

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**THREE HUNDRED FIFTY-FIRST MEETING**

**NOVEMBER 21, 2002**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, November 21, 2002 at the 211 Murphy Road, Hartford. Those present were:

Chairman Michael A. Pace

Directors: Benson Cohn  
Theodore Martland  
Howard Rifkin (delegate for Director Nappier)(left at 11:00 a.m.)  
Stephen Cassano  
James Francis  
Mark Cooper  
John Mengacci (delegate for Director Ryan)  
Mark Lauretti  
Ray O'Brien  
R. Christopher Blake (arrived at 9:10 a.m.)  
Marc Ryan (left at 11:25 a.m.)  
Alex Knopp  
Catherine Boone (delegate for Director Nappier)  
Andrew Sullivan (present by phone)

Director Nappier did not attend.

Present from the CRRA staff:

Bettina Bronisz, Assistant Treasurer & Director of Finance  
John Clark, Operations Division Head  
Robert Constable, Senior Analyst  
Peter Egan, Director of Environmental Services  
Brian Flaherty, Communications Coordinator  
Thomas Gaffey, Recycling and Environmental Education Division Head  
Gary Gendron, Director of Administration  
Ronald Gingerich, Senior Analyst  
Lynn Martin, Insurance and Claims Manager  
Angelica Mattschi, Executive Assistant & Corporate Secretary  
Christopher Shepard, Environmental Engineer  
Diane Spence, Secretary  
Ann Stravalle-Schmidt, Director of Legal Services

Michael Tracey, Director of Civil & Construction Engineering

Others in attendance were: John Stafstrom of P&C; Theodore Doolittle and Maureen Regulo of the AGO; Joyce Tentor of HEJN; David Arruda of MDC; John Schuyler of SDN; A. Francis Robinson, Jr. of Sidley Austin Brown & Wood; Frank Marci of USA Hauling; Steve Diaz of Covanta; Jerry Tyminski of SCRRRA; Barry Zitser of P&Z; John Maulucci of BRRFOC; Marion Hubbard, Temp; Peter Hull of C&L; Paul Rachmuth of AK; John A. Alexander of Old Lyme and Tom Kirk.

Chairman Pace called the meeting to order at 9:00 a.m. and noted that a quorum was present as well as Director Sullivan's participation via telephone. Chairman Pace requested that everyone stand up for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

### **PUBLIC PORTION**

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

Mr. John Alexander from Old Lyme thanked Ms. Bronisz for the accounting she provided for the \$60 million that was designated for the Authority. Mr. Alexander said that he would like to question two entries on the accounting of the \$60 million. Mr. Alexander stated that the Authority paid AIG approximately \$27 million which was identified as an insurance premium. He asked whether it was indeed an insurance policy or an advance payment for the accomplishment of needed site remediation to be performed at some future time. Mr. Alexander continued to ask these several questions: 1) who had estimated the cost and whether there was a work statement for the remediation effort; 2) were competitive bids received for the remediation work; 3) when was the remediation scheduled to start and when was it scheduled to be completed; 4) when did AIG receive the payment; 5) was CRRA not capable of contracting for such remediation effort itself; and 6) was the investment income for \$27 million not lost to the taxpayers. Mr. Alexander stated that he had a basic repulsion to the idea of letting a company off that created the situation and asked why CL&P was not required to contract for the remediation.

Mr. Alexander asked how the full \$60 million was carried in CRRA's books in a Non-Project Ventures account while \$10 million was used in real estate payments retained by CL&P. Chairman Pace responded that his questions would be addressed during the meeting.

## **ADDITION TO THE AGENDA**

Chairman Pace requested a motion to add an item to the regular agenda. Director Ryan made a motion to add an executive session to discuss the hiring of the president and personnel matters to the agenda. Director O'Brien seconded the motion which was approved unanimously.

## **EXECUTIVE SESSION**

Chairman Pace requested a motion to convene an executive session to discuss the hiring of the president and personnel matters with appropriate staff. Director Ryan made the motion which was seconded by Director O'Brien. Chairman Pace requested that Ms. Schmidt and Mr. Larry Brown and Mr. Tom Kirk remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 9:09 a.m.

The Executive Session concluded at 9:40 a.m.

Chairman Pace reconvened the Board meeting at 9:41 a.m.

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

## **APPROVAL OF THE OCTOBER 17, 2002 REGULAR BOARD MINUTES**

Chairman Pace requested a motion to approve the minutes of the October 17, 2002 regular Board meeting. Director O'Brien made the motion which was seconded by Director Martland.

Director O'Brien said that on page 13 he believed that Ms. Schmidt replied that automatic arbitration was included in the Central Construction Industries, LLC contract. Ms. Schmidt replied that the contract would not include arbitration but that language could be added stating that mediation would be utilized prior to litigation. Director O'Brien noted that on page 14 under adjournment, he did not request a motion to adjourn due to a lack of a quorum. Director O'Brien stated that he had declared the meeting adjourned.

The motion previously made and seconded was approved unanimously.

## CHAIRMAN'S AND COMMITTEE REPORTS

### ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE

#### RESOLUTION WITH RESPECT TO HIRING CRRA PRESIDENT

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

**RESOLVED:** That this Board approves, pursuant to Conn. Gen. Stat. Sec. 221-261(d), the Chairman in appointing Thomas Kirk as president of CRRA with the annual salary of \$175,000 prescribed by the Chairman.

Director O'Brien seconded the motion.

Director Cassano stated that Mr. Kirk had a Bachelor of Engineering in Marine Engineering from the State University of New York, a Master of Science and Mechanical Engineering from Manhattan College and a Master of Business Administration from Nova University in Fort Lauderdale, Florida. Director Cassano continued that Mr. Kirk has been in the waste-to-energy business since approximately 1977, has served in a variety of positions with Exxon, Energy Transportation Corp., the State University of New York Maritime College, Westinghouse and Wheelabrator. He has most recently been with Wisvest and would bring a tremendous wealth of experience to CRRA.

Director Cassano said that Mr. Kirk was one of several candidates. The Board performed extensive interviews, he stated, and was particularly impressed by Mr. Kirk's ability to deal with staff, the public and the necessary agencies and boards. The Board of Directors felt that his leadership would be outstanding for CRRA, Director Cassano said, and that he was proud to put his name into motion to serve as president for \$175,000 annual salary.

Director Ryan stated that the process was very thorough and professional. Director Ryan said that he believed Mr. Kirk was clearly the best candidate. Mr. Kirk was environmentally responsible, he noted, and that the compensation offered him compared closely to his predecessor, and to other quasi-public's. Director Ryan said that he felt the compensation was appropriate when considering what Mr. Kirk was going to be responsible for in the following 18 to 24 months at CRRA. Director Ryan stated that he wholeheartedly supported the OS&HR Committee and the team's selection of Mr. Kirk.

Director Knopp first wanted to comment that Chairman Pace has performed a superb job as a de facto president of CRRA in addition to his role as Chairman. Director Knopp said he had intended to oppose the selection of Mr. Kirk as president because he felt that the role Mr. Kirk took during the Filthy-Five debate was unconstructive. Director Knopp said that, from his point of view as a legislator representing a municipality that hosted one of the Filthy-Five fossil fuel plants, the lobbying effort by Mr. Kirk failed to acknowledge the legitimate public interest and concern about environmental matters and public health that rose out of the controversy.

Director Knopp stated that the interview conducted with Mr. Kirk has changed his mind from opposing his nomination to abstaining from it. Mr. Kirk, during his interview, acknowledged that the approach he had taken during the Filthy-Five debate was perhaps not the most appropriate. Director Knopp noted that he was certainly going to look into his performance to see whether he was going to take a more broad-based public interest approach on environmental matters and issues of public health. Since Mr. Kirk's contract was for a limited period of time, Director Knopp added, it would give the Board an opportunity to evaluate his performance in terms of bringing a fundamentally different attitude and approach to a public agency than his representation of a private interest.

Director Blake commented that he believed Mr. Kirk had a proven record of environmental responsibility. Director Blake added that his salary was very reasonable, especially given that it was in a stripped down form and did not involve extras. Director Blake stated that he was in favor of the motion.

Chairman Pace commented that total commitment to environmental issues was going to be a directive and a policy statement from the Board through the administration of the President.

To the motion previously made and seconded was approved. Directors Knopp and Rifkin abstained from the vote.

Mr. Kirk said that he appreciated the confidence of the Board and that he hoped to be able to fulfill all of their expectations. Mr. Kirk added that he looked forward to the Board's assistance in the following 18 months.

#### **AUTHORIZATION TO HIRE A CHIEF FINANCIAL OFFICER**

Director Cassano made a motion to add the referenced item to the agenda. The motion was seconded by Director O'Brien and passed unanimously.

Director Cassano made the motion to authorize the Chairman or the President to enter into an agreement with the top ranked candidate for the Chief Financial Official position, subject to routine background checks and within a salary range consistent with the existing salary structure of CRRA.

Director O'Brien seconded the motion.

Director Cassano said that he would like to thank Mr. Larry Brown and Mr. Kirk for the tremendous work they had put in. Several candidates were interviewed and there were three finalists. Director Cassano stated that the Committee felt that the person to be hired would clearly be an outstanding addition to CRRA and hopefully would be able to begin by January 1, 2003. Chairman Pace requested that Director Mengacci assist in the routine background check. Director Mengacci accepted the Chairman's request.

Director Sullivan stated that he had taken part in the interviews and agreed that the number one candidate had all the skills necessary for the job, including his considerable experience working the DPUC in his prior career.

Chairman Pace said that he would like to thank Ms. Bronisz for temporarily filling the CFO position while performing her position as well as attending to bonding issues. It was a great credit to her and her staff, he said.

The motion previously made and seconded was approved unanimously.

## **FINANCE COMMITTEE**

### **PRESENTATION ON THE FISCAL YEAR 2002 AUDIT**

Ms. Bronisz introduced Mr. John Schuyler of Scillia Dowling and Natarelli, the auditor for the FY 2002 audit.

Mr. Schuyler said that he met with the Finance Committee, which acted as an audit committee for the Authority, and made all appropriate disclosures and communications required under generally accepted auditing standards. Mr. Schuyler noted that there were no negative items and no disclosures. Scillia Dowling and Natarelli audited the financial statements for the year ending June 30, 2002, he said, and under government auditing standards were able to issue an unqualified opinion on the financial statements as well as a letter which stated that there were no recordable conditions under internal control or items of noncompliance with laws and regulations that would affect the financial statements. Mr. Schuyler continued that his firm also discussed the changes for the financial statements for the State of Connecticut, as well as GASB 34, which was the new standard for government reporting. The main difference GASB 34 created for CRRRA, he said, was the addition of a Management Discussion and Analysis section to the basic financial statements.

A copy of the Government Auditing Standards, Amendment No. 3 was distributed to the Board for their review.

Director Cohn commented that the Finance Committee passed a motion to recommend to the full Board the adaptation of the GAO audit standards for on-going audits.

### **FISCAL YEAR 2003 CAPITAL IMPROVEMENT BUDGET**

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

**RESOLVED:** That the fiscal year 2003 Capital Improvement Budget be adopted substantially in the form as discussed in this meeting.

Director Martland seconded the motion.

Mr. Constable said that all of the major items for the FY03 Capital Budget along with the projections for the next four years were presented in the memo. He said that the approval sought from the Board would only be for the FY03 Capital Budget. Mr. Constable noted that if items exceeded the budget, it would have to be brought back to the Board for approval. Chairman Pace added that items over \$50,000 would be brought back to the Board.

Director O'Brien asked whether the budget was consistent with the most recent financial update and whether the funds were still available. Mr. Constable replied "yes" to both questions.

Director Boone asked whether the Keyspan payment was included in "legal contingency." Ms. Bronisz replied that it was not. Chairman Pace explained that CRRA had many on-going legal issues and he thought it prudent to include a dollar value in that line item for what could be CRRA's legal liabilities. Director Boone noted that the dollar amount was different from the budget. Chairman Pace responded that there was a reduction in the dollar value, a change which was discussed and approved by the Finance Committee.

Director Lauretti commented that he would hope that the Capital Budget would be reassessed and reevaluated from time to time, especially with a new President on board.

The motion previously made and seconded was approved unanimously.

### **AUTHORIZATION REGARDING THE PROPOSED FY'04 SOUTHEAST PROJECT OPERATING BUDGET**

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

**RESOLVED:** The Chairman, Vice Chairman or President is authorized to present the proposed fiscal year 2004 Southeast Project operating budget to the Southeastern Connecticut Regional Resources Recovery Authority, substantially in the form as discussed at this meeting.

WHEREAS, the Authority has 1989 Series A Bonds outstanding which bonds carry an interest rate of 7.7% and maturity date of November 15, 2011; and

WHEREAS, said Bonds can likely be refinanced at a substantially lower interest rate; and

WHEREAS, as part of such refinancing, the term of the Bonds can be made co-terminus with the Authority's 1998 Series A Bonds, the Operating Contract, and the Bridge and Management Agreement all of which mature and/or terminate on November 11, 2015; and

WHEREAS, it has been further determined that as part of such refinancing the principal payments of such Bonds may be deferred for the first three years.

**NOW THEREFORE BE IT RESOLVED:** That the project be allowed to refinance the 1989 Series A Bonds for a lower interest rate, structured with a call date of November 15, 2011, a term of November 11, 2015, and principal payments deferred for the first three years.

Director Sullivan seconded the motion.

Ms. Bronisz noted that there were two resolutions regarding the referenced item. One was for the approval of the budget as presented and the other was for the approval of a bond refinancing that was being contemplated at the Southeast project.

Mr. Constable said that the FY04 operating budget was prepared with the plant operator for the Southeast project along with the Southeastern Connecticut Resources Recovery Authority, SCRRA. From there, Mr. Constable continued, SCRRA would put in their administration and other budgets and establish a tip fee. The FY04 budget included the CRRA budget, which was the operating budget for the service fee to operate the facility, he said. Mr. Constable said that the budget had proposed a tip fee of \$62 per ton for FY04. SCRRA was looking to reduce the tip fee, he continued, which assumed a refinance of the existing bonds as approved by the Board. In addition, Mr. Constable noted that the SCRRA Board was looking to reduce the post closure reserve by \$400,000 to further reduce the tip fee to \$60 per ton.

Director Lauretti asked what the existing tip fee was. Mr. Constable replied that it was \$57 per ton. Director Lauretti asked whether the Southeast project's contract CL&P for 13.8 cents per kilowatt was driven by market conditions. Mr. Constable responded that they had a contract with CL&P and the rates were set every year per their agreement.

Mr. Constable explained that the project had \$2.2 million in landfill post closure reserves. If they chose not to draw upon the post closure reserve, the projection was that it would be over funded by \$2.4 million in 30 years. The SCRRA was looking to draw down \$400,000 to help stabilize the tip fee in the following year, he said. Director Lauretti asked how the \$400,000 would be replaced if it had to be replaced at all. Mr. Constable responded that the existing projections showed that the funds did not need to be replaced because there would still be a surplus of \$1 million in the post closure reserve in 30 years. Director Lauretti noted that he did not believe in 30-year projections.

Director Sullivan asked whether the refinancing had been passed by CRRA's bond counsel. Ms. Bronisz replied that bond counsel has been involved and agreed with the refunding.

Ms. Bronisz explained that the outstanding bonds would be refinanced to 2015, four years after the existing term. The refunding bonds would be taxable and would have the principal deferred for the first three years. Ms. Bronisz stated that this carve-out effect of the debt service would enable the SCRRA project to realize savings in the first three years. The



principal amount to be refinanced was \$2.6 million, she said.

Director Boone asked that consideration be given to having the bonds be callable. Director Boone said that the Authority has used its reserves many times in the past and as the projects were coming to an end, there should be some long-view thinking regarding the use of reserves. Calling bonds early or paying them off from the surplus rather than reducing tipping fees should also be viewed as an option, she said.

The motion previously made and seconded was approved unanimously.

### **REVENUE AND EXPENDITURE REPORTS FOR THE MONTHS OF JULY AND AUGUST FY 2002**

Ms. Bronisz distributed additional documents on the Mid-Connecticut project, which continued to operate at a deficit, she said. Ms. Bronisz said that the Authority has been required to transfer monies from surplus funds to cover operations because the monthly capacity payments of \$2.2 million and the monthly \$175,000 Operations & Maintenance payments were not being received. Ms. Bronisz pointed out that the draws required to cover the Mid-Connecticut project operations were higher than \$2.2 million. The reason was that the electricity payments from CL&P had not been received by CRRA since July 1, 2002. In addition to the \$2.2 million and \$175,000 per month, CRRA also did not receive approximately \$1.1 million per month in electricity, thereby exacerbating the cash flow situation.

Ms. Bronisz said that there were four buckets identified as surplus funds that the Authority could make monthly transfers from. Bucket #1 was the energy operating account. She said that bucket #1 started out with \$15 million and has a requirement to maintain a minimum of \$1.5 million. Bucket #1 for all intents and purposes was empty, she stated.

Ms. Bronisz continued that bucket #2 was the excess amounts in the Mid-Connecticut operating & maintenance and Renewal Replacement funds. The two funds together had a minimum requirement of \$3 million and the Authority had approximately \$3.5 million in excess in these two funds. As such, Ms. Bronisz continued, under the Indenture the Authority may request to transfers those excess funds into the Revenue fund. The trustee had provided a certificate for the Chairman to sign. Ms. Bronisz said that bond counsel was examining the request and, at the existing moment, bucket #2 was unavailable.

Ms. Bronisz stated that bucket #3 was the excess amounts in various operational funds and had \$7 million available to offset operating expenses. Ms. Bronisz said that she was going to be withdrawing the \$7 million in the following months.

Ms. Bronisz said that bucket #4 was the EGF operations fund and had \$20 million from excess monies that came from the CL&P and Enron transaction. Staff had previously identified that \$15 million out of the \$20 million would be available as one of the buckets to help offset the

operational deficit. Ms. Bronisz noted that, based on internal models and funding requirements for the fund, the estimate of available funds had to be revised from \$15 million to zero.

Director Laretti asked how long the reserves would last and whether the Authority had a plan. Chairman Pace commented that staff, along with the Steering and Finance Committees, were working on CRRA's obligation to restructure and refinance the company. Director Sullivan noted that steps were already in motion toward the solution. Director O'Brien noted that some progress had been made.

**POLICY & PROCUREMENT COMMITTEE**  
**LEGAL SERVICES AGREEMENT**

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

**RESOLVED:** That the Chairman of the Authority, is hereby authorized and directed to execute, deliver, and perform on behalf of this Authority, Legal Services Agreements as were substantially set forth in the RFQ for a period of three years, with the law firms listed below if these firms meet the fee structures requested by CRRA. Except for the General Counsel position, all other counsel positions will be “on call”.

GENERAL COUNSEL  
Brown Rudnick Berlack Israels

ENVIRONMENTAL  
Brown Rudnick Berlack Israels  
Cohn, Birnbaum & Shea  
Pepe & Hazard  
Robinson & Cole

REAL ESTATE  
Cohn Birnbaum & Shea  
Cummings and Lockwood  
Halloran & Sage  
Secor, Cassidy & McPartland  
Pellegrino Law Firm

ENERGY/DPUC  
Halloran & Sage  
Perakos & Zitser

## CONSTRUCTION

Cummings & Lockwood  
Robinson & Cole  
Pellegrino Law Firm

## LITIGATION

Cicchetti & Tansley  
Cohn, Birnbaum & Shea  
Cummings & Lockwood  
Secor, Cassidy & McPartland  
Perakos & Zitser

## EMPLOYMENT

Kainen, Escalera & McHale (primary)  
Cummings & Lockwood  
Robinson & Cole

## BANKRUPTCY

Cohn Birnbaum & Shea  
Cummings & Lockwood  
Robinson & Cole

Director O'Brien seconded the motion.

Director Cohn said that the Committee issued a consolidated RFP for legal services, including general counsel. There were 8 categories for selecting general counsel as well as to create an on-call list for three years on all other categories. Director Cohn stated that there were 18 total applications and 12 firms were interviewed. One firm impressed the Committee on the on-call list, Director Cohn stated, and would be used as a primary. Director Cohn stated that the Committee was aiming for the standard rates used by the Attorney General for outside counsel.

Director Rifkin commended the Committee, Ms. Schmidt and Mr. Doyle for their work at a very complex and sometimes contentious set of discussions involving legal services.

Director Knopp asked whether the list was not an exclusive list of firms that would be providing legal services to CRRA. Director Cohn responded that the existing attorneys were permitted to finish up assignments. Chairman Pace added that if a new need for an attorney should arise, it would be drawn upon from the list. Director Knopp requested that a list of attorneys who provided services and were not listed on the resolution exclusive of the Attorney General's office and bond attorneys be prepared for the Board.

Director Knopp asked what is meant by the term "new cases." Director Rifkin responded that any legal issue, such as a real estate matter, that would necessitate outside counsel in the judgment of general counsel would be generated from the list going forward.

Director Cassano asked whether all the firms who perform the duties needed were invited to respond. Director Cohn replied that the RFP went to a very broad list and some chose not to respond. A couple of firms were not invited, he continued, because they were bond counsel firms for CRRA and presented a conflict.

Ms. Schmidt added that it was advertised in the Connecticut Law Tribune for two issues and in the Hartford Courant.

The motion previously made seconded was approved unanimously.

### **AUTHORIZATION REGARDING PROCUREMENT POLICIES & PROCEDURES, CELL PHONE USAGE POLICY AND VEHICLE USAGE POLICY**

Three documents regarding the Procurement Policies & Procedures, cell phone usage policy and vehicle usage policy were distributed to the Board. Director Cohn noted that the three policies in draft form were distributed to the Board in the September meeting but that there was a notice requirement that had to be met before they could be formally accepted. Director Cohn said that the new procurement policy was aimed at the concept that all procurements would be done by a competitive process unless there were explicit reasons to do otherwise in accordance with procedures that were in the document.

Director Cohn said there had previously been no cell phone usage policy and no vehicle usage policy. The fleet had been greatly reduced and no one arbitrarily received a vehicle unless they demonstrated a need by way of their job. The cell phone usage policy worked much in the same matter, he said.

Director Cohn made a motion to accept the Procurement Policies & Procedures, cell phone usage policy and vehicle usage policy. Director O'Brien seconded the motion.

Director O'Brien commented that the principles in the procurement policies were used in the existing RFPs as well as the draft RFP for the auditors even though it was awaiting comment and approval by the full Board.

The motion previously made and seconded was approved unanimously.

Director O'Brien requested that the policies be fully disseminated to the staff. Chairman Pace responded that it would be made available to the Internet.

### **STEERING COMMITTEE**

A draft of the report to the legislator was distributed to the Board. Chairman Pace asked that the comments regarding the report be sent to the appropriate committee as soon as possible. A final draft would be brought to the Board in the December meeting, he said.

Mr. Flaherty said that the real basis of the report was the financial restructuring plan, which had not yet been adopted by the Board and was missing from the draft. Mr. Flaherty asked that the Directors think about what should be placed in the appendices, such as committee minutes and adopted policies.

Chairman Pace asked Director O'Brien to give a report of the meeting he attended with the Program Review and Investigation Committee. Director O'Brien noted that Director Francis attended meeting as well and that the meeting was basically to go over the McKee report. Director O'Brien said that the one key question the committee had for the Board was the future structure of CRRA, whether it should be a public, quasi-public or private organization. The McKee report thoroughly examined advantages and disadvantages of each, he stated, and that the committee had asked for the Authority's input. Director O'Brien stated that, rather than prejudice it, he expressed to the committee that the Board could do the job. Director O'Brien commented that he was pleased to be a part of the CRRA Board and believed that they could get the job done. Director Francis emphasized and agreed with Director O'Brien's report that the committee wanted specific recommendations from the Board as to the structure of the agency. Chairman Pace requested that Directors O'Brien, Martland and Francis formulate a response to the committee.

## **PROJECT REPORTS**

### **MID-CONNECTICUT**

#### **AUTHORIZATION REGARDING WASTE EXPORT HAULING AND DISPOSAL AGREEMENTS**

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

**RESOLVED:** The Chairman, Vice Chairman, or President is authorized to enter into an agreement with Riccelli Enterprise, USA Hauling and Recycling, EAC Operations, CWPM, LLC, Waste Management of Massachusetts and GEM Enterprises substantially in accordance with the terms and conditions presented and discussed at this meeting.

Director Cooper seconded the motion.

Mr. Clark said that the item went out to bid and that staff was recommending Riccelli Enterprises, USA Hauling & Recycling, EAC Operations, CWPM, LLC, Waste Management and GEM Enterprises.

Director Cohn asked whether the firms would be called upon in order of their bids. Mr. Clark replied that staff started with the firm that offered the lowest cost.

The motion previously made and seconded was approved unanimously.

## **AUTHORIZATION REGARDING SPOT WASTE DELIVERY AGREEMENTS**

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

**RESOLVED:** That the Chairman, Vice Chairman, or President is authorized to enter into an agreement with USA Hauling and Recycling and CWPM, LLC substantially in accordance with the terms and conditions presented and discussed at this meeting.

Director Sullivan seconded the motion.

Mr. Clark said that the agreement was to bring spot waste into the system and that USA Hauling and Recycling and CWPM had agreed to perform that service.

The motion previously made and seconded was approved unanimously.

## **AUTHORIZATION REGARDING THE MCAPS CONTROL SYSTEM IMPROVEMENTS AGREEMENT**

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

**RESOLVED:** The Chairman, Vice Chairman, or President is authorized to enter into an agreement with TVC Systems substantially in accordance with the terms and conditions discussed in this meeting.

Director O'Brien seconded the motion.

Mr. Clark said that there were certain outstanding issues with the air processing control system that CRRA was responsible for resolving as a result of the settlement agreement with Keyspan. Mr. Clark stated that Mr. Fancher did extensive negotiations with the price. A final cost came in at \$49,860 he said. Mr. Clark noted that there were sufficient funds in the annual operating budget for the Mid-Connecticut air processing system and that there was a completion date of 150 days.

The motion previously made and seconded was approved unanimously.

## **CONTRACT TO OPERATE THE GROUNDWATER FLOW CONTROL SYSTEM AT THE HARTFORD LANDFILL**

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

**RESOLVED:** That the President, Chairman or Vice Chairman is authorized to enter into a contract with HRP Associates, Inc. to operate the Groundwater Flow Control System at the Hartford Landfill, substantially as presented at this meeting.

Director Cassano seconded the motion.

Mr. Egan said that the referenced item was associated with contracting with an environmental service company to operate the groundwater flow control system at the Hartford landfill. Mr. Egan stated that the scope of work included seven tasks, but that two tasks were removed due to the wide variety of proposals received from the firms. It was decided that the tasks would be further evaluated and awarded separately on an as needed basis. The candidates were evaluated on the remaining five tasks, he said.

Mr. Egan commented that the candidate recommended, HRP Associates, was not the lowest bidder. However, Mr. Egan explained, the ranking system was not based solely on price and HRP's technological and professional capabilities significantly outweighed the low bidder.

Director O'Brien asked whether HRP's price of \$40,600 for the first year would be prorated for the final seven months. Mr. Egan replied that the price would be prorated for the final six months. Mr. Egan noted that HRP's three-year price was \$121,000. Director O'Brien asked whether the pump redevelopment and clean out could be in addition to that number. Mr. Egan replied that it would be in addition.

The motion previously made and seconded was approved unanimously.

## **DISCUSSION PERTAINING TO THE SITE REMEDIATION AT SOUTH MEADOWS**

Mr. Tracey gave the Board some background information on the referenced item. The property was on a 90-acre site west of the Connecticut River. The site was originally occupied by CL&P, Mr. Tracey said, who constructed a power generating station in the 1920's. That remained operational until 1975, then went dormant for 10 years. In 1986, the boilers in the power plant were modified to accommodate fuel from CRRA's waste processing facility and the delivery of fuel to the power plant, he continued. Ancillary to that, the plant also ran a mercury boiler from approximately 1942 and removed approximately in 1963, he said.

Mr. Tracey said that the environmental investigation was a comprehensive investigation which was conducted to evaluate the property for evidence of subsurface soil or water contamination. CRRA took approximately 1,500 laboratory analyses that consisted of geo-probe

test borings, micro wells, groundwater samples and sediment samples. The findings were that the majority of the site had been filled with coal ash from the power plant facility. Mr. Tracey said that the exceedances in that fill were predominantly arsenic related. Other aspects of the site that experienced other contamination problems such as petroleum hydrocarbons were identified in the tank-farmed area. Mr. Tracey explained that there was a significant jet fuel spill in 1995, which spilled approximately 50,000 gallons of jet fuel. Based on that, there was an estimate of 175,000 cubic yards of petroleum contaminated soil that had to be removed. There were isolated areas of PCBs, he added, as well as isolated areas of lead contamination.

Another significant finding, Mr. Tracey said, was that the mercury boiler building needed to be demolished due to the level of mercury contamination. Mr. Tracey stated that after the investigation it was determined that the building could no longer be cleaned or used for any type of commercial or industrial business. The consultant who performed the investigation for CRRA also prepared a worst-case cost estimate, he said. This cost estimate was approximately \$70 million and did not take into account any of the DEP approval mechanisms which would allow different types of environmental controls to be put in place which could allow that price to be lower, Mr. Tracey said. Mr. Tracey continued that the company that CRRA signed an agreement with to perform the remediation estimated a cost of \$17 million, and their estimate included the possibility of DEP giving permission to use specific engineered controls in certain areas in order to manage the contaminated waste which was on site.

Mr. Tracey stated that the site was considered to be an establishment under the Transfer Act. The Transfer Act was the Connecticut General Statute that governed the transaction of an establishment which had any contaminated property. An establishment was any site that had generated more than 100 kilograms of hazardous waste since November of 1980. Mr. Tracey explained that, as there was existing contamination, upon the transfer of the property a party was required to file a Form III with the Connecticut DEP. Form III was a written certification by a certifying party that there had been a release of hazardous substances and that the party would investigate and remediate the property in accordance with Connecticut DEP Remediation Standards Regulations, otherwise known as RSRs. Mr. Tracey noted that the real estate price and the cost to CRRA for the property was \$10 million and CRRA was obligated to remediate the site.

Mr. Tracey said that the basic purpose of the agreement with TRC was to transfer the risk for all remediation from CRRA to TRC. Under the agreement TRC was obligated to be the certified party under the Transfer Act. Mr. Tracey explained that the contract was funded and secured by a policy with AIG. At the closing date of the property purchase in March 2001, CRRA paid \$26,748,922 directly to the insurance company. TRC acted as a subcontractor to the insurance company, and the insurance company dispersed monies to TRC for services performed. Mr. Tracey said that the contract price which CRRA paid included the cost of insurance premiums and TRC's obligations under the agreement.

Mr. Tracey's PowerPoint presentation gave a breakdown of the contract price. The cost of the site investigation and associated activities was approximately \$2.5 million. The site remediation was approximately \$16 million. The long-term operation and maintenance and



monitoring was approximately \$1.3 million. The project development and administration was approximately \$422,000 and the insurance premiums and associative fees was \$6.3 million. Mr. Tracey stated that the contract total was \$26,748,922.

Mr. Tracey said that there was a single paid premium and it was paid at the inception of the policy. Mr. Tracey explained that there were three groups of coverage. The first group was the insurance coverage cleanup of pre-existing pollution on, under or emanating from the site. There was a \$60 million policy for a term of 30 years. Mr. Tracey said that there was also a cost cap insurance policy. Mr. Tracey stated that the second group of coverage was for bodily injury and property damage resulting from third party claims. The coverage was for \$50 million for a term of 30 years. The last group of coverage, Mr. Tracey continued, was for environmental liabilities at off-site disposal facilities receiving remediation wastes from the site, and it was a \$50 million policy for a term of 30 years.

Director O'Brien asked what leverage CRRA had in making sure that the policy with TRC for a thirty-year term was signed off by DEP as remediated to their standards within the 30-year period. Mr. Tracey responded that the contract specifically stated that their obligations were to meet the requirements of the Transfer Act. The requirements of the Transfer Act were all monitored by the DEP.

Director O'Brien asked whether there was an obligation to gain DEP signoff that CRRA had remediated the site to their standards within the 30-year time period. Mr. Egan replied "yes."

Director O'Brien asked whether CRRA was still operating the site with fuel. Mr. Egan said yes. Director O'Brien asked whether steps had been taken so that CRRA did not add to the pollution as well as clearly identifying what was already there. Mr. Egan replied that the steps had been taken. Mr. Egan said that CRRA also had separate insurance under the insurance policy and general pollution liability for any release that would occur after the contract was signed. The pre-existing conditions had all been established. Mr. Egan explained that if additional problems were found that could be attributed to pre-existing conditions, TRC would be liable for those pre-existing conditions. However, if a spill occurred at the site in the present day two different insurance policies would cover it. It would not be a part of the remediation project.

Director Cassano asked what the timetable was for the cleanup. Mr. Tracey responded that a lot of it was very much dependent on the DEP approval process which would be a multiple effort for the different parts of the property. The range would be between six to ten years, he said.

## **LEGAL**

### **LITIGATION UPDATE FROM THE ATTORNEY GENERAL'S OFFICE**

Mr. Doolittle said that the bankruptcy proceeding where CRRA was directly pursuing a recovery of the money loaned to Enron was in the bankruptcy court in New York City. There was a motion to dismiss the complaint filed, he said, and the Attorney General's office was at an advanced stage of drafting a response to the motion to dismiss. Mr. Doolittle said that they were optimistic that they were on a good track in the bankruptcy court. In terms of scheduling, the motion to dismiss was due to be heard and argued on December 12th. There was a possibility that the judge could rule from the bench, he said.

Mr. Doolittle stated that CL&P had filed papers in the bankruptcy court which asked the judge to approve monies being sent to CRRA, which they had been withholding. That issue was set to be heard on December 12th, he informed.

Mr. Doolittle continued that on October 29th, the Attorney General's office served an additional complaint called the "global complaint," a term used to distinguish it from the law firms' complaint. Mr. Doolittle said that the "global complaint" was against entities which did not have anything necessarily to do with the CRRA/Enron loan, but rather were assisting Enron in presenting a false financial front to the world. Mr. Doolittle cited that the defendants named were former Enron executives and members of Enron's Board of Directors, Arthur Andersen and various Arthur Andersen partners, two of Enron's previous law firms, Kirkland and Ellis from Chicago and Elkins from Texas and various investment banks that assisted Enron. The investment banks named were Citi Group, JP Morgan, Chase, Merrill Lynch and Barkus Capital. Mr. Doolittle added that the three major credit rating agencies that continued to describe Enron's financial condition as favorable while it was truly deteriorating were also named.

Mr. Doolittle gave an update on the law firms' litigation and said that the first status conference was set to take place on December 2<sup>nd</sup>. The case was before Judge Robert McQueenie on the complex litigation docket in Waterbury. The complex litigation docket, Mr. Doolittle explained, meant that the same judge would be involved from the start to the finish.

## **GENERAL**

### **ANNUAL PLAN OF OPERATIONS**

Mr. Clark said that in following up on some requirements that CRRA was obligated to perform, there were disagreements about what was required in an annual plan of operations with the DEP. Mr. Clark said that he and Mr. Egan met with Mr. David Nash and Mr. Richard Barlow at the DEP and had a very good meeting. The annual budgets for 2002 and 2003 were submitted, he said, and they concurred that it was sufficient for the annual plan of operations.

## **SUMMARY OF PROJECT ACTIVITIES**

### **MONTHLY CUSTOMER DELIVERY REPORT**

Mr. Clark said that the tonnage report was on target.

### **OCTOBER 2002 MONTHLY OPERATIONAL SUMMARY**

Mr. Clark said that additional graphs had been added to the report which showed the tons processed for each project and the budget for that particular month. The projections for seasonal waste flows were incorporated into the budget line, he said. Mr. Clark reported that the Bridgeport project was on track, the Mid-Connecticut project was slightly under budget for both tons processed and for power sold, the Southeast project was ahead of budget on both tons processed and power sold and that the Wallingford project was ahead of budget as well.

### **EXECUTIVE SESSION**

Chairman Pace requested a motion to convene an executive session to discuss status of ongoing MDC arbitration with appropriate staff. Director O'Brien made the motion which was seconded by Director Martland. Chairman Pace requested that Ms. Schmidt remain during the executive session. The motion previously made and seconded was approved unanimously.

The Executive Session began at 12:12 p.m.

The Executive Session concluded at 1:15 p.m.

Chairman O'Brien reconvened the Board meeting at 1:16 p.m.

Chairman Pace noted that no votes were taken in executive session.

## **AJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 1:17 p.m.

Respectfully submitted,

Angelica Mattschi  
Corporate Secretary to the Board

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**EXECUTIVE SESSIONS**

**NOVEMBER 21, 2001**

Executive Sessions, called for the purposes of discussing legal and personnel matters, were convened at 9:09 a.m. and 12:12 p.m. consecutively.

**DIRECTORS**

Chairman Pace  
Director Cohn  
Director Martland  
Director Rifkin (absent from 2<sup>rd</sup> session)  
Director Cassano  
Director Francis  
Director Blake  
Director Cooper  
Director Mengacci  
Director Lauretti  
Director O'Brien  
Director Ryan (absent from 2<sup>nd</sup> session)  
Director Knopp  
Director Boone  
Director Sullivan

**STAFF**

Ann Stravalle-Schmidt  
John Clark (part)

**HORTON**

Larry Brown (part)  
  
Tom Kirk (part)

No votes were taken in Executive Sessions.

The Executive Sessions adjourned at 9:40 a.m. and 1:15 p.m. consecutively.