

**Policies & Procurement Committee  
April 14, 2005 Telephonic Meeting**

**Draft Minutes**

Members Present by telephone:

Benson Cohn, Committee Chairman  
Michael Pace, Board Chairman  
Theodore Martland, Committee Vice-Chairman  
Mark Cooper  
Michael Jarjura (Present from 9:55 a.m. to 10:40 a.m.)  
Raymond O'Brien

Also present by telephone from the Finance Committee:

Andrew Sullivan, Committee Chairman  
Edna Karanian  
Mark Lauretti

CRRA Staff Present at 100 Constitution Plaza, 5<sup>th</sup> Floor Board Room:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer (Present until 10:00 a.m.)  
Peter Egan, Director of Environmental Affairs  
Laurie Hunt, Esq., Director of Legal Affairs  
Bettina Bronisz, Assistant Treasurer & Director of Finance (Present until  
10:00 a.m.)  
Kristen Greig, Secretary to the Board/Paralegal

Chairman Cohn called the meeting to order at 9:32 a.m. and noted that a quorum was present.

**1. APPROVAL OF MINUTES OF THE MARCH 10, 2005 POLICIES & PROCUREMENT COMMITTEE MEETING**

Chairman Cohn requested a motion to accept the minutes of the March 10, 2005 Policies & Procurement Committee meeting. The motion was made by Director Cooper and seconded by Director O'Brien.

The minutes were approved unanimously.

## **2. SELECTION OF LEGAL FIRMS FOR INTERVIEWS FOR BOND COUNSEL LEGAL SERVICES IN CONJUNCTION WITH THE FINANCE COMMITTEE**

Chairman Cohn noted that Bond Counsel would be chosen in conjunction with the Finance Committee.

Director Lauretti asked if the list of Bond Counsel supplied was a list of firms that were solicited for the RFQ. Mr. Bolduc responded that the list consisted of firms that sent proposals in response to the RFQ.

Chairman Pace stated that as Chairman and as a member of the Finance Committee, he would put a strong effort into retaining CRRA's current Bond Counsel, Pullman & Comley and Sidley Austin Brown & Wood. Vice-Chairman Martland pointed out that the purpose of the meeting was to select firms for interviews, not make a selection. Chairman Cohn noted that there was a statutory obligation to request qualifications for legal services every three years.

Director O'Brien said that he was pleased that so many firms responded to the Request for Qualifications and stated that, to better assess the firms, it was necessary for the Committees to understand what types of matters CRRA would require Bond Counsel services for over the next three years. Director O'Brien agreed with Chairman Pace that Attorney Stafstrom and Attorney Robinson had done an excellent job for CRRA.

Chairman Cohn suggested that the Policies & Procurement Committee make a recommendation to the Finance Committee and have the Finance Committee make adjustments as they felt were needed. Chairman Cohn suggested that all of firms be invited for interviews except Hardwick Law Firm, which is from Kansas City and only has local experience, and Law Office of Joseph Reid. Chairman Cohn stated that the Law Office of Joseph Reid is a very small firm, which might not in a position to handle the amount of work needed from CRRA's Bond Counsel. Chairman Cohn noted that Cathy Boone of the Treasurer's Office felt Attorney Reid was quite competent, but thought he was doing a lot of work for a one-man firm and might not be as accessible as some of the larger firms.

Director O'Brien stated that, in addition to the previously mentioned firms, he would not be interested in interviewing Winston & Strawn because their rates were too high.

Chairman Sullivan stated that he would recommend interviewing CRRA's current Bond Counsel firms, Pullman & Comley and Sidley Austin Brown & Wood, because both firms were available to CRRA on a moment's notice and did terrific work under a great deal of pressure.

Vice-Chairman Martland asked what type of work was anticipated for Bond Counsel for the next three years. Chairman Pace followed up Vice-Chairman Martland's question by asking if financing would be needed if a new landfill was to be developed. Chairman Sullivan responded that he believed financing would be necessary for a new landfill. Director O'Brien also said that if towns were signed up beyond 2012, there could be an opportunity to refinance CRRA's existing debt. Mr. Bolduc gave an overview of his vision of the role of Bond Counsel for the next few years. Mr. Bolduc said that there were some decisions to be made on large capital commitments, including a new landfill and a potential expansion at the Mid-Connecticut project. Mr. Bolduc stated that the existing bonds were expected to be paid off by 2012 and

added that CRRA might consider looking at the State Loan for alternative financing because the covenants might be different than those of traditional bonds. Mr. Bolduc said that if CRRA was going to be developing an ash landfill, there might be some value in talking to the State.

Mr. Bolduc explained that the current structure of Bond Counsel had two different areas of expertise: Pullman & Comley, which is CRRA's in-state expert on dealing with the Treasurer's Office and local politics and Sidley Austin Brown & Wood, a New York firm which deals with the intricacies of the bond indenture, FASB issues, and financial reporting. Mr. Bolduc said that it was his sense that CRRA would be able to better determine their specific needs for Bond Counsel as the organization progressed in its strategic plan. Chairman Sullivan added that, originally, CRRA decided it was in need of two firms; one to handle in-state issues relating the State Loan and a firm with national presence to deal with bond indenture and covenant issues. Chairman Sullivan asked if there would still be a need to have both in-state and out-of-state Bond Counsel. Mr. Bolduc responded that there could be some benefit to using only one firm because only one firm had to be educated on CRRA's issues, but added that both firms worked well for CRRA and were capable of handling the indenture matters. Vice-Chairman Martland stated that it was important the CRRA have a Bond Counsel with contacts in lower Manhattan. Vice-Chairman Martland stated that it would be excellent if an in-state firm had those contacts, but it was necessary to maintain that connection to the bond market in New York.

Director Karanian suggested that the firms be evaluated with a specific criteria or ranking of the issues that are important to CRRA. Director Karanian stated an evaluation criteria would be helpful and would explain why CRRA would choose not to interview Hardwick Law Firm and Law Office of Joseph C. Reid when they were proposing some of the lowest rates. Director Karanian suggested that CRRA evaluate the firms' ability to be responsive, depth of market knowledge, and their in-state expertise. Chairman Sullivan noted that a firms' availability was important to him.

Chairman Sullivan noted that he was impressed by Hunton & Williams' presentation and suggested that they be invited for an interview. Chairman Cohn noted that Hunton & Williams had been doing work for the Treasurer, who was very enthusiastic about their work. Chairman Sullivan suggested that both Pullman & Comley and Sidley Austin Brown & Wood be invited for interviews because of the quality of the work they had done for CRRA and the value of the knowledge base that they had gained over the last three years. Chairman Sullivan reminded the Committee that three years ago, when Pullman & Comley and Sidley Austin Brown & Wood's contracts began, the firms agreed to familiarize themselves with CRRA's issues at no charge to CRRA. Chairman Sullivan stated that Levy & Drony should also be invited for an interview, but noted that he would recuse himself from any votes involving that firm because of a working relationship with the firm and some of its partners.

Director Karanian noted that Levy & Drony mentioned doing work for MDC in their proposal and asked if that would be a conflict. Director O'Brien also asked if Hunton & Williams' work with the Treasurer's Office would cause a conflict with matters dealing with the State Loan. Mr. Kirk stated that even though those firms had worked with some of CRRA's vendors, it was highly unlikely that any of those relationships would cause a conflict in the work that Bond Counsel does for CRRA.

Chairman Cohn stated that he felt it was important to include Levy & Drony in the interviews because CRRA should not limit itself to only one local firm. The Committee agreed.

Chairman Cohn stated that it seemed that the Committee had narrowed the interview list to the following firms: Hunton & Williams, Levy & Drony, Pullman & Comley, and Sidley Austin Brown & Wood.

Director O'Brien made a motion to recommend to the Finance Committee that Hunton & Williams, Levy & Drony, Pullman & Comley, and Sidley Austin Brown & Wood be interviewed for Bond Counsel. Director Martland seconded the motion. The Policies & Procurement Committee approved the motion unanimously. It was decided that the recommendation would be brought before the Finance Committee at its next regularly scheduled meeting and if the Finance Committee accepted the recommendation, joint interviews would be conducted by both Committees.

### **SELECTION OF LEGAL FIRMS FOR INTERVIEWS FOR MULTI-LEGAL SERVICES**

Chairman Cohn disclosed that his cousin is a partner at Cohn, Birnbaum & Shea and the firm had represented him in a small personal matter in the last year so he would excuse himself from any consideration of the firm and abstain from any motion that includes the firm.

Chairman Cohn suggested that all of the firms that submitted proposals be given a short interview. Chairman Pace stated that there were some firms that he would prefer not to interview. Regarding the interviews, Mr. Kirk asked if the intention was to interview the firms for all of the different categories at one interview. Chairman Cohn responded in the affirmative. Mr. Kirk stated that, with the qualifications presented in the proposals and CRRA's familiarity with some of the firms, it should not take long in an interview to get a comfort level with the firms' qualifications, working styles and capabilities.

Director O'Brien asked if the conflict that disqualified Brown Rudnick Berlack & Israels as CRRA's General Counsel was still an issue. Attorney Hunt stated that she spoke with Attorney Cohen to get some background on the history of the conflict and explained that Brown Rudnick stepped down as General Counsel because of their New York office's personal representation of Ken Lay of Enron in the bankruptcy proceedings. Attorney Hunt stated that it seemed that there was an actual conflict, but there was the appearance of a conflict, which had some people at CRRA concerned. Chairman Pace stated that the appearance of a conflict still existed and he would not recommend interviewing Brown Rudnick for General Counsel because of that perception. Chairman Cohn agreed that Brown Rudnick would not be considered for General Counsel, but the firm should still be considered for specialized areas. Director Jarjura suggested that Brown Rudnick be brought in for an interview and then the Committee could decide which specialized areas to include them in after the interview. Chairman Cohn agreed. Director O'Brien recommended letting Brown Rudnick know of CRRA's continuing concern regarding the appearance of a conflict.

Chairman Pace stated that he wanted to scrutinize the proposals to ensure there are no conflicts, either by the firms' representation or by CRRA's hiring the firm. Chairman Pace said

he would rather to develop a short list of firms that CRRA believes are most qualified for the job. Vice-Chairman Martland stated that there were firms on CRRA's current panel that did not receive work over the course of three years and said he would like to avoid that situation. Chairman Cohn suggested eliminating some firms where they did not have the qualifications to perform the work, but said he did not want to cut the list back so much that there was the appearance of this not being a competitive and open process. The Committee agreed.

Mr. Kirk suggested making recommendations on each firm that submitted proposals for General Counsel and those firms could then be interviewed for other categories, as recommended by the Committee, at the same interview.

Mr. Kirk noted that CRRA's management and staff was very pleased with Attorney Peter Boucher and Halloran & Sage as CRRA's current General Counsel and pointed out that CRRA would only choose one General Counsel, unlike other categories that would include multiple firms. Mr. Kirk explained that management also wished to interview Tyler, Cooper & Alcorn based on their reputation and their presence in Hartford. Mr. Kirk stated that management did not feel that Pepe & Hazard was right for General Counsel, but they would like to interview the firm for other categories. Attorney Hunt added that management did not feel Berchem, Moses & Devlin could act as General Counsel because of their location and the small size of the firm and added that management did not feel that Cohn, Birnbaum & Shea had the depth to be CRRA's General Counsel. Attorney Hunt said that management would like to interview Attorney Paul Doyle with Heneghan, Kennedy & Doyle because they would like to continue to utilize his services. Regarding Pepe & Hazard, Attorney Hunt stated that the firm had extensive experience in some areas, but management did not feel that they had the broad experience that Halloran & Sage or Tyler Cooper & Alcorn had.

Mr. Kirk summarized management's recommendations for interviews for General Counsel as: Halloran & Sage and Tyler Cooper & Alcorn. Chairman Cohn asked management if they were comfortable interviewing only two firms. Chairman Pace suggesting bringing Pepe & Hazard in for an interview. The Committee agreed.

Director O'Brien made a motion to invite Halloran & Sage, Pepe & Hazard and Tyler Cooper & Alcorn for interviews for General Counsel and all other categories for which the firms submitted proposals. The motion was seconded by Director Martland.

Attorney Hunt asked if it was necessary to interview Attorney Paul Doyle. Chairman Cohn responded in the negative and said that the nature of his hire was as an individual. Mr. Kirk stated that he was hired as a contractor, and Attorney Hunt added that he was utilized almost like a back-up General Counsel. Director O'Brien asked if he was paid over \$50,000 per year. Mr. Kirk responded in the affirmative. Director Jarjura stated that Attorney Doyle could be interviewed to be in accordance with bidding procedures. Chairman Cohn agreed that it would be appropriate to interview Attorney Doyle.

Director O'Brien amended the motion to include Heneghan, Kennedy & Doyle to be interviewed in addition to the other firms previously stated. The motion was seconded by Director Martland. The motion was approved unanimously.

Chairman Cohn suggested that the interviews for the other categories be determined by firm. After thorough discussion, the following was determined:

Berchem, Moses & Devlin would not be interviewed.

Law Office of John A. Blazi would not be interviewed.

Brown Rudnick Berlack & Israels would be interviewed for Energy, Environmental, Litigation, and Real Estate.

Cohen & Wolf would be interviewed for Litigation and Real Estate.

Cohn Birnbaum & Shea would be interviewed for Bankruptcy, Employment, Environmental, Litigation, and Real Estate.

Halloran & Sage would be interviewed for all categories.

Heneghan, Kennedy & Doyle would be interviewed for General Counsel.

Kainen, Escalera & McHale would be interviewed for Employment.

McCarter & English would be interviewed for Construction, Employment and Litigation.

Pepe & Hazard would be interviewed for all categories except Energy.

Perakos & Zitser would be interviewed for Litigation.

Sabia & Hartley would not be interviewed.

Tyler Cooper & Alcorn would be interviewed for General Counsel.

Director O'Brien made a motion to interview the firms as listed above, except for the General Counsel category, which was previously voted on under a separate motion. Vice-Chairman Martland seconded the motion. The motion was approved. Chairman Cohn abstained.

### **3. REVIEW OF INFORMATIONAL MATERIAL**

Chairman Cohn asked if there were any questions on the informational material provided or if there were any other items to be brought before the Committee.

Chairman Pace informed the Committee that he and Director Jim Francis had been meeting with the Governor's Office regarding employment and benefits policies. There had been two meetings and Chairman Pace informed that Committee that he thought that CRRA was in good standing with respect to the Governor's expectations. Chairman Pace stated that the only issue that CRRA might have to review would be compensatory time for senior management. Chairman Pace said that there would be one more meeting and the Governor's Office would then make policy recommendations to each quasi-public agency.

Director Jarjura stated that some of the issues raised by the Governor's Office regarding compensation were mentioned at his appointment hearing and said that he got the sense from the Legislators that they agreed that if an organization wanted exceptional people in upper management, they had to be compensated accordingly. Chairman Pace stated that seemed to be the general consensus at the Governor's Office.

Mr. Kirk asked the Committee how they would like to proceed with the interviews. Chairman Cohn suggested that 30 minutes be allotted for firms interviewing for one category and 45 minutes be allotted for firms interviewing for multiple categories. It was decided that interviews would likely have to be held over two days.

#### **4. EXECUTIVE SESSION**

Chairman Cohn requested a motion to go into an Executive Session to discuss pending litigation. Chairman Cohn requested that the following people remain for executive session, in addition to the Committee members:

Mr. Kirk  
Attorney Hunt

The motion made by Chairman Pace and seconded by Vice-Chairman Martland was approved unanimously.

The Executive Session began at 10:40 a.m. and concluded at 10:50 a.m. Chairman Cohn noted that no votes were taken in Executive Session.

The meeting reconvened at 10:50 a.m.

#### **5. OTHER BUSINESS**

##### **DISCUSS AND RECOMMEND FOR BOARD APPROVAL A RESOLUTION APPROVING THE ATTORNEY GENERAL'S RECOMMENDATION OF AN ATTORNEY TO REPRESENT CRRA ON THE NEW HARTFORD MATTER**

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

**RESOLVED:** That the Board hereby approves the Attorney General's recommendation regarding selection of an attorney to represent CRRA on the New Hartford matter.

Chairman Pace seconded the motion.

Director O'Brien noted that the word "selection" was used because the firm would actually be hired by AIG.

The motion previously made and seconded was approved. Vice-Chairman Martland voted nay.

### **RTC SETTLEMENT**

Attorney Hunt stated that the matter was a bit complicated because CRRA initially selected a firm called Ross & Hardies in 2000. Ross & Hardies merged with McGuirewoods, which was how they come to be CRRA's counsel on this matter. Attorney Hunt explained that the original contract with Ross & Hardies did not have a specific termination date, but would continue until the matter was completed and pointed out that there was not a cap on the rates that the firm could charge. Chairman Pace asked Attorney Hunt for her recommendation on how to handle the matter. Attorney Hunt responded that CRRA should not make any changes in the legal counsel at this time. Mr. Kirk added that the matter could be revisited if the primary shareholder objected to the settlement. The Committee agreed.

### **DISCUSSION REGARDING LEGISLATION**

Vice-Chairman Martland asked who he should contact at the Legislature regarding bills affecting CRRA. Mr. Kirk responded that he would provide the Board with an updated list of bills and contact information for the leadership and screening committees.

## **6. ADJOURNMENT**

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

The meeting was adjourned at 10:25 a.m.

Respectfully submitted,

Kristen B. Greig