

**Finance Committee
December 9, 2004 Regular Meeting**

Minutes

Members Present: Andrew Sullivan, Committee Chairman
Michael Pace, Board Chairman
Benson Cohn
Jim Francis (Present beginning at 9:40 a.m.)
Edna Karanian
Mark Lauretti (Present beginning at 10:00 a.m.)
Raymond O'Brien

CRRA Staff Present: Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Bettina Bronisz, Assistant Treasurer & Director of Finance
Rob Constable, Controller (Present beginning at 9:40 a.m.)
Laurie Hunt, Managing Director of Legal Services (Present beginning
at 9:35 a.m.)
Donna Tracy, Executive Assistant
Kristen Greig, Secretary to the Board/Paralegal

Also Present: Peter Boucher, Esq. of Halloran & Sage (Present by telephone), Frank Robinson, Esq. Of Sidley Austin Brown & Wood (Present by telephone), John Stafstrom of Pullman & Comley (Present by telephone) and Jerry Tyminski of SCRRA (Present until 10:00 a.m.)

Chairman Sullivan called the meeting to order at 9:30 a.m. and noted that there was a quorum.

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

1. Approval of Minutes of the November 12, 2004 Finance Committee Meeting

Chairman Sullivan requested a motion to accept the minutes of the November 12, 2004 Finance Committee meeting. The motion was made by Director O'Brien and seconded by Chairman Pace.

The motion previously made and seconded was approved. Director Cohn abstained from the vote, as he was not present at the meeting.

2. Review and Recommend for Board Approval Resolution Authorizing the Issuance of \$30 Million Corporate Credit Resource Recovery Refunding Bonds – 2005 Series (Southeast Project)

Chairman Sullivan requested a motion regarding the above captioned matter. Director O'Brien made the following motion:

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

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

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

WHEREAS, the Finance Committee, upon the advice of the [Chief Financial Officer of the Authority], recommended by motion passed at its December 9, 2004 regular meeting, the issuance of \$30,000,000 aggregate principal amount of its Corporate Credit Bonds/Tax Exempt Interest (American REF-FUEL Company of Southeastern Connecticut – 2005 Refunding Series) ("2005 Refunding Bonds") to refund the 1992 Series A Bonds, as permitted by Chapter 446e, Section 22-269a of the Connecticut General Statutes and Board of Directors Policy No. 15 of the Authority; and

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

NOW THEREFORE, be it

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

FURTHER RESOLVED: That the Board shall submit a copy of this resolution to the Treasurer of the State of Connecticut (the "State Treasurer") with all deliberate speed so as to facilitate the approval of the State Treasurer, pursuant to Chapter 446e, Section 22-

269a of the Connecticut General Statutes and shall take such other measures necessary to secure the approval of the State Treasurer.

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

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

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

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

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

This resolution shall take effect immediately.

Director Cohn seconded the motion.

Mr. Bolduc explained that American Ref-Fuel was looking to refinance a \$30 million debt and noted that CRRA acted as the conduit agent for these specific bonds. Mr. Bolduc stated that the bonds were currently at a rate of approximately 6.5% and American Ref-Fuel was looking at a new rate of approximately 5.5%. Mr. Bolduc said that American Ref-Fuel needed the CRRA Board's approval since CRRA was the conduit issuer and CRRA, in turn, needed the Treasurer's approval.

In addition, Mr. Bolduc stated that there was a 1998 Series Bond with \$2.2 million outstanding, which was on CRRA's books. Mr. Bolduc said that CRRA was looking to call that debt at a 7.7% rate to pay that off and generate savings for the Project. Mr. Bolduc noted that CRRA needed American Ref-Fuel's approval to call those bonds.

Mr. Bolduc stated that CRRA felt that if American Ref-Fuel was going to get a 90-100 basis point benefit from the refinance, the Project should share in that benefit. As a result, CRRA would receive a 10 basis point fee for being the conduit issuer of the bonds. Mr. Bolduc noted that American Ref-Fuel would be responsible for all costs including attorney fees from the remaining 90 basis points. Mr. Bolduc stated that the fee would be paid in a one-time lump sum of \$200,000.

Director O'Brien asked how the \$200,000 fee would be used. Mr. Bolduc explained that the money would go into the Southeast Project, where the SCRRA Board would determine how the funds were to be used. Director O'Brien asked how the funds would benefit the stakeholders. Mr. Tyminski stated that some of the funds might be used to call the \$2 million bonds or could possibly be put toward the tip fee, but the SCRRA Board would make the ultimate decision as to how the money would be spent. Mr. Tyminski noted that if the money was put toward the tip fee, only member towns of SCRRA would benefit.

Chairman Sullivan asked where SCRRA expected to get the funds for the redemption. Mr. Tyminski responded that there was approximately \$1.8 in the Landfill Post-Closure Reserve and SCRRA was requesting approval from the DEP to switch from a Corporate Guaranty to a Municipal Guaranty. Mr. Tyminski explained that if DEP approved that switch, those funds would be used to pay back those bonds. At that point, SCRRA would pay cash for its operating costs and refund the Landfill Post-Closure Reserve, with an excess of approximately \$75,000 - \$100,000.

Chairman Pace asked for confirmation that the end date maturity would remain the same. Mr. Bolduc responded that the end date maturity would remain 2022.

Chairman Sullivan asked if LeBoeuf, Lamb, Greene & MacRae, LLP was the firm representing American Ref-Fuel. Attorney Robinson stated that LeBoeuf was American Ref-Fuel's long-time counsel, but Bank of America signed a conflict waiver and LeBoeuf was representing Bank of America as underwriter counsel and American Ref-Fuel's inside counsel was providing opinions on behalf of the company. Chairman Sullivan asked if LeBoeuf was on CRRA's list of litigants. Mr. Kirk responded in the affirmative and added that LeBoeuf did not represent CRRA, but CRRA relied on an opinion written by LeBoeuf for another party. Chairman Sullivan asked CRRA's counsel if they viewed that as a potential conflict. Mr. Kirk stated that matter was in relation to a different project and LeBoeuf was not representing CRRA. Attorney Robinson and Attorney Boucher agreed that there was no concern regarding a conflict of interest. Director O'Brien requested that the full Board be informed that there was not a conflict. Chairman Sullivan agreed.

Mr. Bolduc explained that there was minimal risk for CRRA because American Ref-Fuel and their parent guaranties backed the bonds. Attorney Robinson agreed and stated that CRRA's only exposure would be if American Ref-Fuel entered bankruptcy proceedings, and even then,

CRRA would only be a nominal party. Attorney Robinson explained that CRRA already had that risk as the conduit issuer of the 1992 bonds and noted that apart from the interest rate and the upfront fee, there was no change from CRRA's perspective.

Director Francis asked if the refinance was a straight refund and asked what the net present value was. Ms. Bronisz responded in the affirmative and stated it was a pure economic refund. Ms. Bronisz stated the net present value was approximately \$270,000. Ms. Bronisz stated that American Ref-Fuel was anticipating a savings of \$270,000 per year for a gross savings of \$4.8 million.

Chairman Pace asked Mr. Tyminski if the SCRRRA Board had voted on this matter. Mr. Tyminski responded that the SCRRRA had a discussion regarding the 10 basis point fee and noted that this was the first time American Ref-Fuel had been asked for a share in the savings. Mr. Tyminski noted that the Project bonds would be callable in 2010 and CRRA would need American Ref-Fuel's approval to call those bonds. As a result, a letter agreement was signed with American Ref-Fuel stating American Ref-Fuel would be paid \$200,000 if those bonds were ever refinanced. Mr. Tyminski said those bonds were five year bonds and they were currently at approximately 5.2% so a refinance was unlikely.

Director O'Brien stated that he thought the towns paid for the repayment of the bonds through their operating costs. Director O'Brien said he did not see anything that stated that the savings to American Ref-Fuel were going to result in lower operating costs. Mr. Bolduc responded that interest expenses were not part of the operating costs, but below-the-line budget items. Mr. Kirk responded that American Ref-Fuel would save money, but the only benefit to the Project was the 10 basis point fee. Mr. Kirk stated that even though American Ref-Fuel would be saving money, their service contract with SCRRRA would remain the same. Mr. Bolduc added that CRRA and SCRRRA had originally asked for 20 basis points, in recognition of the substantial savings to American Ref-Fuel, but that fee had been negotiated to all parties' satisfaction to 10 basis points.

The motion previously made and seconded was approved unanimously.

3. Review and Recommend for Board Approval Resolution Authorizing the Issuance of Subordinated Indebtedness Under the General Bond Resolution for the Fiscal Year Ending June 30, 2006 from the State of Connecticut to Benefit the Mid-Connecticut Project

Chairman Sullivan requested a motion regarding the above captioned matter. Director Cohn made the following motion:

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

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

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

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

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

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

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

WHEREAS, on June 27, 2003, the Authority and the State entered into an interim financing arrangement in the form of a credit facility from the State to the Authority in

the aggregate amount of \$2,000,000 (the “\$2,000,000 Loan”), which \$2,000,000 Loan was issued pursuant to the terms of a Master Loan Agreement, dated as of June 27, 2003, by and between the Authority and the State, and evidenced by a Promissory Note, in the aggregate amount of \$2,000,000, dated June 27, 2003; and

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

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

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

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

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

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

WHEREAS, the State Treasurer and the Secretary of OPM accepted the application of the Authority for such \$93,000,000 loan, with the understanding that the Authority would

use a maximum of \$20,000,000 of such available funds for the fiscal year ending June 30, 2005; and

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

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

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

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

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

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

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

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

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

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

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

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

Section 5. That the Board hereby authorizes the Officials to enter into negotiations with the State Treasurer and the Secretary of OPM to establish the terms of such Loan, which terms shall include the maturity date of such Loan (which maturity date shall be no later than June 30, 2012), interest rate, repayment terms, security and other terms of the Loan provided, however, that the repayment of such Loan shall be subordinate to the repayment of any Outstanding Bonds of the Authority, all in accordance with the terms and provisions of the Act, and substantially in the form of the Term Sheet attached hereto as Exhibit B (the "Term Sheet") and made a part hereof, all in such manner as the Officials shall determine to be in the best interests of the Authority.

Section 6. That the Board hereby authorizes the Officials, for and in the name of and on behalf of the Authority, to take such actions and to negotiate any and all such loan instruments including, but not limited to a Master Loan Agreement, a Promissory Note, and any and all certificates or other documents required pursuant to the Act or the General Bond Resolution (collectively, the "Loan Documents"), all substantially in

accordance with the attached Term Sheet, and in such form as such Officials shall approve, subject to the advice of bond counsel to the Authority, as are deemed necessary, appropriate and advisable and in the Authority's best interests in order to effectuate such Loan.

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

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

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

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

Section 11. This resolution shall take effect immediately.

Date: December __, 2004

Chairman Pace seconded the motion.

Mr. Bolduc explained that the quarterly Financial Mitigation Plan to the State would be filed and noted that no action was required by the Board. Mr. Bolduc added that the December quarter was slightly different from the other quarters because CRRA was required to submit its request for the desired disbursement of the State Loan. Mr. Bolduc explained that the Mid-Connecticut Project tip fee had to be set at the February meeting. Therefore, CRRA needed Board approval to take a disbursement from the State Loan in case there was a delay or problem in the sale of the Enron bankruptcy claim.

Mr. Bolduc stated that CRRA was going through the process of requesting funds from the State loan as if they would not be receiving the \$110 million from the sale of the claim because it was the only safe course of action. Mr. Bolduc stated that the sale of the claim seemed to be progressing well, but CRRA wanted to be careful.

Chairman Sullivan asked what was left to complete the sale of the claim. Mr. Bolduc responded that the bankruptcy court still had to approve the claim, but the escrow agent was already holding the money.

Chairman Pace stated that there was a meeting scheduled with the lenders in the State Loan transaction. Chairman Sullivan added that he expected to inform the lenders that the Finance Committee would be recommending the resolution to the full Board, but it was CRRA's expectation that a disbursement would not be needed.

Attorney Stafstrom noted that CRRA had \$93 million dollars of the authorized loan amount remaining when the legislation was amended. Attorney Stafstrom pointed out that CRRA requested \$22 million in the first year and did not use it all which resulting in losing availability of those funds. Attorney Stafstrom stated that CRRA was requesting \$20 million, but if those funds were not used, they would be available beyond the fiscal year.

Director Francis asked if the resolution should be amended to reflect that the outcome of the claim in bankruptcy court could require the Board to revisit this issue. Attorney Stafstrom responded that the resolution authorized the Chairman of the Board and the Chairman of the Finance Committee to proceed as necessary to secure the funds, but that authorization was sufficient to give the Chairmen the option not to move forward if action was not necessary. Mr. Bolduc stated that the CRRA Board could vote on the matter and CRRA would not file the request with the State until there was an answer from the bankruptcy court. Director O'Brien requested that if CRRA received the \$110 million from the sale of the claim, the Board's approval to request the funds be rescinded. Mr. Bolduc agreed.

The motion previously made and seconded was approved unanimously.

4. Executive Session

Chairman Sullivan requested a motion to go into an Executive Session to discuss Preliminary Financial Drafts. Chairman Sullivan requested that the following people remain for executive session, in addition to the Committee members:

Director Karanian

Mr. Kirk	Attorney Robinson
Mr. Bolduc	Attorney Boucher
Ms. Bronisz	Attorney Stafstrom
Mr. Constable	
Attorney Hunt	

The motion made by Chairman Pace and seconded by Director Cohn was approved unanimously.

The Executive Session began at 10:30 a.m. and concluded at 11:15 a.m. Chairman Sullivan noted that no votes were taken in Executive Session.

The meeting reconvened at 11:16 a.m.

5. Addition to the Agenda – Discussion of the Financial Mitigation Plan

Chairman Sullivan requested a motion to add an item to the agenda. Director Cohn made a motion to add a discussion regarding the Financial Mitigation Plan to the agenda. Director O'Brien seconded the motion.

The motion previously made and seconded was approved unanimously.

Mr. Bolduc stated that if the loan request was to be filed, the Board would be required to vote to approve the Supplemental Resolution, but if the request did not need to be filed, the Financial Mitigation Plan would be provided to the Board for informational purposes only.

Chairman Sullivan stated that the Finance Committee would recommend the resolution to the Board because the Board would not likely know the results of the bankruptcy court before the meeting. Mr. Bolduc added that if the loan was not necessary, the resolution would be rescinded.

Director O'Brien recommended that Exhibit C should highlight CRRA's continuing efforts to resolve the MDC issue. Chairman Sullivan agreed.

Chairman Sullivan asked for a review of the attendance figures. Attorney Hunt stated that Attorney Boucher was looking into whether CRRA could cancel a meeting when there was not a quorum rather than adjourning and having that count as an absence. It was agreed that the section would be revised as soon as that answer was available.

ADJOURNMENT

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

The meeting was adjourned at 11:23 a.m.

Respectfully submitted,

Kristen B. Greig
Secretary to the Board/Paralegal

Exhibit A

P&C Draft of 11/23/04

CONNECTICUT RESOURCES RECOVERY AUTHORITY

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

Adopted: December ____, 2004

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

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

**ARTICLE I
DEFINITIONS, AUTHORITY AND PLEDGE**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II AUTHORIZATION, TERMS AND ISSUANCE OF SUBORDINATED INDEBTEDNESS

Section 2.1. Authorization for Loan; Determination of Necessity.

(a) In accordance with and subject to the terms, limitations and conditions established in the General Bond Resolution and in this 2006 Supplemental Resolution, the Authority hereby

authorizes the borrowing of the Loan, and the issuance of the Promissory Note constituting an Additional Bond and Subordinated Indebtedness under the General Bond Resolution, to be designated Mid-Connecticut System 2006 Subordinated Note in the aggregate principal amount not to exceed \$20,000,000.

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

Section 2.2 Pledge/Subordination.

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

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

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

Section 2.3. Details of the Loan.

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

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

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

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

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

(f) Payment of Interest/Principal.

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

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

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

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

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

(i) For each advance request, the Authority shall be required to complete and submit to the State of Connecticut a form Requisition for Payment in the form set forth in the Loan Agreement (the "Request for Advance") setting forth the amount requested. Each Request for Advance shall be submitted by written notice to the State of Connecticut not less than five (5) Business Days prior to the date the Authority desires deposit of the same with the Trustee under the General Bond Resolution, and shall be

accompanied by such documents as the State of Connecticut may reasonably require, in form and substance acceptable to State of Connecticut. Each Request for Advance shall be executed by those properly authorized officials of the Authority, that being any two of the following signatories: Chairman of the Board of Directors, Chairman of the Finance Committee, President and/or Chief Financial Officer.

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

Section 2.4. Execution and Delivery.

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

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

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

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

Section 3.2 2006 Subordinated Indebtedness/Loan Repayment Account.

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

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

**ARTICLE IV
EVENTS OF DEFAULT**

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

**ARTICLE V
MISCELLANEOUS**

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

- (a) to the Authority, to the President, Connecticut Resources Recovery Authority, 100 Constitution Plaza, 6th Floor, Hartford, Connecticut 06103;
- (b) to the Trustee, to U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103, Attention: Corporate Trust Administration;
- (c) to the State of Connecticut, to State of Connecticut Office of the State Treasurer, 55 Elm Street, Hartford, Connecticut 06106, Attention: State Treasurer; and State of Connecticut, Office of Policy and Management, 450 Capitol Avenue, Hartford, Connecticut 06106, Attention: Secretary OPM.

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

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

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

Section 5.4 No Recourse. No recourse shall be had for the payment of the principal of or interest on the Loan or for any claim based thereon or on this 2006 Supplemental Resolution against any member or officer of the Authority or any person executing the Loan Documents and neither the members of the Authority nor any person executing the Loan Documents shall be

liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

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

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

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

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

Executed this ___ day of _____, 2005

**CONNECTICUT RESOURCES
RECOVERY AUTHORITY**

By: _____

Name: Thomas Kirk

Title: President

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

By: _____

Authorized Officer

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

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

Commissioner of the Superior Court

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

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

Commissioner of the Superior Court

Exhibit B

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

TERM SHEET

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

LENDER: State of Connecticut (the "State")

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

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

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

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

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

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

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

SOURCE OF
REPAYMENT:

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

PLEDGE:

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

CONDITIONS FOR
LOAN:

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

- (i) Financial Mitigation Plan, or such supplements, as more particularly described in the Act, to include, but not be limited to the following:
 - plan to minimize tipping fees for municipalities that have entered into solid waste disposal contracts with the Authority;
 - efforts Authority has made to reduce general administration and costs;
 - Authority's efforts to renegotiate vendor contracts;
 - Authority's efforts to increase the price paid for the sale of steam or electricity;
 - efforts made by the Authority to assess the viability of the sale of hard assets of the Project;
 - analysis of the staffing levels, performance and qualifications of staff and members of the Board;
- (ii) Budget for the Project for fiscal year 2006 and, when available, proposed budget for the Mid-Connecticut Project for the ensuing fiscal year;
- (iii) Three-Year Financial Plan for fiscal years 2006, 2007, and 2008;

- (iv) Cash Flow Analysis showing need for current and future borrowing through fiscal year 2012; and
- (v) Certified Audit of the Authority for fiscal year ended June 30, 2004, and annually thereafter.

SUBORDINATION:

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

CONDITIONS TO ADVANCES:

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

REPRESENTATIONS:

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

COVENANTS:

- 1. The Authority will maintain its revenues and other sources of funding, including tip fees, sufficient to repay the debt service on the Loan when due.
- 2. Payment of principal and interest on the Promissory Note when due.
- 3. Authority to provide any financial information concerning the Authority or the Project as requested by the State.
- 4. Authority will keep proper books, records and accounts with respect to all transactions relating to the Project and will permit the State to inspect the books and records.

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

OPTIONAL
PREPAYMENT:

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

EVENTS OF DEFAULT:

1. Failure to pay principal or interest on the Loan when due.
2. Material inaccuracy of any representation as set forth in the Master Loan Agreement.
3. Failure to comply with any other covenant set forth in the Master Loan Agreement or Supplemental Resolution and failure to cure within 30 days after notice from the State.
4. Failure to pay when due any other amount required under the Master Loan Agreement or the Promissory Note.
5. An event of default called by the Trustee under the Authority's General Bond Resolution shall occur, provided: (i) any applicable notice and cure period shall have expired,

and (ii) the Trustee and/or holders of not less than 25% in principal amount of the Bonds outstanding shall have taken actionable steps afforded those parties pursuant to the General Bond Resolution.

REMEDIES:

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

CLOSING DOCUMENTS:

1. Executed copy of Master Loan Agreement
2. Executed Note
3. Certified copy of General Bond Resolution and supplements to date regarding bonds issued pursuant to the General Bond Resolution
4. Certified copy of resolution authorizing the Authority to enter into Loan
5. Executed Supplemental Resolution
6. Opinion of counsel to Authority, satisfactory to the State and its counsel, as to the validity and enforceability of Promissory Note and Master Loan Agreement
7. Confirmation that representations and warranties of the Authority are true, complete and correct in all material respects
8. Signature and Litigation Certificate
9. Certificate of accuracy of information provided to State
10. Financial Mitigation Plan, or such supplements, as more particularly described in the Act, to include, but not be limited to the following:
 - plan to minimize tipping fees for municipalities that have entered into solid waste disposal contracts with the Authority;
 - efforts Authority has made to reduce general administration and costs;
 - Authority's efforts to renegotiate vendor contracts;
 - Authority's efforts to increase the price paid for the sale of steam or electricity;

- efforts made by the Authority to assess the viability of the sale of hard assets of the Project;
- analysis of the staffing levels, performance and qualifications of staff and members of the Board;

11. Adopted Budget for the Project for fiscal year 2006; and, when available, proposed budget for the Mid-Connecticut Project for the ensuing fiscal year;
12. Three-Year Financial Plan for fiscal years 2006, 2007 and 2008;
13. Cash Flow Analysis showing need for current and future borrowing through fiscal year 2012; and
14. Certified Audit of the Authority for fiscal year ended June 30, 2004
15. Such other documents or certificates as may be reasonably deemed necessary by counsel or pursuant to the General Bond Resolution to render its opinion or by the State or its counsel as are required in similar transactions or to otherwise conform to the provisions of this Term Sheet