

**Policies & Procurement Committee
July 14, 2005 Meeting**

Draft Minutes

Members Present: Benson Cohn, Committee Chairman
Theodore Martland, Committee Vice-Chairman
Raymond O'Brien

CRRA Staff Present: Tom Kirk, President
Peter Egan, Director of Environmental Affairs and Development
Jim Ruel, Purchasing Manager
Laurie Hunt, Director of Legal Services
Donna Tracy, Executive Assistant
Kristen Greig, Secretary to the Board/Paralegal

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

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

1. APPROVAL OF MINUTES OF THE JUNE 23, 2005 POLICIES & PROCUREMENT COMMITTEE MEETING

Chairman Cohn requested a motion to accept the minutes of the June 23, 2005 Policies & Procurement Committee meeting. The motion made by Director O'Brien was seconded by Vice-Chairman Martland.

Chairman Cohn requested a correction to the June 23, 2005 Policies & Procurement Committee minutes noting that he abstained from the vote regarding Cohn, Birnbaum & Shea because his cousin is a partner at the firm and she has performed legal work for him.

The minutes, as amended, were approved unanimously.

2. REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING AMENDMENT TO TRAVEL POLICY AND EXPENSE REPORTING

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

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

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

WHEREAS the Policies and Procurement Committee reviewed the proposed Amendment to the Travel Policy and Expense Reporting Procedure at its meeting on June 23, 2005; and

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

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

NOW, THEREFORE, be it

RESOLVED: The Policies and Procurement Committee has discussed the amendment allowing payment of employee personal physical damage automobile deductible in the event of an accident if the employee drives less than 2,500 miles per year or less (\$500 divided by \$.405 the current reimbursement rate equals 1,235 miles) and recommends that the CRRA Board of Directors adopt this amendment as presented and discussed at this meeting.

The motion was seconded by Vice-Chairman Martland.

Director O'Brien stated that he had a concern about the proposed amendment. Director O'Brien noted that the figures provided indicate that there were employees who were reimbursed for more than two accidents. Mr. Kirk referred the Committee to the list of employees and the amounts reimbursed for mileage. Mr. Kirk clarified that the figures were intended to give the Committee an idea of the number of employees who use their own vehicles for business purposes and emphasized that the figures did not represent reimbursement for accidents, but for mileage. Mr. Kirk stated that those numbers could be used to get an idea of how many employees would be covered under the \$500 exclusion. Director O'Brien suggested that if the table was provided to the full Board that a title indicating exactly what the list represents be included.

Director O'Brien stated that he thought the deductible reimbursement should be capped at \$500.00.

Chairman Cohn stated that the amendment should indicate reimbursement will only be made if an employee is driving their car while on company business.

Director O'Brien made a motion to amend the resolution to add "while utilizing their personal vehicle on CRRA business" after the word "accident" in the Resolved paragraph. The revised "Resolved" paragraph would read:

RESOLVED: The Policy and Procurement Committee has discussed the amendment allowing payment of employee personal physical damage automobile deductible in the event of accident while utilizing their personal vehicle on CRRA business if the employee drives less than 2,500 miles per year or less (\$500 divided by \$.405 the current reimbursement rate equals 1,235 miles) and recommends that the CRRA Board of Directors adopt this amendment as presented and discussed at this meeting.

Vice-Chairman Martland seconded the motion.

The motion to amend previously made and seconded was approved unanimously.

Director O'Brien reiterated that the reimbursement should be capped at \$500 per accident/per employee. Vice-Chairman Martland stated that he thought management would probably have \$1,000 deductibles and other employees would probably have \$500. Mr. Kirk responded that the benefit of this policy was to prevent employees from being hesitant to use their own vehicles for company business and instead using a CRRA vehicle. Mr. Kirk noted that CRRA vehicles are always available to employees, but he would like employees to be able to use their own vehicles when it is more convenient for the employee. Mr. Kirk stated that he hoped that restricting reimbursement to \$500 wouldn't deter employees with \$1,000 deductibles from using their own vehicles.

Director O'Brien stated that he didn't think CRRA should be at risk for the higher deductibles. Director O'Brien pointed out that CRRA already specifies what amount of insurance employees must carry in order to use their car for company business. Mr. Kirk agreed that CRRA does specify the amount of liability and property damage coverage employees must carry, but noted that the policy does not specify the deductible amount. Director O'Brien said that setting a deductible amount would be consistent with CRRA's policy of specifying amounts of insurance employees must carry.

Vice-Chairman Martland stated that he thought employees should be reimbursed for the full amount of their deductible. Mr. Egan noted that he was aware of only one accident where an employee was using his personal vehicle at the Shelton Landfill and his gas tank was damaged while driving up the hill. Mr. Egan stated that CRRA made an exception to pay his deductible for that incident.

Director O'Brien stated that since there has only been one accident, he would agree to pay the full deductible, but if it became a problem, he would like to revisit the subject. Mr. Kirk noted that CRRA now asks employees to bring a company vehicle when they are going to the Shelton Landfill to avoid damages to the employees' cars.

The motion previously made and seconded was approved unanimously.

3. REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING ADOPTION OF REVISED SECTION 4.2.3 OF THE CRRA PROCUREMENT POLICIES AND PROCEDURES

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

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

The motion was seconded by Vice-Chairman Martland.

Vice-Chairman Martland asked for further explanation. Mr. Ruel, CRRA's Purchasing Manager, explained that when requisitions are entered into the E-Procurement System, any requisition for \$5,000 or below requires the signature of a division head or the CFO. Mr. Kirk noted that this applied to requisitions only, not necessarily payment. Vice-Chairman Martland stated that requisition, although it is not payment, still implies commitment. Mr. Kirk agreed.

Vice-Chairman Martland asked what "assign proxy" means. Mr. Egan explained that a proxy is a person delegated by the division head to authorize requisitions in their absence. Mr. Egan explained that he has five direct reports and all of them procure goods and services on a regular basis. Mr. Egan said that each one of the requisitions come to him electronically with an explanation of what the requisition is for. Mr. Egan explained that sometimes division heads have to request more information from the requisitioner to fully understand the procurement. As a result, the division heads are spending a significant amount of time on requisitions that could be managed by their direct reports and said that it was not necessary for division heads to be involved in affirming that goods or services have been authorized by the Purchasing Department.

Mr. Ruel pointed out that in the past ten months CRRA did 632 purchase orders under \$5,000. Director O'Brien expressed a concern that he did not think people should be allowed to authorize their own purchase orders. Mr. Ruel explained that every purchase order requires two authorizations before it is deemed complete.

Director O'Brien further stated that employees entering requisitions should be certain there is enough information for anyone to understand what the requisition is and that they follow policy and procedure. Director O'Brien added that the Purchasing Manager should also share part of the responsibility for the authorization. Director O'Brien said that the Purchasing Manager should ensure that all procedures have been followed, but said that the division heads should not have to request clarification on requisitions because there is not enough information.

Director O'Brien stated that he has no objection to naming a "proxy", particularly when a division head is expecting to be out of the office, but that the proxy should not be allowed to approve his or her own requisitions.

Vice-Chairman Martland stated that, in his experience, he signed every requisition irrespective of dollar value. Mr. Kirk stated that he approves every expenditure and pointed out that there is a big administrative burden associated with the approval process. Mr. Kirk said that

the division heads' time could be better spent on other, more pressing matters. Mr. Kirk noted that CRRA has numerous safeguards in place to prevent abuses. Vice-Chairman Martland stated that a requisitioner could create ten \$5,000 requisitions to circumvent the policy. Mr. Kirk noted that doing so would be a violation of the policy. Vice-Chairman Martland stated that by the time a situation like that was discovered, CRRA could have a problem. Vice-Chairman Martland said he thought the threshold should be \$1,000.00. Director O'Brien asked Mr. Ruel how many of the requisitions he referred to earlier were less than \$1,000. Mr. Ruel answered that there were 515 requisitions between \$1.00 and \$2,500.00 and said that further breakdowns could be made available to the Committee.

Mr. Kirk reiterated that there are quite a few controls and restrictions on employees who write requisitions, what employees can buy and who they can buy from. Mr. Kirk noted that CRRA employees are doing a lot of work that, in the private sector, would be done by a lot fewer people. Mr. Kirk said that is not because people in the private sector work harder, but because there are less steps, less procedures to follow, and less checks and controls, which results in less work. Chairman Cohn pointed out that was a fact of life in a public agency.

Director O'Brien said that he was concerned that requisitioners were not giving enough information on the electronic requisitions and stated that as a public agency CRRA needs to be sure that this is done. Director O'Brien stated that he felt CRRA was slipping away from the policies and practices that CRRA followed for the first three years.

Chairman Cohn stated that he felt it was a loss of control for so many people to be authorized to do requisitions. Director O'Brien stated that he would be inclined to support a \$2,500 limit and to support an authorized proxy who is not the requisitioner. Mr. Ruel pointed out that the E-Procurement System does not allow someone to approve his or her own requisition. Mr. Kirk asked Mr. Ruel to elaborate on the E-Procurement process. Mr. Ruel explained that an employee initiates a requisition, the requisition then goes to the Purchasing Manager. The Purchasing Manager reviews the requisition to be sure that it complies with all policies and procedures, including signing limits. The Purchasing Manager then approves or rejects the requisition. The requisition then goes back to the originator so the originator can see if the Purchasing Manager has made any changes. At that point, the originator signs off on the requisition indicating that they have reviewed it and the requisition then goes to the originator's supervisor for approval.

Mr. Kirk explained that what was being proposed was that requisitions under \$5,000 would go to a proxy assigned by the division head instead going directly to the originator's division head final approval. Vice-Chairman Martland asked why the requisition had to go any further than the Purchasing Manager for approval. Mr. Ruel explained that he only confirms that the requisition applies to CRRA's policies and procedures and that the form is completed properly. Mr. Ruel further explained that, according to the CRRA Policies and Procedures, the Purchasing Manager is not authorized to approve requisitions. Director O'Brien said that he felt more comfortable with the procedure after hearing Mr. Ruel's explanation. Mr. Kirk stated that a flowchart would be helpful in understanding the routing process. Director O'Brien said that he did not feel it was necessary to hold this resolution up until September and suggested that the threshold be lowered to \$2,500. Director O'Brien suggested that if this resolution did go on to the full Board that there should be a better outline of how the process works.

Vice-Chairman Martland stated that he thought there were too many approvals required. Mr. Egan gave an example, explaining that the requisitions go to the Purchasing Manager so that he can confirm that if the requisitioner says that he or she is buying this item under a DAS contract, that there is, in fact, a DAS contract. Mr. Egan gave another example, stating that if the requisitioner checks the "small purchase" box for a purchase under \$2,500, but in fact the purchase is for more than \$2,500, the Purchasing Manager can reject the electronic requisition and send it back to the originator for correction. Vice-Chairman Martland asked why the requisition must go further if the Purchasing Manager has rejected it. Mr. Egan explained that it must go back to the originator so the originator can correct the requisition according to their signing authority and noted that the Purchasing Manager only has authority to approve the administrative portion of the requisition.

Director O'Brien asked where in the process it was confirmed that there is money in the budget for the item being purchased. Mr. Egan responded that the Chart of Accounts and budgets are linked into the E-Procurement System. Mr. Ruel added that if the item purchased goes over the budget, the originator will receive an electronic warning message.

Director O'Brien stated that he would like a presentation of how the E-Procurement system works. Director O'Brien went on to say that he understood that CRRA needed to streamline the system so the administrative process is not a burden, but at the same time CRRA needs to maintain control and transparency. Director O'Brien asked if the motion should be tabled until September to give management a chance to prepare a presentation.

Vice-Chairman Martland said that he felt that there were still a few extra steps in the approval process. Director O'Brien asked Mr. Ruel to bring a detailed breakdown of requisition amounts and signing authorities. Mr. Ruel stated that CRRA's electronic system mirrors the manual system, just in a different order noting that with the manual system, purchasing and accounting were the last to see a requisition. Mr. Kirk added that budget reconciliation used to occur after a purchase was made. Director O'Brien asked that as management is preparing this flowchart, he would like other suggestions to change the purchasing procedure to streamline it without losing the control and transparency. Mr. Kirk stated that management will do a brief presentation on E-Procurement at the September Policies & Procurement Committee meeting.

Director O'Brien moved to table the resolution. Vice-Chairman Martland seconded the motion. The motion previously made and seconded was approved unanimously.

Chairman Cohn stated that there needed to be some discussion on standards. Chairman Cohn stated that three items on this agenda suggested to him that attentiveness to Board requests had been lacking. Chairman Cohn said that when the Board requests something, it should be available prior to the meeting unless there is some overwhelming reason why it is not. Chairman Cohn noted that Director O'Brien had, at the last meeting, requested a fuller explanation of the legal expenditures and said that this should have been provided with the materials for this meeting. Chairman Cohn also noted that a request was made for a change to the Procurement Policy to have bidders indicate who their principals were at the April Board meeting and said that it appeared that work on that matter did not start until Chairman Cohn asked to have it put on this agenda. Chairman Cohn stated he did not want to be put in a position where the Committee can not review the materials because they could only be ready for the full Board meeting. Chairman Cohn said there needs to be more overall attention to getting items ready in

time for the Committee meetings. Chairman Cohn said that he would like management to raise the standard.

Mr. Kirk accepted Chairman Cohn’s comments. Mr. Kirk stated that he had instructed Mr. Egan to postpone the Procurement Policy change regarding indicating vendor’s principals and put other matters ahead of this request. Mr. Kirk said he would put this item back on the top of the list of priorities. Mr. Kirk said that the issue of ensuring information is available prior to the meeting is a continual struggle. Mr. Kirk agreed that Management had slipped and agreed that it is not acceptable. Mr. Kirk assured that Committee that staff will double its efforts to be sure that the information is to the Board in plenty of time for their review.

4. REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING ADDITIONAL PROEJCTED LEGAL EXPENDITURES FOR FISCAL YEAR 2005

Chairman Cohn requested a motion regarding the above-captioned matter. Director O’Brien made the following motion:

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

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

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

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

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

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

Vice-Chairman Martland seconded the motion.

Mr. Kirk stated that the information requested on legal spending was available for the Committee, which was distributed by Attorney Hunt.

Attorney Hunt stated that in June of each year, the Accounting Department sends out a memo asking each department to ensure their vendors submit all bills that need to be paid for the prior fiscal year by Mid-August. If departments are unable to get the bills in by mid-August, the departments let accounting know so they can reserve for those bills and those bills won't come out of the budget for the new fiscal year. Attorney Hunt explained that there was no Director of Legal Services in June of last year. As a result, new purchase orders were not issued for legal services and the Accounting Department was never informed that old bills had to be paid out of the prior fiscal year. In addition, Attorney Hunt informed the Committee that in the fall of 2004, CRRA's Accounting Department requested that Halloran & Sage's general counsel bills be separated by Project. Attorney Hunt stated that there were invoices that were from early in 2004 that had to be separated into general counsel bills for the different projects to the extent that that was applicable. Attorney Hunt explained that CRRA has only just finished getting those bills reassigned to the different categories and noted that Halloran has not once called to ask where payment is on an old bill. Attorney Hunt informed the Committee that CRRA processed the last of their fiscal year 2004 bills just last week.

Director O'Brien asked if the requested increases, or at least a substantial portion of them, are for expenses incurred in fiscal year ending June 2004 and were not reserved for as there was no one here to do it. Director O'Brien stated that this breakdown should be presented to the full Board. Attorney Hunt reviewed the handout stating that Ms. Greig reviewed all the old bills and identified about \$280,000 in Halloran & Sage bills for fiscal year 2004. Attorney Hunt stated that about \$10,000 of the Cohn, Birnbaum & Shea bills fell into that category also. Attorney Hunt said that there were a couple of issues in the South Meadows remediation lately that account for the additional bills. Attorney Hunt stated that some of McCarter & English's bills fell into this category also and noted that a significant amount of McCarter & English's bills have not been legal fees, but third-party expert witness costs, especially Price Waterhouse, in the MDC arbitration. Attorney Hunt said that the cost of the arbitration itself and the expert witnesses were the two biggest pieces of McCarter & English's bills.

Director O'Brien stated that the arbitration charges should be broken out and stated very clearly, particularly considering CRRA's ongoing discussions with MDC as to what the dispute is actually costing the ratepayers, not just in legal expenses, but also pointing out the fact that we are paying MDC's share of the cost for arbitration. Director O'Brien asked what has been put in place to inform the firms of what they are expected to spend and to maintain control that so CRRA is informed much earlier when the money is spent. Attorney Hunt stated that she should know in every case, with the possible exception of bond counsel, what matters the firms are working on. To the extent that the firms can give CRRA a budget, Attorney Hunt said she could provide updates as matters progress. Attorney Hunt indicated that she had an estimate from McCarter & English on what it would take to finish MDC and the estimate was much lower than actual expenses because Price Waterhouse was twice as expensive as they had expected.

Ms. Greig stated that in the actual expenditures that CRRA reports to the Finance Committee, those figures include the expenses from FY04. Mr. Greig said that the language in the resolution where the Board approves a certain amount of money for each firm, the language states that "these are expenses to be incurred through June 30". The amounts being reported to

the Committee are what we have actually paid beginning July 1 until date and the requested increases being presented to you are for services incurred through June 30, although these bills have not yet been paid. Attorney Hunt added that CRRA is planning to get fiscal year 05 bills paid in fiscal 05 so this will not happen again. Attorney Hunt said that if bills are paid or reserved for by mid-August they can be paid out of the fiscal year 05 budget.

Director O'Brien asked if CRRA would need to establish that reserve by July 1. Mr. Kirk replied in the negative, explaining that CRRA has not done the year end financials as yet. Director O'Brien pointed out that the State audit must be done by September so CRRA needs to close out fiscal year 05. Ms. Greig stated that August 19 was the Accounting Department's cutoff date. Mr. Egan stated that there was a mechanism in place last year, but the problem was that there was no individual in that position to give accounting the line items. Mr. Egan clarified that CRRA can reserve FY05 money for invoices that will come in after June 30, but only until August 19. Mr. Egan said that if a vendor has not provided an invoice for Accounting to accrue in FY05, the vendor will be paid out of the FY06 budget. Attorney Hunt added that Ms. Greig has been calling all of the legal firms to be sure that they get their bills to CRRA by the end of July for any services rendered before June 30.

Mr. Kirk indicated that a detailed summary sheet would be supplied to the Board prior to the July meeting. Vice-Chairman Martland asked if CRRA was paying MDC's legal fees on the arbitration as well as CRRA's. Mr. Kirk replied that CRRA was not paying MDC's legal fees, but was paying for all arbitration costs for both MDC and CRRA, which Mr. Kirk explained is a requirement of the contract with MDC.

Director O'Brien requested that a detailed explanation be provided when this resolution went to the full Board.

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

5. INFORMATIONAL

Regarding the Update on FY06 Legal Expenditures, Director O'Brien stated that the summary did not indicate how much money was being allocated to individual matters, how many hours are being budgeted, etc. Director O'Brien, referring to McCarter & English, asked what part of their project budget of \$350,000 is allocated MDC and what part of their projected budget is allocated to solid waste counsel. Attorney Hunt stated that she would put together some numbers for the Committee, but noted that it was extremely difficult to get an accurate estimate from the firms. Attorney Hunt gave McCarter & English as an example, explaining that McCarter & English is responding to the arbitrators' decision and continuing other pieces related to the matter. Attorney Hunt said that she has no way of knowing if CRRA might go down a different road with MDC that will take CRRA away from any further arbitration. Director O'Brien stated that McCarter & English must have some basis for these estimates. Attorney Hunt stated that those numbers were developed by reviewing prior year's figures, which is especially true for Halloran & Sage, CRRA's general counsel. Attorney Hunt said that there are matters that CRRA estimates may take a couple of hours and, in fact, they take much longer. Attorney Hunt stated that there are so many different issues that these numbers are primarily

based on prior year's experience together with discussions with management on possible issues coming in the next fiscal year, particularly big ticket items. Director O'Brien asked if the legal firms helped in developing these estimates. Attorney Hunt replied in the negative, except for litigation matters. Mr. Kirk stated that when CRRA identifies the issues, we confer with the legal firms. For example, Mr. Kirk requested an estimate from McCarter & English on what it would cost CRRA to go through arbitration with MDC to remove MDC from all programs and McCarter & English estimated \$400,000. Mr. Kirk said that law firms will give CRRA meaningful numbers based on a premise provided by CRRA.

Director O'Brien noted that the Ellington Landfill is an ongoing issue. For example, Director O'Brien stated that Brown Rudnick should be able to give CRRA an estimate of what they expect to charge in the upcoming fiscal year. Director O'Brien further stated that Brown Rudnick should be able to supply CRRA with estimates for the Hartford Landfill issue and the landfill search issues. Mr. Kirk responded that he has asked Brown Rudnick about cost, but noted that developing an estimate is difficult because it is difficult to predict which way these legal matters are headed. Director O'Brien stated that if CRRA knew what the legal costs were, this information could influence the direction that CRRA may want to go. Vice-Chairman Martland gave an example, stating that if CRRA opts to pursue one legal option, the legal firm should give us an estimate for that option. Should CRRA opt to go another way, the legal firm should give us an estimate for the second option. Vice-Chairman Martland indicated that that would give CRRA discretion in which option to choose. Attorney Hunt replied that this would give CRRA better budget numbers, but very often there are other, unexpected directions in which these cases go, which make the estimated numbers obsolete.

Regarding legal expenses, Mr. Egan asked if Board approval of the legal firm budgets is sufficient to serve as approval to employ a firm to work on matter if the cost is expected to be more than \$50,000. Director O'Brien stated that, in his opinion, Board approval of a budget does not constitute approval of specific projects over \$50,000. Director O'Brien added that CRRA would be better served by issuing a purchase order or contract for each major task that we are assigning to lawyers. Attorney Hunt stated that CRRA is currently doing that and Mr. Egan added that CRRA is required to do that in order to pay the invoices.

Director O'Brien stated that if the law firms are not part of the estimating process, they don't feel any obligation to meet that number or to let CRRA know ahead of time when they are over budget. Director O'Brien said that CRRA has had problems with lawyers for years with firms billing CRRA three years after the fact, and said that budgets were out of control. Director O'Brien said he would like the law firms to take a more active role in the estimating process. Director O'Brien stated that he understood that not all services can be estimated, but for those items that are substantially defined, the law firms should be a part of the process. Mr. Egan agreed and stated that with Ellington and the landfill siting investigation, CRRA will establish a budget based on deliberation and consideration. As CRRA moves ahead with Ellington, the decision as to which way CRRA goes will be made and the project cost of both options will be provided. The same budgets will be established with the landfill siting initiative. Mr. Egan further stated that with Ellington it was expected that CRRA will spend more than \$50,000 this fiscal year to continue to work on the Ellington Landfill matters.

Mr. Egan asked if this would need to come to the Board in the form of a Request For Service before CRRA could initiate any activity by Brown Rudnick. Attorney Hunt added that

CRRA would have several legal contracts over \$50,000. Attorney Hunt asked that if she had a matter that was estimated to cost \$25,000, but turned out to be a much bigger issue and found out that she needed an additional \$30,000, how she should deal with that. Director O'Brien answered that he would not have a problem with that as long as there was justification provided. Director O'Brien continued stating that if the legal firms do not tell CRRA that they are exceeding the original estimate then CRRA needs to take a close look at what the charges are for.

Director O'Brien stated that he didn't want to bog down the Board with approvals for amounts under \$50,000 and said that staff should not come to the Board every time there may be an outside chance of an estimate exceeding \$50,000. Vice-Chairman Martland added that vendors should have more responsibility in telling CRRA the direction these costs are going.

Attorney Hunt commented that CRRA has all new Requests For Services in place now. To the extent that several will be over \$50,000, Attorney Hunt asked the Committee if they would like those to go to the Board for approval. Chairman Cohn stated that it was his impression that approval of the firm by firm allocation was the approval for all matters, even if they exceeded \$50,000. Mr. Egan agreed and said that it was his understanding was the legal expenditures were treated differently than other expenditures.

Director O'Brien stated that if the Committee had an estimated breakdown of the tasks, it would make the process flow more smoothly and added that this breakdown would constitute an approval allowing the work to go forward.

Chairman Cohn stated that the Board does not want to get into a situation where CRRA can not proceed with legal work because we have to wait for Board approval. Chairman Cohn said that was the reason the Board went to the "grocery list" process. Chairman Cohn said that the Committee still needs better information on what the legal fees are being incurred for. Mr. Kirk summarized that the Committee was looking for better information on a task basis as opposed to a firm basis. Mr. Kirk confirmed that the Committee wants to see each firm's budgets on different tasks.

Attorney Hunt stated that she would develop a list of all Requests For Services with the amount and include that information in the monthly Board package. Director O'Brien stated that for next June when CRRA budgets legal fees, the Committee will need the task breakout and said that would constitute approval by the Board. Mr. Kirk noted that CRRA may be looking for task approval retrospectively and it is possible that CRRA may go over budgeted amounts. The work may have been performed and CRRA would be reporting to the Board or Committee some months later. Mr. Kirk stated that this will most likely happen as predicting legal costs is very difficult. Director O'Brien stated as long as the Committee and/or Board gets regular updates, it should not be a problem.

Mr. Egan stated that he would like to speak to item 5b of the Committee Package regarding the revision to the Procurement Policy. Mr. Egan continued that he had asked Halloran & Sage to conduct an analysis on how CRRA might revise the Procurement Procedures to require identification of corporate owners & officers and what issues would have to be considered. Mr. Egan distributed a copy of Halloran & Sage's analysis to each Committee member. Chairman Cohn said that the Committee would review the memo and get back to Management at a later date. Mr. Kirk stated that management is of the opinion that it is going to

be difficult to give the Board the confidence in knowing who the principals of a vendor are. Mr. Kirk stated that the Board's initial motivation was concern about using some previously implicated firms. Mr. Kirk said that there could be problems if a low bidder was not selected because of who the principals of the company were. Chairman Cohn stated that the Committee would review the document distributed by Mr. Egan and would report on this item at the Board meeting with a recommendation as to whether to proceed or not.

Director O'Brien stated that Chairman Pace's point of this request was the transparency of knowing who CRRA's contractors are. Mr. Kirk said his concern was that if CRRA doesn't proceed correctly with this change in procedure, CRRA could face some legitimate concerns.

Mr. Egan stated that he had an update on the landfill siting. Mr. Egan stated that part of the update should be discussed in executive session and part can be discussed in public session. Chairman Cohn asked Mr. Egan to present the public portion of his update.

Mr. Egan indicated that within the next several months, CRRA was going to need to contract with an environmental engineering or consulting firm to support CRRA in the environmental permitting initiatives associated with the landfill siting. Mr. Egan said that this would be a large project which would result in hundreds of thousands of dollars in engineering fees. Mr. Egan proposed to use the panel that CRRA has already identified in the Request For Qualifications process and conduct a refined interview of three or four of the firms to further identify the best firm for this particular initiative. Mr. Egan said he would propose to do this with an attorney in the interview because the attorney would be working very closely with the environmental engineer. Mr. Egan explained that the attorney would bring value to the interview process and should be sitting next to CRRA as we decide which engineering firm we will have supporting us. Mr. Egan further explained that CRRA would then select the firm based on its qualifications and then negotiate fees based on the Time & Materials rates in their three-year contract with CRRA. Mr. Egan also suggested that Director O'Brien attend these interviews.

Director O'Brien suggested that Mr. Egan provide an outline of exactly what CRRA plans to do so each firm can be asked identical questions. Mr. Egan replied that CRRA would certainly have a general scope, which would flow from the various permit applications and from any ancillary legal matters. Director O'Brien reiterated that CRRA must be consistent in the interview process. Mr. Egan continued that once CRRA has a candidate firm in mind, CRRA would then ask that firm to provide CRRA with a budget for a more precise scope of work and then negotiate. Mr. Egan said that the budget would come to the Board for approval. Director O'Brien suggested that Mr. Egan also include Director Mark Cooper in this process. Mr. Egan stated that he was looking for affirmation that this would be acceptable under CRRA's Procurement Policy and said that he thought it was acceptable because CRRA has publicly bid out the Request For Qualifications contract and assembled a panel of environmental consulting firms. Mr. Kirk stated that the concern was that CRRA would be limiting the bids to the existing panel. Mr. Kirk stated that he felt comfortable proceeding this way because CRRA has very qualified firms on the panel. Mr. Kirk added that if CRRA does not award this work to firms on our panel, these firms might not work with CRRA in the future. Chairman Cohn agreed.

Vice-Chairman Martland agreed that there should be an attorney present at these interviews.

Mr. Kirk stated that CRRA intends to move forward with a Contract Review Committee and said that it would probably be comprised of members of the Steering Committee. Mr. Kirk explained that CRRA needs a dedicated committee to review contracts such as the recycling contract discussed at the last Board meeting because these contracts fall outside the realm of the Finance and Policies & Procurement Committees. Mr. Kirk stated that he has avoided creating this committee in the interest of time, but CRRA has proven the need for an occasional Contract Review Committee meeting. Mr. Kirk stated that there would probably not be more than three meetings per year.

Chairman Cohn requested a short recess at 11:00 a.m. The meeting was reconvened at 11:04 a.m.

6. EXECUTIVE SESSION

Chairman Cohn requested a motion to enter into Executive Session to discuss pending litigation and made a motion that real estate acquisition be added to the Executive Session agenda. The motion to add real estate acquisition to the Executive Session agenda was seconded by Vice-Chairman Martland and approved unanimously. Director O'Brien asked if the reason the real estate acquisition matter should be discussed in Executive Session was because public discussion could impact the purchase price. Attorney Hunt stated that public discussion could impact the purchase price and competition.

The motion to enter Executive Session was made by Director O'Brien and seconded by Vice-Chairman Martland. The motion previously made and seconded was approved unanimously. Chairman Cohn requested that the following people remain for the Executive Session, in addition to the Committee members:

Mr. Kirk
Mr. Egan
Attorney Hunt

The Executive Session commenced at 11:05 a.m. and concluded at 12:15 p.m. Chairman Cohn noted that no votes were taken.

7. ADJOURNMENT

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

The meeting was adjourned at 12:15 p.m.

Respectfully submitted,

Kristen B. Greig
Secretary to the Board/Paralegal