charged to study options for the disposal of solid waste from the Bridgeport Project municipalities post 2008 and report thereon to this Board; and

FURTHER RESOLVED: That three employees and two Board members of the Authority shall represent the Authority on the said Special Committee, as presented and discussed at this Board meeting.

MEMO

To: CRRA Board of Directors

From: Laurie Hunt

Re: Special Committee

9/22/05

Section 22a-268f of the Connecticut General Statutes (copy appended) mandates that the CRRA Board establish a special committee three years prior to the expiration of any waste management project, to consist of five representatives of the Authority and not more than five representatives of the contracting municipalities. The committee is directed to study and present post-Project options for the disposal of solid waste from the Project municipalities to the CRRA Board.

At the July 13, 2005 SWAB meeting, the five members of SWAB's own Future Use Committee were nominated to represent the towns in this matter: Mark Anastasi of Bridgeport, Bob Steeger of Darien, Ed Boman of Fairfield, Steve Edwards of Westport, and Ed Gomeau of Greenwich.

We are now requesting that the Board form the subject Special Committee in accordance with statute, and recommending the appointment of three Authority employees and two Board members to represent the Authority.

Sec. 22a-268f. Special committees to study options for municipal solid waste disposal. Not later than three years before the last maturity date of any outstanding bond issuance for a waste management project, as defined in section 22a-260, administered by the Connecticut Resources Recovery Authority, the board of directors of the authority shall establish a special committee for such project consisting of five representatives of the authority and not more than five representatives jointly designated by the municipalities having a contract with the authority for such project. At least two years before such last maturity date, such special committee shall study and present to said board of directors options for disposing of solid waste from such municipalities after the expiration of such contract. Such options shall include, but shall not be limited to, private sector management of such solid waste disposal.

(P.A. 03-133, S. 1.)

History: P.A. 03-133 effective July 1, 2003.

TAB 9

**RESOLUTION REGARDING
ADOPTION OF REVISED SECTION 4.2.3
PROCUREMENT POLICIES AND PROCEDURES**

RESOLVED: That the Board of Directors hereby adopts the revised section 4.2.3 of CRRA's Procurement Policies and Procedures substantially as discussed and presented at this meeting.

Connecticut Resources Recovery Authority

Adoption of Revised Section 4.2.3 of CRRA's Procurement Policies and Procedures

September 29, 2005

Discussion

This is to request the adoption by the Board of Directors of a revision to section 4.2.3 of CRRA's Procurement Policies and Procedures, entitled Purchases of \$5000 or Less.

This will afford the Division Head the flexibility to delegate the approval responsibility of a purchase requisition totaling \$5000 or less. Requisitions will be processed in a more timely and efficient manner by allowing the Head of the CRRA Division to delegate this responsibility to a Department Supervisor(s) or Proxy(ies).

Presented below is both the existing language and the proposed revised language; the text which is proposed to be added is highlighted in italics.

4.2 Purchases of \$5,000 or Less

EXISTING LANGUAGE

4.2.3 Approval

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

PROPOSED LANGUAGE

4.2.3 Approval

Any purchase of goods and services costing \$5,000 or less per Fiscal Year pursuant to Sections 4.2.1 and 4.2.2 above requires the approval of the head of the CRRA division for which the goods and services are being purchased *or his/her assigned proxy.*

TAB 10

**RESOLUTION REGARDING AMENDMENT TO TRAVEL POLICY
AND EXPENSE REPORTING**

WHEREAS the Policy and Procurement Committee established the CRRA Travel Policy and Expense Reporting Procedure; and

WHEREAS the CRRA Board of Directors subsequently adopted the Travel Policy and Expense Reporting Procedure on May 20, 2004; and

WHEREAS the Policy and Procurement Committee reviewed the proposed Amendment to the Travel Policy and Expense Reporting Procedure at its meeting on September 15, 2005; and

WHEREAS it has been determined that the average physical damage (comprehensive and collision) deductible is \$500.00; and

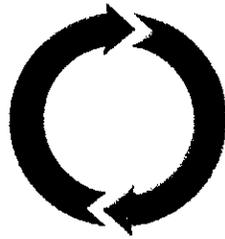
WHEREAS it is equitable to allow for reimbursement of an employee personal vehicle physical damage deductible if the employee is involved in an accident while conducting CRRA business and if the employee only occasionally uses his/her personal vehicle on company business; and

NOW, THEREFORE, be it

RESOLVED: The Policy and Procurement Committee has discussed the amendment allowing payment of an employee's personal physical damage automobile deductible in the event of accidents while employees are driving personal vehicles on CRRA business, if the employee drives 2,500 miles or less per year on CRRA business . The Committee recommends that the CRRA Board of Directors adopt this amendment as presented and discussed at this meeting.

CRRRA's current Travel Policy and Expense Reporting procedures prevent reimbursement to employees for payment of their automobile physical damage deductible if they are involved in an accident while using their personal vehicle for business purposes. The reason, as defined in the procedures, is that the IRS-approved per mile allowance is designed to account for all auto-related expenses, including insurance costs and the deductible. However, this does not account for CRRRA employees who only very occasionally use their personal vehicle on company business. Management believes it would be unfair to disallow reimbursement of the deductible for employees in this category.

Management requests that the Travel Policy and Expense Reporting procedures be amended to allow the reimbursement of personal automobile physical damage deductibles for those employees who drive their personal vehicles on business less than 2,500 annually.



**CONNECTICUT
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TRAVEL POLICY AND EXPENSE REPORTING

**BOARD OF DIRECTORS POLICY AND PROCEDURE
NUMBER 032**

**APPROVED BY CRRRA BOARD OF DIRECTORS
MAY 20, 2004**

CONNECTICUT RESOURCES RECOVERY AUTHORITY TRAVEL POLICY AND EXPENSE REPORTING

1. GENERAL STATEMENT

This Travel Policy and Expense Reporting guide presents the policies that all CRRA employees (hereafter "employee(s)") must adhere to in the planning and conducting of their business travel and their reimbursement requests. CRRA requires that all travel expenditures and their accountings meet the Internal Revenue Service requirements of "ordinary, necessary and reasonable" and should be conservative and consistent with the nature of the business assignment. These policies safeguard CRRA and protect the employee from being assessed additional taxable income. All employees are expected to fully comply with the policies and instructions in this guide. Reimbursements for actual and necessary expenses made to Directors of CRRA shall be made consistent with the provisions of this Travel Policy And Expense Reporting guide; however, as stated in the Connecticut General Statutes, Directors shall not be required to obtain pre-approval from the President for any expenses.

2. APPROVALS

Prior written approval by the President or the employee's Division Head at least one (1) week in advance is required for all overnight trips out of state, except in an emergency. It is the obligation of the employee to obtain this prior approval and no reimbursement will be made without this approval.

Prior written approval by the President or the employee's Division Head at least one (1) week in advance is required for all employee trips that are for educational seminars, professional conferences, vendor-initiated field trips, and industry organization events.

To obtain written approval, the employee must complete the overnight travel form, and, if a cash advance is requested, complete a cash advance form that estimates the out-of-pocket expenses, and submit the completed form(s) to the appropriate Division Head or President in as far in advance as possible of departure date.

3. TRANSPORTATION

Transportation expenses should be kept to a minimum. The most direct and practical route should be selected.

3.1 Rental Automobile

Rental car expenses will be paid by CRRA and whenever possible should be billed directly to CRRA to take advantage of CRRA's tax-exempt status and any other discounts available to CRRA.

3.1.1 Insurance

3.1.1.1 Business Use Of A Rental Automobile

Employees on business do not need to purchase additional insurance coverage (collision damage waiver or excess liability) from the rental company. The Corporate Insurance Program covers these risks. Please note that all vehicles must be rented in CRRA's name to have CRRA's policy cover the employee.

3.1.1.2 Personal Use Of A Rental Automobile

Employees are prohibited from using a CRRA rental automobile for personal use. Personal use that is incidental to CRRA business use will be covered by the CRRA insurance policy as long as the vehicle was rented in CRRA's name. Incidental usage is defined as usage of the vehicle that is directly related to business usage (e.g. mileage to get meals on a business trip).

3.2 Business Use Of Employee's Car

3.2.1 Reimbursement Rate

The reimbursement rate for an employee's use of their personal automobile for CRRA business is the IRS approved rate, as adjusted from time to time by the IRS, for employee use of their personal car on business. The above mileage reimbursement allowance for business use of an employee's vehicle is calculated in a manner that takes into account all auto-related expenses, including the cost of carrying insurance (without a deductible). Therefore, CRRA will not reimburse an employee for vehicle damage or personal liability that occurs while a personal automobile is being used on CRRA business if the employee drives their personal vehicle 2,500 miles per year or more. This includes any deductible that may apply. However, if an employee's vehicle is driven on company business 2,500 miles or less annually, and is involved in a motor vehicle accident, CRRA will reimburse the employee through the normal expense reimbursement process for their physical damage deductible. Evidence of the payment of the deductible by the employee must be provided to CRRA in order to receive reimbursement. (Traveling on business does not include any travel involved in commuting to or from work, lunch time errands or anything other than authorized business use). Before an employee seeks the foregoing reimbursement for the use of his personal automobile, the employee shall provide CRRA with written

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employee shall provide CRRA with written evidence of his personal automobile insurance with limits as required by the Connecticut General Statutes. The foregoing written proof shall be kept on file in the CRRA Finance Division.

3.2.2 Mileage Calculation

In all travel away from the CRRA office, the employee will be reimbursed using the shortest distance between points. For travel from Hartford to a CRRA facility, the President shall cause the shortest distance to be determined and the President shall cause such determination to be made available to employees. Unless approved by an employee's Division Head, employees shall use the distances determined by the President in all requests for reimbursement for travel from Hartford to a CRRA facility. An employee may request and the employee's Division Head may approve distances other than those determined by the President in extraordinary circumstances when, for reasons beyond the control of the employee, the route of the shortest distance was not reasonably available for use.

In calculating mileage, the normal commute mileage to and from the employee's home to the employee's assigned place of work must be deducted from the total trip mileage. For example, if the total trip mileage equals 100 miles, and normal commute mileage equals 20 miles, CRRA will reimburse the employee for 80 miles. This is in accordance with Internal Revenue Service and State of Connecticut policy.

3.2.3 Tolls/Parking

No receipts are necessary for tolls or parking unless they exceed five (\$5.00) dollars.

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3.3 Air Travel

All air travel requires prior approval from the CRRA President. For approved travel, CRRA will reimburse employees only for coach accommodations. Employees are encouraged to inquire about discount packages and to take advantage of the least costly route whenever possible. When an employee plans a trip, the reservations should be made as far in advance as practical to obtain the lowest rate. All approved air travel for the previous month shall be reported to the CRRA Board of Directors at its next Board Meeting.

3.4 Taxis

Taxi service may be used when no other form of public transportation is available or when the cost of a taxi is close to the cost of public transportation. Employees are encouraged to use courtesy cars, airport limousines, or buses whenever possible. Since some taxi services do not provide receipts, you should have the back of your business card signed, dated, and the amount of the fare indicated by the driver.

3.5 CRRA Owned Automobiles

Please refer to the CRRA Vehicle Usage Policy adopted by the CRRA Board of Directors at its November 21, 2003, Board of Directors Meeting.

4. MEALS

Permissible expenditures for meals and tips depend on location and circumstances. Only reasonable and customary charges will be allowed and reimbursed by CRRA. An exception may be granted by the President in unusual circumstances. In-state breakfast, lunch, and dinner will not be reimbursed unless they involve a business meeting.

5. LODGING

Lodging accommodations in reasonable and economically priced single occupancy rooms, including customary tips, are reimbursable if the employee has to stay away from home overnight because of unfinished business or an early morning business meeting.

Employees should request government rates at the time of making reservations.

6. INCIDENTALS

The incidentals allowance encompasses such things as gratuities and one telephone call a day of reasonable duration to the employee's home. It is anticipated that the cost of such calls generally will appear on the employee's hotel bill.

7. PERSONAL EXPENSES

Some travel expenses are considered personal and CRRA will not reimburse them. The following, while not all inclusive, lists examples of such personal expenses that are not reimbursable expenses: amusements, athletic events, barbers, books for personal reading, athletic court or gym costs, damage to luggage, fines, hair stylists, magazines, newspapers, movies, and saunas.

8. OTHER BUSINESS EXPENSES

With prior approval of the President, CRRA will reimburse an employee for the incidental costs necessary to further an important CRRA business purpose. Any foregoing expense must be reported to the Board at the Board's next Board of Directors meeting. Any such expense must be documented by showing the following:

- The name(s) of the person or persons and the location and nature of the expense.
- The business relationship with CRRA.
- The specific business reason for the expense.
- The actual business conducted.

CRRA will not reimburse the cost of home entertaining.

9. EXPENSE REPORTING

All expense reporting must be submitted to CRRA using the CRRA expense reimbursement form(s) within twenty working days after the day the employee returns from his/her trip.

10. RECEIPTS

Employees shall obtain receipts for all travel expenses, exclusive of mileage reimbursement. This includes receipts for all meals, airfare, bus fare, taxi, toll or parking charges in excess of \$5.00 dollars, limousine, hotel, and registration fees. Travel expenses in excess of the stated guidelines herein will be reimbursed only if all receipts accompany expense vouchers. Expenses submitted without a receipt, except for gratuity and certain transfer charges, may not be reimbursed.

Original receipts are required for all entertainment.

11. EXCEPTIONS

Exceptions to these travel and expense guidelines will be authorized only upon the prior authorization of President when the circumstances warrant. Any such exception to these travel and expense guidelines should be documented and the President should notify the CRRA Board of Directors of such exception at the Board's next Board Meeting.

Approved by: Board of Directors

P&P No.: 032

Effective Date: 05/20/04

TAB 11

**RESOLUTION REGARDING AMENDMENT TO MID-CONNECTICUT
PERMITTING, DISPOSAL AND BILLING PROCEDURES**

RESOLVED: The Board of Directors hereby adopts the amended Mid-Connecticut Permitting, Disposal and Billing Procedures, substantially as presented and discussed at this meeting.

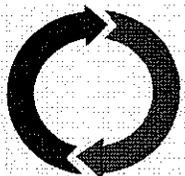
Fiscal Year 2005
Amended Mid-Connecticut Permitting,
Disposal and Billing Procedures

September 29, 2005

The following revision is recommended to the Mid-Connecticut Permitting, Disposal and Billing Procedures:

That junk mail is included as an acceptable recyclable material at the Mid-Connecticut Regional Recycling Center.

CRRA published a notice in the Connecticut Law Journal on August 16, 2005 that it intends to adopt the aforementioned revised procedures at its September 29, 2005 CRRA Board Meeting.



**CONNECTICUT
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AUTHORITY**

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

Attached is Appendix A of the Mid-Connecticut Permitting, Disposal and Billing Procedures.

- Proposed additions are underlined.
- Proposed deletions are stricken.

APPENDIX A

CONNECTICUT RESOURCES RECOVERY AUTHORITY Mid-Connecticut Regional Recycling Center (RRC) Facility Delivery Standards

LOCATION

Mid-CT Offices
211 Murphy Road,
Hartford, CT 06114

Paper Processing Facility
Capitol Recycling of CT (CROC)
123 Murphy Road
Hartford, Connecticut

Container Processing Facility
FCR, Inc.
211 Murphy Road
Hartford, Connecticut

HOURS OF OPERATION

RRC

Monday - Friday, 7:00 a.m. to 3:45 p.m.

Transfer Stations

Monday - Friday 6:00 a.m. to 2:30 p.m.

Please note:

For weeks during which a holiday is observed on a weekday, the facilities will be open on Saturday as follows:

RRC: 7:00 a.m.–1:45 p.m. **Transfer Stations:** 6:00 a.m. - 2:30 p.m.

If the scale is closed during the week for a scheduled holiday (listed below), the scale will be open the following Saturday from 7:00 a.m. to 1:45 p.m. If the scale remains open during a municipal or state holiday, the scale will be open the following Saturday from 7:00 a.m. to 10:45 a.m.

HOLIDAYS

Mid-Connecticut Facilities are closed on the following holidays:

New Year's Day
Good Friday
Memorial Day

Independence Day
Labor Day
Thanksgiving Day
Christmas Day

DELIVERY POLICY

Loads of ~~residential-generated~~ recyclables are to be delivered in permitted vehicles containing only the following acceptable materials:

Paper Processing Facility

- (1) Newspaper and Magazines commingled;
- (2) Corrugated Cardboard only;
- (3) Newspaper, Magazines and Corrugated Cardboard commingled; and
- (4) Junk Mail

Container Processing Facility:

Commingled food and beverage containers including:

- (1) Clear glass;
- (2) Brown glass;
- (3) Green glass;
- (4) Metal cans;
- (5) Aluminum cans;
- (6) Aluminum foil;
- (7) PET (#1) plastic containers;
- (8) HDPE (#2) plastic containers; and
- (9) Aseptic packaging (milk and juice cartons and juice boxes).

ACCEPTABLE MATERIALS

Newspapers (including newspaper inserts) and **Magazines** (including catalogs) - no more than (2) months old; commingled; bundled in brown (kraft) paper grocery bag; must be clean and dry.

Corrugated Cardboard - with corrugated (alternating ridges and grooves) kraft (brown) paper middle only; uncoated; clean and dry; flattened, when flattened must be no larger than three (3) feet in width or height (oversized boxes must be cut -down to 3'(feet) by 3'(feet); bundles may be tied with string only.

Junk Mail – All loose or bagged junk mail or bagged bulk mail received through the mail system consisting of paper or cardboard, exclusive of any product such as shavers, detergents and other such similar materials. Envelopes with windows are acceptable. **Examples: CATALOGS, FLYERS, ENVELOPES CONTAINING OFFICE PAPER, AND BROCHURES.**

Glass food and beverage containers only - clear, brown, and green bottles up to three (3)/one (1) gallon in size; washed clean; caps lids, and corks removed, attached labels and neck rings are acceptable, **EXAMPLES:** SODA, LIQUOR, WINE, JUICE BOTTLES, JAM JARS, and MASON JARS.

Metal food and beverage containers only - washed clean: up to three (3)/one (1) gallon in size; clean metal lids acceptable; No. 10 size cans acceptable. **EXAMPLES:** SOUP, VEGETABLE, JUICE, and other FOOD CANS, COOKIE TINS; DOG and CAT FOOD CANS.

Aluminum Used Beverage Cans - unflattened; washed clean; self-opening attached tabs acceptable. **EXAMPLES:** SODA and BEER CANS.

Aluminum Foil - washed clean; folded flat; free of other materials. **EXAMPLES:** ALUMINUM FOIL WRAP, TAKE-OUT ALUMINUM FOIL FOOD CONTAINERS.

PET (Polyethylene Terephthalate) Plastic Containers - code 41 -, up to three (3) liters in size; washed clean; attached labels acceptable. **EXAMPLES:** SODA, JUICE, COOKING OIL, MINERAL WATER, and DISH DETERGENT BOTTLES.

HDPE (High Density Polyethylene) Plastic Containers - code 42; washed clean; up to three (3) liters or one (1) gallon in size; attached labels acceptable. **EXAMPLES:** MILK JUGS, SPRING WATER, LAUNDRY DETERGENT, BLEACH, and DISH DETERGENT BOTTLES.

Aseptic Packaging - Gable top plastic coated paper containers up to three (3) liters or one (1) gallon in size; empty with straws and caps removed. **EXAMPLES:** MILK, JUICE CONTAINERS, SMALL SINGLE SERVE JUICE AND MILK BOXES.

MATERIALS NOT ACCEPTED

Ceramic plates	Light bulbs	Spray cans
Ceramic cups	Mirror glass	Syringes
Tiles	Window glass	Hypodermic needles
Clay pots	Crystal	Motor oil bottles
Porcelain	Heat-resistant ovenware	Junk mail
Pyrex	Drinking glasses	Books
Stones	Plates glass	Office paper
Gravel	Auto glass	Telephone books
Pots and pans	Leaded glass	Paint cans
Clothes hangers	Food contaminated pizza boxes	#3-#7 plastics
Cereal boxes	Beer cartons	Non-corrugated cardboard
Waxed corrugated	Asian corrugated	Notebooks
Anti-freeze containers		

DELIVERY RULES AND REGULATIONS

- (1) Only residentially-generated recyclables will be accepted for delivery to the Mid-Connecticut Regional Recycling Center (RRC) and all the Recycling Transfer stations. All recyclables delivered to the RRC and Recycling Transfer Stations must meet the Facility Delivery Standards as detailed herein Appendix A in order to be accepted for processing.
- (2) Loads in which containers are mixed with new paper magazines and/or corrugated cardboard are not accepted for processing by either processing facility and are not accepted at the transfer stations.
- (3) All vehicles delivering to the RRC and the Recycling Transfer Stations must have a valid Mid-Connecticut permit issued by the Authority. Permit stickers must be displayed on roll-off containers as well as the vehicles delivering them.
- (4) Rear loading vehicles delivering to the RRC whose first or only delivery is newspaper, magazines, Junk Mail, and/or corrugated cardboard must enter the facility at 211 Murphy Road (Entrance marked "A").
- (5) Rear loading vehicles delivering to the RRC whose first or only delivery is containers must enter the facility at 123 Murphy Road (Entrance marked "B").
- (6) Operators of rear-dumping vehicles will be required to sweep clean all materials from the empty compartment before proceeding to the next tipping area.
- (7) All deliveries are subject to inspection of the contents by the Authority or its agent prior to, during, and/or after unloading.
- (8) Haulers may not deliver loads containing recyclables that originate from more than one town. Loads from towns not participating in the Authority's recycling program will not be accepted unless the Authority has authorized such delivery.
- (9) Mechanical densifying of aluminum containers and plastic containers is prohibited (non-aluminum metal cans may be crushed or flattened).
- (10) Loads of commingled containers may contain any combination of acceptable container materials except loads containing solely mixed-color (any color combination) glass will not be accepted for delivery.
- (11) Loads of commingled containers may not be delivered in bags of any type. All commingled containers must be delivered in loose form to both the RRC and the recycling transfer stations.
- (12) Due to poor quality of pre-sorted bottles and cans previously delivered, the Authority does not encourage deliver of pre-sorted containers. Any town or hauler wishing to deliver presorted containers must first obtain written approval from the Authority.

LOAD REJECTION POLICY

The Authority or its agent will reject loads if they include unacceptable levels of contamination, if they are unprocessable, or they otherwise do not meet the Facility Delivery Standards as determined.

Loads may be rejected before or after unloading. If a delivery is rejected after unloading, it is subject to a \$200 handling charge. Loads that are rejected prior to unloading will not be subject to a handling charge unless the Authority or its agent determines that such charge is appropriate under the circumstances. Loads that are rejected prior to unloading will be considered as voided transactions and the tonnage will not accrue to the town of origin. The Authority reserves the right to charge additional fees, disposal fees, and or penalties above \$200.00 when circumstances warrant such.

Loads will be considered not to meet the Facility Delivery Standards if:

- (1) They originate from more than one town.
- (2) They include commercially generated recyclables that are not collected as part of a town's residential program.
- (3) They originate from a town or towns that do not participate in the Mid-Connecticut Regional Recycling Program unless authorized by the Authority.
- (4) They are found to be contaminated and/or unprocessable.
- (5) The Authority has communicated in writing to the hauler that the load or loads cannot be delivered to the RRC without written approval of the Authority.

Loads will be considered contaminated if:

- (1) A load of commingled containers contains more than 5% unacceptable containers or materials other than acceptable containers.

Loads will be considered unprocessable if:

- (1) More than 10% of a load of newspaper (i.e.: magazines, Junk Mail, and/or corrugated cardboard are wet except as a result of inclement weather.
- (2) Acceptance of the load would significantly disrupt the normal operations of the Facility.
- (3) More than 25% of a load's glass containers are broken.
- (4) More than 25% of aluminum cans are flattened or deformed.
- (5) More than 25% of plastic containers are flattened or deformed.
- (6) The condition of the load is such that a significant part (or the entire load) of the material would be unmarketable after processing or that by processing the material delivered in the load with the other accepted, processible material. Such other accepted processible material would be rendered unprocessable and/or unmarketable by coming in contact with the material in the load.

VEHICLE STANDARDS

- (1) The Authority reserves the right to restrict vehicle access to any and all Mid-Connecticut recycling facilities (including transfer stations).
- (2) All vehicles tipping at the facilities shall be automatic self-dumping vehicles and shall have a minimum capacity of twelve (12) cubic yards.
- (3) Refuse packer trucks may be used in the collection of containers only if the compaction mechanism for the vehicle has been disabled for maximum compaction (so as to minimize breakage). It is preferred that such a vehicle's use be dedicated for recyclable collection. The Authority and its agents will have the right to check vehicles to insure that the compaction mechanism has been disabled for maximum compaction when delivering recyclable containers.
- (4) Refuse packer trucks with operable compaction units may be used in the collection of newspapers, magazines and/or corrugated cardboard. It is preferred that the vehicle's use be dedicated for recyclable paper collection, and that the vehicle be free of any liquid or other residues (clean) inside the compartment.
- (5) Use of on-truck densifiers or other mechanical compaction to flatten containers is prohibited.

For further information, contact the Authority Field Manager at 860-757-7700, Monday – Friday, 8:30 a.m. 5:00 p.m.

TAB 12

BOARD RESOLUTION REGARDING PAYMENT OF DEFERRED LEGAL EXPENSES

RESOLVED: That the President of the Authority is hereby authorized to pay to Anderson Kill & Olick \$20,000 in satisfaction of a deferred billing of that amount for legal services provided in 2002.

FURTHER RESOLVED: That AKO be invited to provide additional evidence to this Board, in writing or in person, supporting the firm's additional claim for payment.

MEMO

To: CRRRA Board of Directors
cc: Tom Kirk, Jim Bolduc
From: Laurie Hunt
Re: Anderson Kill claim for recapture of deferred amounts

September 21, 2006

Following for your review is a letter from Attorney Paul Rachmuth of Anderson Kill & Olick to Jim Bolduc dated 3/25/05. Anderson Kill believes that CRRRA owes the firm \$163,182.73, based upon, in Attorney Rachmuth's words, an agreement between Andy Rahl of AKO and Ann Stravalle-Schmidt of CRRRA "that we [AKO] would give CRRRA a \$20,000 credit and freeze all of our attorney and paralegal rates at their 2002 levels. Further, they agreed that we would recover the discounts given once the litigation with Enron was concluded." Since receipt of the letter, Jim and I have had several discussions with Paul Rachmuth, Ann Stravalle-Schmidt, and the Attorney General's office. Anderson Kill continues to maintain that there was an agreement with Ann. Ann agrees that we owe \$20,000 – a deferral given on 2002 fees at her request – but her memory on the rest is unclear, and the AGO's recollection is limited.

This memo continues following Attorney Rachmuth's letter and the e-mail correspondence referenced therein.

ANDERSON KILL & OLICK, P.C.

Attorneys and Counsellors at Law

1251 AVENUE OF THE AMERICAS ■ NEW YORK, NY 10020

TELEPHONE: 212-278-1000 ■ FAX: 212-278-1733

www.andersonkill.com

Paul Rachmuth, Esq.
(212) 278-1845
prachmuth@andersonkill.com

By E-Mail and Overnight Delivery

March 25, 2005

James Bolduc, CFO
Connecticut Resources Recovery Authority
100 Constitution Plaza
Hartford, Connecticut 06103-1722

Re: Connecticut Resources Recovery Authority
Anderson Kill & Olick, P.C. Billing Arrangement

Dear Jim:

As we discussed previously, in the beginning of 2003 CRRA requested that we provide it with a credit and adjust our billing rates so CRRA could reduce its current costs of the Enron claim litigation. In response to these requests Andy Rahl of our office and Ann Stravalle-Schmidt of CRRA agreed that we would give CRRA a \$20,000 credit and freeze all of our attorney and paralegal rates at their 2002 levels. Further, they agreed that we would recover the discounts given once the litigation with Enron was concluded.

I have enclosed an email correspondence between Andy Rahl and Ann Stravalle-Schmidt outlining this agreement and have recently contacted Ann and confirmed that my understanding of the arrangement was accurate. Although not specified in the correspondence, it was understood that we would only seek to recover the discounts given if the matter was concluded successfully.

CRRA's involvement with Enron has concluded with CRRA receiving in excess of \$111 million from the sale of the claims it received as a result of its settlement with Enron. I believe it is agreed by all that this result is considered a success. Accordingly, based on the agreement, I believe AKO is entitled to receive from CRRA that portion of the fees which we had discounted.

Anderson Kill & Olick, P.C.

James Bolduc
March 25, 2005
Page 2

I have recalculated AKO's invoices and computed the total amount of discounts given by AKO to CRRA to be \$163,182.73. Enclosed are spreadsheets detailing these calculations.

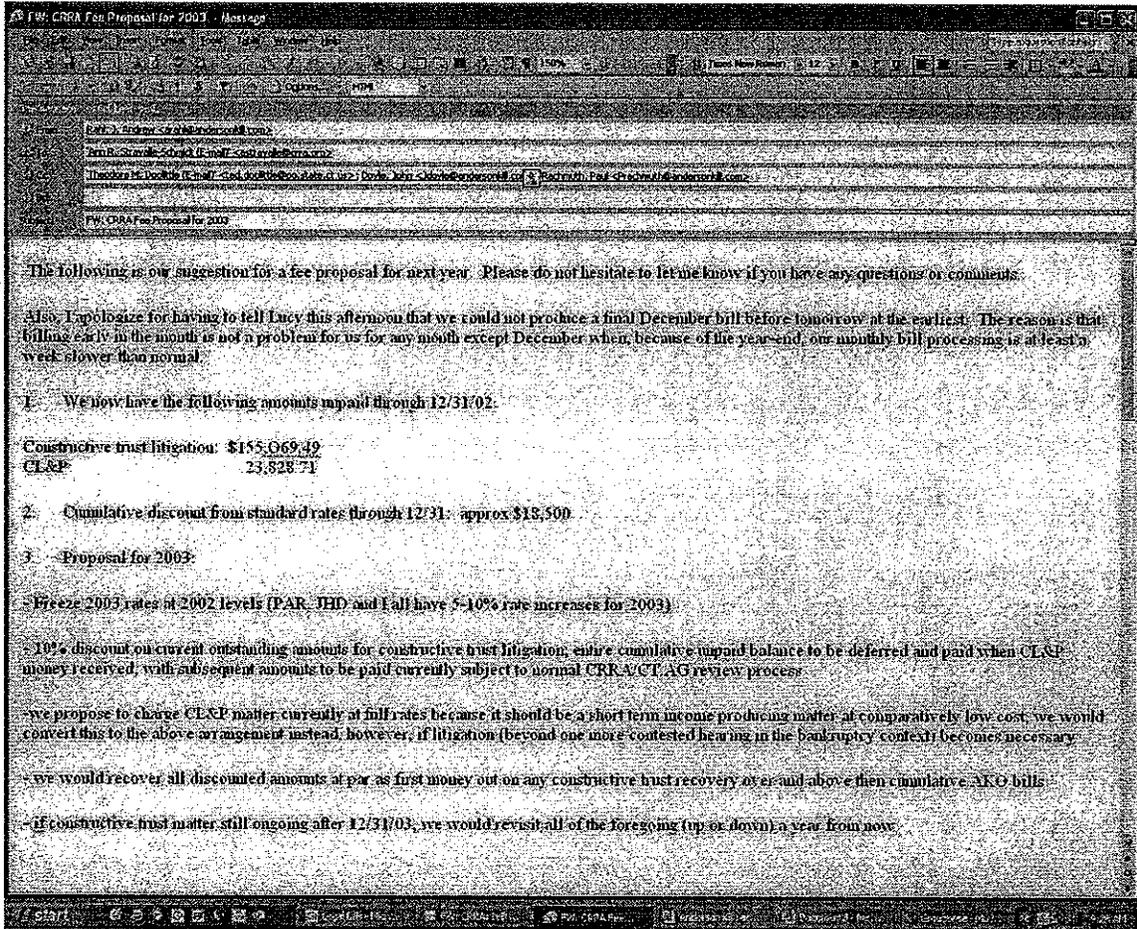
Please contact me at your earliest convenience to discuss this matter further.

Sincerely,

Paul Rachmuth

PAR/cn
Enclosures

cc: Rahl, J. Andrew



The following is our suggestion for a fee proposal for next year. Please do not hesitate to let me know if you have any questions or comments.

Also, I apologize for having to tell Lucy this afternoon that we could not produce a final December bill before tomorrow at the earliest. The reason is that billing early in the month is not a problem for us for any month except December when, because of the year-end, our monthly bill processing is at least a week slower than normal.

1. We now have the following amounts unpaid through 12/31/02:

Constructive trust litigation: \$155,069.49
CL&P: 23,828.71

2. Cumulative discount from standard rates through 12/31: approx \$18,500

3. Proposal for 2003:

- Freeze 2003 rates at 2002 levels (PAR, JHD and I all have 5-10% rate increases for 2003)

- 10% discount on current outstanding amounts for constructive trust litigation; entire cumulative unpaid balance to be deferred and paid when CL&P money received, with subsequent amounts to be paid currently subject to normal CRRA/CT.AG review process

-we propose to charge CL&P matter currently at full rates because it should be a short term income producing matter at comparatively low cost; we would convert this to the above arrangement instead, however, if litigation (beyond one more contested hearing in the bankruptcy context) becomes necessary

- we would recover all discounted amounts at par as first money out on any constructive trust recovery over and above then cumulative AKO bills

- if constructive trust matter still ongoing after 12/31/03, we would revisit all of the foregoing (up or down) a year from now

-----Original Message-----

From: Ann Stravalle-Schmidt [<mailto:astravalle@crra.org>]

Sent: Wednesday, January 08, 2003 2:39 PM

To: Arahl@andersonkill.com

Subject: RE: RE: CRRA/CL&P

ok with me.

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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>>> "Rahl, J. Andrew" <Arahl@andersonkill.com> 01/08/03 11:49AM >>>
Our email system has been down since yesterday morning, so I just now received your emails. We will be getting our December month end information tomorrow and I would like to get back to you then if that is soon enough.

-----Original Message-----

From: Ann Stravalle-Schmidt [<mailto:astravalle@crra.org>]
Sent: Wednesday, January 08, 2003 8:51 AM
To: Arahl@andersonkill.com
Subject: Fwd: RE: CRRRA/CL&P

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRRA
860-757-7788

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Memo Re: Anderson Kill claim for recapture, cont.

Search of Board and Committee transcripts and minutes, review of Ann Stravalle-Schmidt's files and e-mail, further correspondence and attached e-mails from Paul Rachmuth, and discussions with the Attorney General's office and Ann Stravalle-Schmidt, have yielded the following:

1. Anderson Kill's contract with the AG – dated July 2002. Establishes firm billing rates, does not provide for increases. Re: Andy Rahl's proffer in his 1/14/03 e-mail to Ann to keep AK's rates at their 2002 level – contract does not permit anything other than 2002 rates. Contract also contains usual language re: amendments only in writing, signed by both parties.
2. Board transcripts – board meeting 1/16/03 – resolution passed to meet w/AG to request contingency fee arrangement w/ Pepe and AK. Committee formed by Feb. board meeting to review legal fees.
3. E-mail from Ann Stravalle-Schmidt to Mike Pace, noting that "Will G., Andy R., Paul R. and I are working on some going forward structure" and that "Anderson has further agreed to cut an additional \$20,000 off their 2002 charges, repayment contingent on future recovery of monies."
4. Transcript of May 15, 2003 Board meeting

Ann: "They [AK] are willing to go back and renegotiate with us on a variety of different bases. We didn't do that. I don't know if you recall starting in November we talked about all of the – the billable rate. And the AG had suggested that we not go back and renegotiate until we determined whether it would be the appellate issue of moving forward with the constructive trust issue."

5. 7/18/03 AK memo to CRRA, apparently based on issues raised by our auditors. Items to be credited against outstanding bills include "Attorney rate adjustment (subject to recapture agreement)." This could be a reference to an existing rate recapture understanding with CRRA, or, based on other evidence (see below), may mean that AK, while charging 2002 rates to satisfy our auditors, was still reviewing their ability to increase their rates on our matters, and wanted to reserve their rights to increase rates and/or "recapture" the difference.
6. 11/13/03 AK invoice of \$160,000 gives CRRA a credit of \$12,511 for the issues noted above in the 7/18/03 memo, and a "deferment per agreement w/A. Rahl" of \$20,000.

7. 12/10/03 Memo from Ann to Nhan questions payment status of AK bills, and notes: "Further in June 2003, the board also approved an additional \$115,000 solely for the appeal (not the constructive trust nor CL&P). As of November the charges for the appeal are \$150,259.29, minus a \$12,511 credit and a \$20,000 deferral.... (The deferral will only need to be repaid upon a recovery in amount greater than AK's total legal expenses.)"
8. Amendment One dated 7/23/04 (signed by AK; our copy not signed by AG) to AG/AK Agreement adds sale of bankruptcy claim to AK's scope. No change in rates; cap on total fees set at \$1.3 million. Amendment specifically ratifies and confirms all other provisions of the original Agreement. Paul Doyle drafted amendment last summer ("as of" 7/23/04), amending scope of services (sale of claim) and increasing max. payment. Paul Doyle says that he had several conversations with Paul Rachmuth, who never mentioned anything about a recapture arrangement.
9. Letter from Paul Rachmuth to Paul Doyle dated 9/8/04 [after CRRA's successful sale of bankruptcy claim to Deutsche] – "we expect that the total billings going forward for all open matters will not exceed \$100,000."
10. 4/1/2005 e-mail from Ted Doolittle responding to my request for any documentation or recollections the AG's office might have:

Laurie:

Consistent with our earlier conversations, here is an excerpt from an e-mail I received from Joe Rubin, the Associate AG in charge of all contracts:

"As far as I can see, the only contract we have with Anderson Kill, which dates from 6/02, provides for fixed hourly rates as the only method of compensation. CRRA is not even a party to the contract between us and Anderson Kill, although it is the beneficiary. We have never, as far as I can see, agreed to any change in this arrangement, nor could we do so, except by contract amendment. The email exchange below doesn't look like any sort of agreement about a change to the contract, even if Ann Stravalle-Schmidt had the authority to agree to an amendment, which she did not. "

Laurie, this reflects our office's position at this point.

--Ted

10. 8/19/05 response from Will Gundling to my request regarding his recollection of this matter:

"I recall being informed by Ann that Anderson Kill was cooperating with the CRRA on its billing, but I do not remember any mention of a recapture agreement. At the time, CRRA was in a cash squeeze and the CRRA Board was very upset about the amount of money being paid out in attorneys fees, without any return. The email exchanges appear to have occurred about the same time we began discussing the possibility of replacing Pepe & Hazard's hourly rate contract with a contingent fee. Since the CRRA was paying, our office gave CRRA a significant amount of deference on billing matters. I don't recall being asked by the CRRA to do anything in regard to Anderson Kill's fees, and I was always under the impression that CRRA was satisfied with their work and did not have any problems with their billing.

While the actual contract between this office and Anderson Kill was not amended, Anderson Kill will certainly argue that they did not seek an amendment because they believed Ann had the authority to make this side deal on fees. Its unfortunate that Ann's recollection is uncertain."

Appended hereto are several excerpts from e-mail correspondence between CRRA and AK, forwarded by Paul Rachmuth to Jim Bolduc in support of his claim for "recapture." (These are exact copies of the items forwarded by Attorney Rachmuth. They are hard to follow, but we wanted the Board to have copies of all evidence supplied by Anderson Kill in support of its claim.)

This matter was presented and discussed at the September P&P Committee meeting. The Committee felt that the evidence indicates that payment of \$20,000 of AKO's 2003 billings was deferred at CRRA's request, and proposed to recommend to the Board that the Authority now pay that amount. The Committee did not believe that the evidence provided to date by AKO sufficiently supports payment of the rest of AKO's claim.

Email # 1

Yes (subject to possible adjustment later).

-----Original Message-----

From: Ann Stravalle-Schmidt [mailto:astravalle@crra.org]
Sent: Friday, June 20, 2003 10:56 AM
To: Prachmuth@andersonkill.com
Subject: Re: CRRA Fee Proposal for 2003

But we are agreed it is 495?

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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>>> "Rachmuth, Paul" <Prachmuth@andersonkill.com> 06/20/03 10:58AM >>>
Ann,

I have to check Andy's files to see if there are any other documents referencing the agreement. This email is what I remember.

PAR

-----Original Message-----

From: Rahl, J. Andrew
Sent: Tuesday, January 14, 2003 7:14 PM
To: Ann R. Stravalle-Schmidt (E-mail)
Cc: Theodore M. Doolittle (E-mail); Doyle, John; Rachmuth, Paul
Subject: FW: CRRA Fee Proposal for 2003

The following is our suggestion for a fee proposal for next year. Please do not hesitate to let me know if you have any questions or comments. Also, I apologize for having to tell Lucy this afternoon that we could not produce a final December bill before tomorrow at the earliest. The reason is that billing early in the month is not a problem for us for any month except December when, because of the year-end, our monthly bill processing is at least a week slower than normal.

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- if constructive trust matter still ongoing after 12/31/03, we would revisit all of the foregoing (up or down) a year from now

-----Original Message-----

From: Ann Stravalle-Schmidt [<mailto:astravalle@crra.org>]

Sent: Wednesday, January 08, 2003 2:39 PM

To: Arah1@andersonkill.com

Subject: RE: RE: CRRA/CL&P

ok with me.

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
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>>> "Rahl, J. Andrew" <Arah1@andersonkill.com> 01/08/03 11:49AM >>>
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-----Original Message-----

From: Ann Stravalle-Schmidt [mailto:astravalle@crra.org]

Sent: Wednesday, January 08, 2003 8:51 AM

To: Arah1@andersonkill.com

Subject: Fwd: RE: CRRA/CL&P

Ann R. Stravalle-Schmidt
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860-757-7788

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Email # 2

Paul

I need the docs to show the auditor the concessions you made, which I remember.

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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>>> "Rachmuth, Paul" <Prachmuth@andersonkill.com> 06/20/03 10:04AM >>>
Yes. I received a copy of the original contract which shows Andy Rahl's rate at \$495.

Ann, I believe we agreed that AKO would invoice his time at an annually adjusted rate, then give you a concession for the difference. That concession would be given back to AKO if/when we were successful in recovering on CRRA's Enron claim. Is this correct?

PAR

-----Original Message-----

From: Ann Stravalle-Schmidt [<mailto:astravalle@crra.org>]
Sent: Friday, June 20, 2003 9:42 AM
To: Lynn Martin
Cc: Prachmuth@andersonkill.com
Subject: Re: Fwd: FW: CRRA April and May activity bills

Lynn

Did you send the docs to Paul the rate? Paul, I remember we discussed Andy's rate and I think it was as Lynn says. Paul, we will need your accounting to get on board. Ann

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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>>> Lynn Martin 06/20/03 08:46AM >>>

Ann - I have begun this audit, but it seems pointless since the issue of the hourly rates has not been resolved. Andy Ralh is still charging \$580/hour when the contract says \$495 and others are at different rates that those in the agreement as well.

>>> Ann Stravalle-Schmidt 06/19/03 05:48PM >>>

Lynn
FYI please audit when ready. Thanks. Ann

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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Email # 3

Laurie Hunt

From: Lynn Martin
Sent: Friday, June 20, 2003 10:07 AM
To: Ann Stravalle-Schmidt
Subject: Fwd: CRRRA April and May activity bills

Okay, so they agree that the rate for Rahl s/b \$495 - what about all the other ones that are billed using the wrong rates?

Also, are they going to reissue invoices?

Laurie Hunt

From: Rachmuth, Paul [Prachmuth@andersonkill.com]
Sent: Friday, June 20, 2003 10:04 AM
To: 'Ann Stravalle-Schmidt'; Lynn Martin
Subject: CRRA April and May activity bills

Yes. I received a copy of the original contract which shows Andy Rahl's rate at \$495.

Ann, I believe we agreed that AKO would invoice his time at an annually adjusted rate, then give you a concession for the difference. That concession would be given back to AKO if/when we were successful in recovering on CRRA's Enron claim. Is this correct?

PAR

-----Original Message-----

From: Ann Stravalle-Schmidt [mailto:astravalle@crra.org]
Sent: Friday, June 20, 2003 9:42 AM
To: Lynn Martin
Cc: Prachmuth@andersonkill.com
Subject: Re: Fwd: FW: CRRA April and May activity bills

Lynn

Did you send the docs to Paul the rate? Paul, I remember we discussed Andy's rate and I think it was as Lynn says. Paul, we will need your accounting to get on board. Ann

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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>>> Lynn Martin 06/20/03 08:46AM >>>

Ann - I have begun this audit, but it seems pointless since the issue of the hourly rates has not been resolved. Andy Rahl is still charging \$580/hour when the contract says \$495 and others are at different rates than those in

9/9/2005

the agreement as well.

>>> Ann Stravalle-Schmidt 06/19/03 05:48PM >>>

Lynn

FYI please audit when ready. Thanks. Ann

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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Email # 4

OK

I will have our accounting dep't do that.

PAR

-----Original Message-----

From: Ann Stravalle-Schmidt [<mailto:astravalle@crra.org>]
Sent: Friday, July 11, 2003 4:04 PM
To: Prachmuth@andersonkill.com
Subject: RE: CRRA: Billing issues

no no don't reissue, just allow us to credit against those bills. Ann

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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>>> "Rachmuth, Paul" <Prachmuth@andersonkill.com> 07/11/03 03:57PM >>>
I can reissue the prior bills with the adjusted numbers. I just thought that would create more confusion, as those bills were already submitted.

Your choice.

PAR

-----Original Message-----

From: Ann Stravalle-Schmidt [<mailto:astravalle@crra.org>]
Sent: Friday, July 11, 2003 3:09 PM
To: Prachmuth@andersonkill.com
Cc: Nhan Vo-Le; Stephannie Rice
Subject: Re: CRRA: Billing issues

can we credit it back to the prior bills?

Ann R. Stravalle-Schmidt
Director of Legal Services
CRRA
860-757-7788

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>>> "Rachmuth, Paul" <Prachmuth@andersonkill.com> 07/10/03 05:04PM >>> \n
Ann,

Attached is a spreadsheet detailing the credits we discussed. As per the spreadsheet, we will be issuing the following credits:

\$7,880.00	Attorney rate adjustment (subject to recapture agreement).
\$1,239.25	Fees billed for uncovered activities.
\$1,858.30	Unreimbursable expenses.
<hr/>	
\$10,977.55	Total

I believe this clears up all of the issues raised by the auditors.

Sincerely,

PAR

<<690434_1.XLS>>

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TAB 13

**RESOLUTION REGARDING HUMAN RESOURCES
COMMITTEE RECOMMENDATION TO THE BOARD OF
DIRECTORS REGARDING ACTION TO TAKE IN
RESPONSE TO THE REPORT AND MANDATORY
MINIMUM PROCEDURES FOR COMPENSATION AND
BENEFIT MANAGEMENT AT CONNECTICUT'S QUASI-
PUBLIC AGENCIES**

RESOLVED: That the Board of Directors directs the CRRA Organizational Synergy & Human Resource Committee and management to adopt changes as appropriate for CRRA with respect to the Report and Mandatory Minimum Procedures for Compensation and Benefit Management at Connecticut's Quasi-Public Agencies.

**Connecticut Resources Recovery Authority
Action Taken to Comply With the Report and Mandatory
Minimum Procedures for Compensation and Benefit
Management at Connecticut's Quasi-Public Agencies**

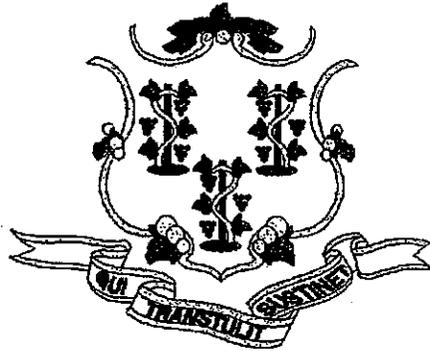
September 29, 2005

Executive Summary

CRRA management and the Organizational Synergy & Human Resources Committee reviewed the Report and Mandatory Minimum Procedures for Compensation and Benefit Management at Connecticut's Quasi-Public Agencies and identified three areas for CRRA to address to comply with the report. Those areas are: Compensatory Time for Senior Management, Availability of Documentation, and Compensation Committee Oversight of Annual Performance Reviews of Senior Management. The Human Resources Committee and CRRA management are prepared to take action and implement changes in the areas previously mentioned by: Changing the CRRA Compensatory Time policy by eliminating senior management's ability to accrue compensatory time, Publish the CRRA Compensation Plan in its entirety in the next edition of the Employee Handbook, Include in its annual report to the Governor actions and efforts to comply with the recommendations of the Review Panel's report, and provide the Human Resources Committee with a summary of the staff and senior management's performance on an annual basis.

Recommendation

In consultation with the President and Management, the Human Resources Committee recommends that the Board approve the administrative changes necessary to comply with the Report and Mandatory Minimum Procedures for Compensation and Benefit Management at Connecticut's Quasi-Public Agencies as they apply to CRRA.



**REPORT AND MANDATORY MINIMUM PROCEDURES FOR COMPENSATION AND
BENEFIT MANAGEMENT AT CONNECTICUT'S QUASI-PUBLIC AGENCIES**

A PROJECT OF THE QUASI-PUBLIC COMPENSATION REVIEW PANEL

ADOPTED FOR SUBMISSION TO

GOVERNOR M. JODI RELL

SEPTEMBER 2, 2005

QUASI-PUBLIC COMPENSATION REVIEW PANEL

The Quasi-Public Compensation Review Panel (the "Panel") was constituted at the direction of Governor M. Jodi Rell to ensure that the compensation and benefit management policies of the State of Connecticut's quasi-public agencies reflect the public nature of each agency's mission. Governor Rell convened the Panel after receiving a report from the Office of Policy and Management which detailed excesses and significant inconsistencies within the compensation and benefits policies of Connecticut's quasi-public agencies. Governor Rell explicitly charged the Chairpersons of each of the quasi-public agencies, together with members of her staff, to form the Panel and seek "uniformity, reasonableness and rationality" in the agencies' compensation and benefit policies.

The purpose of this report and the attached mandatory minimum procedures is to respond to Governor Rell's charge and to provide instruction, guidance and specific recommendations to the quasi-public agencies of the State of Connecticut identified in Section 1-120 of the Connecticut General Statutes (individually an "Agency" or collectively "Agencies"). Governor Rell's fervent belief that it is the obligation of the Agencies to responsibly manage their personnel policies and act as vigilant stewards of public resources directed the Panel in its work.

The Chairperson of each Agency was asked to participate on the Panel, or to designate a member of the Agency's Board of Directors to represent the Agency on the Panel. Members of the Panel who worked to complete this report and the attached mandatory minimum procedures were:

- Robert DeLisa, Designee of the Chairwoman of the Board of Connecticut Innovations, Incorporated;
- L. Scott Frantz, Chairman of the Board of the Connecticut Development Authority;
- Joseph Gianni, Member of the Board of the Capital City Economic Development Authority;
- Michael McKeeman, Chairman of the Board of the Connecticut Higher Education Student Loan Authority;
- Anne M. Noble, Chairwoman, Connecticut Lottery Corporation;
- Leslie O'Lear, Chairwoman of the Board of the Connecticut Housing Finance Authority;
- Michael Pace, Chairman of the Board of the Connecticut Resources Recovery Authority;
- Kevin J. Rasch, Legal Counsel, Office of Governor M. Jodi Rell;
- Barbara Rubin, Chairwoman of the Board of the Connecticut Health and Educational Facilities Authority; and
- Rachel Rubin, Ethics Counsel, Office of Governor M. Jodi Rell.

Audit by the Office of Policy and Management Ordered by Governor Rell.

On October 14, 2004, Governor M. Jodi Rell directed the State of Connecticut Office of Policy and Management ("OPM") to audit the Agencies' compensation, bonus, perquisites, compensatory-time and hiring/severance policies (the "OPM Audit"). On January 7, 2005, OPM presented Governor Rell with the results of its audit.

The OPM Audit found significant and unacceptable disparities in the salary, bonus, perquisite and compensatory-time policies of the Agencies. Among other things, the OPM Audit revealed that the base salary for chief executives of the Agencies ranged from \$102,000 to \$229,500. At the time of the OPM Audit, policies on the awarding of bonuses were widely varied. The OPM Audit showed that five Agencies had not awarded bonuses. Meanwhile, the range of bonuses at the three Agencies that did award bonuses was from approximately \$11,000 to \$28,000. Additionally, among the three Agencies that awarded bonuses, at least one Agency limited bonuses to senior management - while at the other two Agencies that awarded bonuses all employees were eligible for bonuses.

The OPM Audit also demonstrated that some Agencies participate in the State of Connecticut's employee health insurance coverage plan, and in the State's 457 and pension plans. However, other Agencies maintained private health insurance coverage and provided individually managed defined contribution retirement plans. The OPM Audit found that most of the Agencies do not match employee contributions to individually managed deferred compensation plans. Yet, two Agencies, which do not participate in the State of Connecticut's retirement and pension plan options, do in fact match employee contributions to their deferred compensation plans. At the same time, roughly half of the Agencies provide their employees with employer-paid life insurance and disability insurance benefits while those benefits were not offered to employees at the remainder of the Agencies or are not generally paid for by the State on behalf of employees of Executive Branch agencies within the State of Connecticut.

Objective of Compensation Review Panel and Direction by Governor Rell.

At the direction of Governor Rell, the Panel undertook a comprehensive review of the compensation and benefit practices employed by the Agencies to ensure that salaries and benefits reflect the public nature of the Agencies' activities. More importantly, the Panel sought, pursuant to Governor Rell's instructions, to establish uniformity, reasonableness and rationality in the Agencies' compensation and benefit packages. This report and the attached mandatory minimum procedures provide specific instruction on certain aspects of compensation and benefit management for the Agencies, and outline specific mandatory minimum procedures for adoption by the respective Boards of Directors of the Agencies. The Panel agrees with Governor Rell that accountability, consistency and sound human resource administration is fundamental to effective and strategic use of the Agencies' resources. In compiling and recommending this report and the attached mandatory minimum procedures, the Panel recognizes each Agency has a unique and legally distinct mission and that the Connecticut General Statutes vest the management of each Agency exclusively with its Board of Directors. The Panel also recognizes and appreciates the role collective bargaining agreements play in determining compensation and benefits policies of an Agency. As such, nothing herein should be construed to bestow benefits or impinge on the rights and obligations of the negotiating parties to a collective bargaining agreement.

It should be noted that the Panel intends for this report and attached mandatory minimum procedures to be the minimum acceptable standards of organizations for compensation and benefit policies adopted by the Agencies. The Panel endorses the mandatory minimum procedures within this report without reservation and encourages the Boards of Directors of the individual Agencies to adopt and implement the mandatory minimum procedures in a manner designed to enhance the integrity and transparency of the individual Agencies' compensation and benefit policies. Accordingly, the Panel unanimously and unequivocally recommends for adoption by the Boards of Directors of the respective Agencies the attached mandatory minimum procedures.

The Panel anticipates that the individual Boards of Directors of each Agency, as empowered by the applicable enabling statutes, shall immediately take the actions necessary to adopt, revise and conform the compensation and benefit management policies of their respective Agency to this report and the attached mandatory minimum procedures, in a manner consistent with applicable law.

Methodology of the Panel.

The Panel met on six separate occasions, for several hours at a time, over a three and one-half month period for the purposes of reviewing the OPM Audit and developing fair, consistent and logical compensation and benefits policies. During those meetings the Panel reviewed the OPM Audit and compared existing compensation and bonus policies of the Agencies. The Panel focused its attention on three general areas: 1) specific policies regarding certain perquisites; 2) minimum procedures for determining compensation and benefit policies; and 3) minimum procedures for incentive compensation policies.

Specific Policies Regarding Certain Perquisites.

In constructing this report and the attached mandatory minimum procedures, the Panel reviewed eight specific features of Agency compensation and benefit policies. Specifically, the Panel reviewed the policies and process for establishing:

Salaries;

Bonuses;

Deferred Compensation, Pension and Retirement Savings;

Perquisites (cell phones, automobiles and credit cards);

Life Insurance;

Disability Insurance;

Education Reimbursement; and

Compensation Time.

The Panel concludes that certain perquisites can be subject to abuse and are not easily monitored. The Panel believes that Agency resources dedicated to monitoring these perquisites and to

ensuring adequate checks and balances on these perquisites are better deployed for other purposes. Therefore, the Panel has determined that prohibitions on compensatory-time for senior management, the elimination of Agency owned or leased motor vehicles, and the ban on the issuance of Agency owned credit cards should be instituted by all of the Agencies. With regard to perquisites such as life insurance, disability insurance, education reimbursement and compensatory-time for non-management employees, there was consensus among the members of the Panel to develop consistent policies applicable to all Agencies.

The Panel believes the *Specific Policies Regarding Certain Perquisites* are consistent with many of the best practices adopted by corporate entities in the private sector. After thorough review and extensive discussion, the members of the Panel unanimously recommend to their respective Boards of Directors the *Specific Policies Regarding Certain Perquisites* set forth in Section I of this report.

Mandatory Minimum Procedures for Compensation Policies and Incentive Compensation.

The Panel has determined that the responsibility of the Boards of Directors to manage the compensation policies of Agencies is best exercised after a thorough and thoughtful discussion among the entire Board of Directors. In developing the *Mandatory Minimum Procedures for Determining Compensation Policies* and the *Mandatory Minimum Procedures for Incentive Compensation* set forth in Sections II and III of this report, the Panel found that mandating the specific outcomes or policies was not appropriate. Rather, the Panel feels that the establishment of compensation committees within the Boards of Directors, together with the institution of mandatory minimum procedures, is the preferred method for increasing involvement and oversight by the Board of Directors of the Agencies.

It was the goal of the Panel to include within the *Mandatory Minimum Procedures for Determining Compensation Policies* features that ensured reviews of executive performance, assured active participation by the Board of Directors, and encouraged the establishment and publication of performance standards for individuals and Agencies. The Panel feels that the implementation of these features is consistent with both the public nature of the Agencies' missions as well as the flexibility bestowed by the governing statutes to manage the Agencies in certain matters like private business entities.

The Panel recognizes the role that incentive compensation plans can play in motivating and managing Agency personnel. It is the Panel's belief that incentive compensation plans should be used to reward successful stewardship of Agency assets and encourage the delivery of high quality products and services while achieving the Agencies' statutorily defined mission. However, the Panel believes that incentive compensation plans should not be applied arbitrarily and must be implemented pursuant to objective, identifiable and measurable eligibility criteria.

The Panel also believes that incentive compensation plans must reward above standard or exceptional performance of both individuals and entire Agencies. It is the Panel's intention in developing the *Mandatory Minimum Procedures for Incentive Compensation* set out in Section III of this report to engage the Boards of Directors in the process of developing incentive compensation plans and instituting an active annual review by each Agency of the specific features of such plans.

SECTION I. SPECIFIC POLICIES REGARDING CERTAIN PERQUISITES.

A. Prohibition on Compensatory Time for Management.

Senior Management of Agencies shall not be eligible for compensation-time. Senior Management includes those individuals that report directly to the Board of Directors, as well as those employees identified by the Board who have significant policy and decision-making authority concerning matters of managerial significance ("Senior Management"). Employees with management responsibilities, other than Senior Management, shall not be eligible to accrue compensation-time unless the employee's position would be eligible for compensatory time under policies adopted for employees with a substantially similar position within the executive branch agencies of the State of Connecticut. The Board of Directors of each Agency shall adopt a formal compensatory time policy for the limited class of employees eligible to accumulate compensation time. The records of compensation-time awarded and used shall be reviewed annually by a compensation committee of the Board of Directors to prevent and detect instances of fraud and abuse.

B. Prohibition on Agency Owned or Leased Vehicles or Vehicle Allowances.

Assignment for home-to-office or personal use of Agency owned or leased vehicles shall not be permitted. Vehicle allowances shall not be permitted. Any exception to the vehicle or vehicle allowance rules shall be limited to those individuals who have direct public health, safety or security responsibilities that the Board of Directors determines warrant the assignment of an Agency owned or leased vehicle. Employees using their personal vehicles for Agency business may be reimbursed in accordance with applicable IRS guidelines and written Agency policies. The Board of Directors shall ensure implementation of appropriate procedures to manage and audit reimbursement policies to prevent and detect instances of fraud and abuse.

C. Limitations of Agency Owned or Leased Cellular Phones.

Agency owned or leased cell phones shall only be provided to Senior Management, unless business or operational circumstances dictate the need for Agency cell phones among sales personnel, field staff or other classifications of employees. The Agency shall permit reasonable personal use of Agency owned or leased cell phones. However, all costs and expenses related to personal, non-Agency related uses of Agency owned or leased cell phones shall be promptly reimbursed by the employee. The Board of Directors shall establish and secure implementation of appropriate measures to manage and audit reimbursement policies to prevent and detect instances of fraud and abuse.

D. Prohibition On Agency Owned Credit Cards Issued to Individuals.

Agencies shall not provide employees with Agency owned credit cards issued to individuals and in the name of such individuals. Permissible business expenses undertaken by an individual with personal funds shall be promptly reimbursed to the individual. The Board of Directors shall establish and implement procedures to manage and audit reimbursement policies. However, the Agencies shall be permitted to have Agency owned credit cards, gas cards, and purchase cards in the name of the Agency under the control of the Agencies' purchasing agents for the purpose of making permissible business expenditures for the Agencies. The use of such cards shall be regularly audited in accordance with Agency policy to prevent and detect instances of fraud and abuse.

E. Restrictions on the Provision of Life and Disability Insurance.

The provision of life and disability insurance benefits by an Agency shall approximate those benefits generally provided to employees of executive branch agencies of the State of Connecticut. Nothing in this report shall require that the Agency extend additional benefits to employees or reduce the benefits presently provided. If an Agency's present benefits are in excess of benefits generally provided to state employees, such benefits shall not be increased or enhanced in any way until employees of executive branch agencies of the State of Connecticut are generally afforded equal benefits. However, the Agency may continue to provide such benefits in instances where such benefits are offered in lieu of or in substitution of another benefit.

Agencies shall consult with the Commissioner of the Department of Administrative Services at least annually to determine the policies regarding life and disability insurance benefits generally provided to employees of executive branch agencies of the State of Connecticut. The provision of life and disability insurance benefits by the Agency shall be reviewed annually by the compensation committee of the Board of Directors, which shall report the findings of its review and recommendations to the full Board.

F. Restrictions on the Provision of Retirement Plan Contributions by Agencies.

Policies regarding retirement plan contributions by an Agency shall approximate those benefits generally provided to employees of executive branch agencies of the State of Connecticut. Nothing in this report shall require that the Agency extend additional benefits to employees or reduce the benefits presently provided. If an Agency's present benefits are in excess of benefits generally provided to state employees, such benefits shall not be increased or enhanced in any way until employees of executive branch agencies of the State of Connecticut are generally afforded equal benefits. However, the Agency may continue to provide such benefits in instances where such benefits are offered in lieu of or in substitution of another benefit.

Agencies shall consult with the Commissioner of the Department of Administrative Services annually to determine the policies regarding employer

contributions to retirement plans generally provided to employees of executive branch agencies of the State of Connecticut. The provision of retirement plan contributions by the Agency shall be reviewed annually by a compensation committee of the Board of Directors which shall report the findings of its review and recommendations to the full Board.

G. Restrictions on Agency Paid or Reimbursed Education.

Policies regarding employer paid or reimbursed education benefits by an Agency shall approximate those benefits generally provided to employees of executive branch agencies of the State of Connecticut. Nothing in this report shall require that the Agency extend additional benefits to employees or reduce the benefits presently provided. If an Agency's present benefits are in excess of benefits generally provided to state employees, such benefits shall not be increased or enhanced in any way until employees of executive branch agencies of the State of Connecticut are generally afforded equal benefits. However, the Agency may continue to provide such benefits in instances where such benefits are offered in lieu of or in substitution of another benefit.

Agencies shall consult with the Commissioner of the Department of Administrative Services at least annually to determine the policies regarding the payment or reimbursement of educational expenses generally provided to employees of executive branch agencies of the State of Connecticut. The provision of Agency paid or reimbursed education expenses shall be reviewed annually by a compensation committee of the Board of Directors, which shall report the findings of its review, together with its recommendations to the full Board.

H. Availability of Documentation.

All documents, policies and procedures of the Agency relating to compensation, benefit and incentive plans shall be made available to the public, except in those instances where an exemption from the Connecticut Freedom of Information Act would otherwise apply. Additionally, each Agency shall include in its required annual reports to the Governor and/or the General Assembly, a description of the actions and efforts made in the preceding year to adhere to the applicable policies guidelines and spirit of this report.

SECTION II. MANDATORY MINIMUM PROCEDURES FOR DETERMINING COMPENSATION POLICIES.

A. Creation of Compensation Committees.

The Board of Directors shall create and convene at least annually a Compensation Committee of the Board of Directors consisting of members of the Board whose charge it shall be to recommend, oversee and annually review the compensation and benefit policies of the Agency. In place of creating a new

committee of the full Board of Directors, the Board may designate an existing human resources or executive committee of the Board to serve as a Compensation Committee of the Board of Directors. However, no member of the Compensation Committee shall be an employee or paid consultant, contractor or vendor of the Agency. Compensation, benefit and incentive policies adopted by the Compensation Committee and the Board of Directors shall be directly related to both the results of the Agency's operations and attainment of identified goals within the Agency's strategic plan. The Compensation Committee and the full Board of Directors shall ensure that compensation and benefit policies work to encourage quality of results from the Agency's operations and reward successful stewardship and management of the Agency, without compromising the quality of products and services provided by the Agency.

B. Designation of Key Personnel as Senior Management.

The Compensation Committee shall determine specific positions within each Agency to be designated as "Senior Management." Senior Management shall include those individuals that report directly to the Board of Directors, as well as those employees identified by the Board who have significant policy and decision-making authority concerning matters of managerial significance.

C. Compensation Committee Annual Review of Executive Performance.

The Compensation Committee shall annually review the performance of the chief executive officer of the Agency, shall report its findings regarding such chief executive's performance and shall make recommendations to the full Board of Directors regarding such executive's compensation. After review of the findings of the Compensation Committee and its compensation recommendations, the Board of Directors shall set the compensation for the chief executive officer.

D. Compensation Committee Oversight of Annual Performance Reviews of Senior Management.

The Compensation Committee shall annually review the findings of the chief executive officer of the Agency as to the performance of other Senior Management and shall consider the recommendations of the chief executive officers of the Agency as to the compensation of other Senior Management. After a review of the findings and recommendations of the Compensation Committee, the Board of Directors shall approve the compensation of Senior Management.

E. Compensation Committee Oversight of Performance Appraisal and Compensation Policies.

The Compensation Committee shall annually review the performance evaluation and compensation policies applied to all Agency employees whose employment is not subject to a collective bargaining unit. The results of such review shall be reported annually to the full Board of Directors together with the recommendation of the Compensation Committee regarding the compensation

policies for employees of the Agency. The full Board of Directors shall review the report of the Compensation Committee and shall either adopt such policies or direct such changes to the policies as the Board of Directors deems necessary to ensure that accountability, consistency and sound human resource policies are in effect within the Agency. Senior Management, in conjunction with the Compensation Committee and the Board of Directors, shall establish at the beginning of each fiscal or calendar year, both individual and Agency strategic plan goals for the upcoming year. Such goals shall be reviewed in conjunction with performance evaluations and used in making decisions as to increases in compensation for the coming fiscal or calendar year.

F. Peer Group Analysis for Development Compensation Plans.

Wherever possible, the Compensation Committees and the Boards of Directors shall utilize peer group analysis to develop reasonable and rational compensation policies. Peer group analysis may be undertaken through the use of outside consultants. Peer group analysis shall include, at a minimum, a review of compensation and benefits generally granted to employees of executive branch agencies of the State of Connecticut, institutions of similar nature in the private sector and public and quasi-public agencies in other states with similar missions and responsibilities. Peer group analysis shall be a guide and tool for the Board of Directors and does not restrict the Board of Directors from acting independently to establish reasonable and rational compensation and benefit policies. Automatic pay increases shall be disfavored and avoided whenever possible and shall not be permissible features of an Agency's compensation and benefit policies, except as required by law or negotiated pursuant to a collective bargaining agreement. In conducting a peer group analysis or other review of Agency compensation and benefit policies, the Compensation Committee and the Board of Directors shall evaluate job titles and positions of Agency personnel to assure that all employees are properly classified and compensated at appropriate levels.

G. Board and Compensation Committee Consideration of Salary Adjustments.

The Board of Directors shall only approve annual salary adjustments upon the recommendation by the Compensation Committee and after reviewing and considering a report of Agency performance during the prior year and the results of relevant peer group analysis.

H. Publication of Performance Standards.

Compensation and benefit policies, together with individual and Agency performance standards and goals, shall be articulated in writing to all employees of each Agency.

SECTION III. MANDATORY MINIMUM PROCEDURES FOR INCENTIVE COMPENSATION PLANS.

A. Purpose of Incentive Compensation Plans.

The purpose of an incentive compensation plan adopted by the Compensation Committee and the full Board of Directors of an Agency shall be to reward successful stewardship of Agency assets and to encourage the provision of high quality products and services in achieving the Agencies' statutory defined mission.

B. Authority for Incentive Compensation Plans.

Statutory authority to adopt an incentive compensation plan shall provide a basis for the use of incentive compensation policies. In the absence of clear statutory authority, the Board of Directors, in conjunction with the Compensation Committee shall determine whether incentive compensation plans are permissible and appropriate components of compensation policies. Legal and formal peer group analysis shall be utilized in making such determinations.

C. Annual Review of Incentive Compensation by Compensation Committees.

Incentive compensation plans shall be annually reviewed by the Compensation Committee and shall be developed in accordance with the assistance of professionals skilled and experienced in human resources management. Such professionals may be from within the Agency or may be engaged for the purpose of providing reviews and recommendations regarding incentive compensation plans.

D. Mandatory Minimum Incentive Compensation Plan Features.

All incentive compensation plans adopted by an Agency shall at a minimum contain the following features:

1. When awarded, bonuses to an individual shall not exceed the amount equal to the rate of inflation for the year (expressed as a percentage) multiplied by 1.5 multiplied by the individual's base salary. The Agency may exceed the cap on bonuses if the Compensation Committee and the Board of Directors makes a written determination that circumstances exist that warrant exceeding the cap on the amount of bonuses to be awarded to an individual and further finds that paying an additional amount is in the best interests of the Agency.
2. Criteria for measuring attainment of both individual and Agency performance goals shall be objective, identifiable and measurable.

3. Awards under an incentive compensation plan shall be directly related to both overall Agency performance and attainment of individual objectives and measurable goals.
4. Each Agency shall only consider the use of incentive compensation plans that motivate employees to further improve the quality of their work, to conduct above standard performance and to encourage employees to remain with the organization.
5. Incentive compensation plans shall not award incentive payments when individual and Agency performance is only "adequate" or "acceptable".
6. Incentive compensation plans shall be adopted for all employees unless the Board of Directors, acting in conjunction with the Compensation Committee, determines that operational, labor or business circumstances suggest that a non-variable compensation scheme is more appropriate for a particular class of employees, including those employees operating under the terms of a collective bargaining agreement.
7. Incentive compensation plans shall be subject to annual review and approval by the Compensation Committee and the full Board of Directors.

Conclusion of Review Panel.

It is the Panel's intention in promulgating this report and the attached mandatory minimum procedures to increase accountability of management, establish consistency of policies between Agencies and ensure sound human resource administration, all of which is fundamental to effective and strategic use of the Agencies' resources.

The Panel believes that differences in enabling legislation, differing levels of involvement of Senior Management and Board of Directors, disparate models and the lack of regular and comprehensive review of compensation and benefits policies leads to wide disparities in the policies among the Agencies. The Panel believes that the Agencies will all benefit from applying a consistent approach to the establishment and implementation of compensation and benefit policies that can be tailored to their specific statutory charges and business needs of the Agencies. By enacting the reforms and mandatory minimum procedures set forth in this report, each Agency can ensure consistent, meaningful involvement by the Boards of Directors in establishing compensation and benefit policies that compliment the dual public/private role of the Agencies.

The Panel expects that the individual Boards of Directors of the Agencies shall continually evaluate, refine and enhance each Agency's compensation, benefit and incentive policies to

continually serve the statutorily mandated goals of the Agency as a hybrid public/private business entity. The Panel also recognized that some Agencies have already established procedures for determining compensation policies that were consistent in manner, but not necessarily in all, with the mandatory minimum procedures set forth in Sections II and III of this report. The Panel expects that those Agencies with established policies shall also continually evaluate, refine and enhance their procedures to conform to the spirit of this report.

Lastly, the Panel supports this report, and the mandatory minimum procedures within it, as a real, effective and efficient model to achieve uniformity, reasonableness and rationality in adjusting the Agencies' compensation and benefit policies, as directed by Governor Rell.

TAB 14

**RESOLUTION REGARDING HUMAN RESOURCES
COMMITTEE RECOMMENDATION to the BOARD of
DIRECTORS REGARDING CREATION OF THE
POSITION OF GOVERNMENT RELATIONS LIAISON**

RESOLVED: That the Board of Directors authorizes hiring a full-time Government Relations Liaison as approved by the CRRA Organizational Synergy & Human Resource Committee.

Connecticut Resources Recovery Authority Hiring Full-time Government Relations Liaison

September 29, 2005

Executive Summary

CRRA management researched adding a Government Relations Liaison position as a full-time employee in the model of the state agencies and the other quasi-public agencies. The compensation range for this position arose from looking at the salary ranges of state agency legislative positions and legislative liaison positions of the CDA, CHFA, and the CI quasi-public agencies. The responsibilities of this position are to act as a liaison between CRRA and the executive and legislative offices and appointed committees. This position will be charged with tracking and monitoring legislation that affects CRRA and its member towns. This position will also represent CRRA at legislative and committee hearings on solid waste disposal issues.

Recommendation

In consultation with the President and Management, the Human Resources Committee recommends that the Board approve the hiring of a full-time Government Relations Liaison.

DRAFT

Connecticut Resources Recovery Authority Government Relations Liaison

Reporting Relationship

Reports to the President

Responsibilities and Accountabilities

Responsible for educating the state's legislature on CRRA(the Authority) initiatives and concerns surrounding solid waste disposal. Responsibilities include: meeting with the Board of Directors, planning, directing, implementing and evaluating the Authority's legislative activities, conducting presentations to Authority Board and management, working with consultants and vendors on various Authority high-profile projects, interfacing on the Authority's behalf with governmental agencies and officials on Authority regulatory matters and performing research. Examples of duties are:

- Develops implements and maintains a government relations and legislative program for the Authority.
- Represents the Authority at hearings before the Executive branch, General Assembly, and administrative agencies and explains the Authority's positions on matters under discussion.
- Acts as a liaison between the Authority and the executive and legislative offices and committees.
- With a proactive approach, tracks and monitors legislation that affects the Authority and its member towns.
- Assists management in handling government affairs issues.
- Maintains database of key government contacts.
- Reviews, prepares and drafts presentations on Authority legislative initiatives.
- Coordinates all Board presentations on legislation affecting the Authority.
- Conduct meetings with elected officials and government staff and counter parts.
- Analyze legislative proposals to calculate impact.
- Provide feedback to legislative committees on solid waste disposal issues and initiatives.
- Build positive working relationships to represent the public interest to the executive and legislative branch offices and all concerned parties.
- Educate self on member town issues in conjunction with the state's legislature.
- Represent the Authority at legislative hearings and meetings.
- Makes recommendations as to plan of action for proposing bills to the legislature and any compromises necessary to serve the best possible result.
- Assist with miscellaneous duties to help the Authority achieve its corporate goals.

Knowledge, Skills and Experience

- BA in Political Science or related course of study and 3-7 years of experience dealing with legislation issues and or public policy analysis. Masters degree preferred.
- Excellent knowledge of the government of the State of Connecticut.

- Knowledge of history of legislative initiatives in the waste industry.
- Knowledge of the laws, rules and regulations of quasi-public agencies and of local and state government, especially regulatory agencies.
- Knowledge of the principles and practices of public and business administration as applied to a quasi-public agency.
- Good knowledge of the operations of the Connecticut Resources Recovery Authority.
- Thorough ability to plan, organize and administer the Authority's legislative initiatives.
- Excellent knowledge of the Connecticut General Statutes relating to the Authority.
- Ability to establish and maintain effective working relationships with Authority Board of Directors, management and staff, attorneys, governmental organizations, municipal officials, vendors, consultants, interest groups, contractors, financial institutions and the public.
- Excellent oral and written communication skills are a necessity.
- Experience working with elected officials.
- Ability to travel on business as required.
- Ability to work outside the normal workday.

Proposed Market Pricing Range 1

P25 \$85,000 P50 \$106,250 P75 \$132,812

Proposed Market Pricing Range 2

P25 \$78,978 P50 \$98,722 P75 \$123,403

FLSA Status- Exempt

Effective: