

Regular Policies & Procurement Committee
April 12, 2012
Regular Meeting Draft Minutes

Members Present: Chairman Stein
Committee Chairman Damer
Dot Kelly

CRRA Staff Present: Peter Egan, Director of Environmental Affairs
Laurie Hunt, Director of Legal Services
Christopher Shepard, Environmental Engineer
Moirra Benacquista, Secretary to the Board/Paralegal

Committee Chairman Damer called the meeting to order at 11:03 a.m. and noted that a quorum was present.

Committee Chairman Damer noted there were no members of the public present which cared to speak during public comment, and said the regular meeting would commence.

1. **APPROVAL OF MINUTES OF THE MARCH 8, 2012, POLICIES & PROCUREMENT COMMITTEE MEETING**

Committee Chairman Damer requested a motion to accept the minutes of the March 8, 2012, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Director Kelly and seconded by Chairman Stein.

The motion to approve the minutes was approved by roll call. Committee Chairman Damer abstained as he was not present at the meeting.

2. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING A HOST COMMUNITY BENEFIT AGREEMENT AND LEASE AGREEMENT WITH THE TOWN OF ESSEX**

Committee Chairman Damer requested a motion to approve the above referenced item. The motion was made by Director Kelly and seconded by Chairman Stein.

RESOLVED: That the President of CRRA is authorized to execute a Transfer Station Host Community Agreement with the Town of Essex, substantially as presented and discussed at this meeting, and

FURTHER RESOLVED: That the President of CRRA is authorized to execute an amendment to the Lease Agreement between CRRA and the Town of Essex for the Transfer Station real property to extend the term of the lease and delete the payment provision, substantially as presented and discussed at this meeting.

Committee Chairman Damer said this resolution was broached at the Board meeting and there was some discussion concerning the two separate payments. Mr. Egan said he spoke personally with First Selectman Needleman of Essex and confirmed that he was quoted in the paper as saying the exact opposite of what is true in terms of the back payments to Essex. He said Mr. Needleman did not state that Essex was prepared to forgo any of the back lease payments.

Director Kelly said the back payments are relatively small dollars in the scheme of things. She said she had discussed this item with Mr. Egan after the Board meeting and she is fine with it.

The motion previously made and seconded was approved unanimously by roll call.

3. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING A TRUST AGREEMENT WITH WELLS FARGO ASSOCIATED WITH REMEDIATION ACTIVITIES AT THE SOUTH MEADOWS FACILITY**

Committee Chairman Damer requested a motion on the above referenced item. Chairman Stein made the motion which was seconded by Director Kelly.

RESOLUTION: That the President of CRRA is authorized to execute an Instrument of Resignation, Appointment and Acceptance with Wells Fargo Bank, National Association, substantially as presented and discussed at this meeting.

Mr. Egan said Senior Environmental Engineer Mr. Shepard is present for questions. He said this resolution is not a cost to CRRA and there is no monetary consideration in this agreement. Mr. Egan said there is a comprehensive remediation activity which has been going on at South Meadows since 2001 which is about 90% complete. He said several years ago one of the areas which was remediated was contaminated with polychlorinated biphenyls (hereinafter referred to as "PCB's"). Mr. Egan said one contaminated area extended under the power block facility and could not be reached by the remediation contractor (TRC), which is also the certifying party and is financially responsible for cleaning the site. He explained management, in conjunction with TRC approached the Environmental Protection Agency (hereinafter referred to as the "EPA") and asked for a variance or authority to leave the PCB's in place.

Mr. Egan said this 10 by 10 ft area was capped and recorded on the land records. He said the federal government requires that the cost of maintaining this area for thirty years be estimated and that those funds then be secured with one of a number of financial assurance mechanisms. Mr. Egan said that TRC went ahead and did this using a trust fund. He said because this is under the toxic substances control act the EPA will not allow anyone but the owner to actually guarantee the financial assurance. He said as a result CRRA had to be the guarantor in the trust fund, with a side agreement with TRC to fund the trust over a nine year period. Mr. Egan said this arrangement has been in place for the past three years.

Mr. Egan said the trustee which was in place is getting out of the business and a successor trustee is now required. He said TRC has obtained a successor and this resolution allows for a new trust agreement with Wells Fargo bank. Mr. Egan said because the agreement is for longer than five years it requires Board approval.

Director Kelly said it seemed to her that this issue came up as part of the transfer from CL&P and Enron. Mr. Egan said this was an outcome of the electric contract buy down with CL&P. She asked why TRC ended up holding this agreement. Mr. Egan explained that TRC actually markets an environmental liability risk management product which is marketed as an “exit strategy program”. He said TRC partnered with AIG and both CL&P and CRRA signed a contract with TRC which is backed by AIG. Mr. Egan said \$27 million was transferred to AIG and several insurance policies were put in place after a cost estimate for the remediation had been done by TRC and AIG. Mr. Egan said the funds insure that remediation of the site will happen and that the scope of work is met which essentially has the site remediated to the CT RSR’s. He said that TRC took the status of “certifying party” under the transfer act and CL&P and CRRA shed that liability. Mr. Egan said there are several insurance policies which essentially provide thirty years of protection against any additional areas of pollution which were not known at the time but may reveal themselves and did not occur after the inception date which was December of 2000. He said TRC gets paid and makes a profit under a separate agreement with AIG.

Director Kelly asked what the PCB level is. Mr. Shepard said he believes it is one part per million. He said this was an old switch yard area which is still within the fence of the active switch yard. Mr. Shepard said there is a higher level which can be met within the active switch yard areas. Committee Chairman Damer said the agreement with TRC covers the entire site. Mr. Shepard said the trust agreement which is part of this is just to cover post-closure care and monitoring. Director Kelly asked Mr. Shepard to speculate on the contaminate level. He said TRC did dig under the building as much as possible without comprising the structure and the contaminate level was in the low thousands of parts per million. Mr. Shepard said with EPA approval TRC backfilled with a fill material with low permeability and paved right up to the building.

Chairman Stein said that this seems to be a fairly straightforward transaction with a reputable bank.

The motion was approved unanimously by roll call.

4. DISCUSSION ON THE EXTENSION OF COPEs & CWPM MID-CONNECTICUT TRANSFER STATION O&M

Mr. Egan said management exercised one extension last year. He said CRRA signed a five year contract with two one year extensions with CWPM and Copes to operate the transfer stations about six years ago. He said the base term was five years and two one year extensions were contemplated as CRRA was going to be at the end of the Mid-Connecticut Project with some uncertainty regarding issues such as tonnage.

Mr. Egan said at the end of the five year base term in 2011 CRRA extended for one year. He said management now intends to exercise the second year extensions which will go through June of 2013. Mr. Egan said this fall management will go out with an RFP for O&M and transportation services for the four transfer stations for a specific term to operate the transfer stations and haul the garbage from the transfer stations to the Hartford Waste to Energy plant. He said that bid will go out this fall in order to be in place by December in the event that any of the bidders have to go out and buy assets or vehicles.

Committee Chairman Damer asked if bidders were expected to purchase new rolling stock. Mr. Egan said it is possible that a new company may not have enough trucks.

Chairman Stein asked if he was correct in stating that this item does not need to go to the Board. Mr. Egan said that was correct. He said when a contract with extension options is approved exercising of the options does not need to come back to the Board. Mr. Egan said the Board asked for notification any extensions.

Director Kelly said that she is resigning, and will be staying on the Board until June. She said that this extension is for millions of dollars a year and when approved the extensions language may not have been reviewed with that much scrutiny as it is an option. Director Kelly said she would like to see such items come to the Policies & Procurement Committee to be examined closely and considered more carefully especially considering many of the lesser items the Committee examines.

Committee Chairman Damer said that management's explanation is contained. Mr. Egan explained that management would not be able to provide adequate information to the bidders in order to bid this work. Committee Chairman Damer said he feels that he would prefer the Board not have to review some of the lesser items it examines.

REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING A NEW EXHIBIT AT CRRA'S HARTFORD TRASH MUSEUM

Committee Chairman Damer said this item will not be addressed as management is not prepared this month to bring anything forward.

EXECUTIVE SESSION

Committee Chairman Damer requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, and feasibility estimates and evaluations. The motion made by Chairman Stein and seconded by Director Kelly was approved unanimously. Committee Chairman Damer requested that the following people remain for the Executive Session, in addition to the Committee members:

Laurie Hunt, Esq.
Peter Egan

The Executive Session commenced at 11:30 a.m. and ended at 12:33 p.m. Committee Chairman Damer noted that no votes were taken.

The meeting was reconvened at 12:33 p.m., the door was opened, and the Board secretary and all members of the public (of which there were none) were invited back in for the continuation of public session.

5. UPDATE ON FY'12 LEGAL MATTERS

Committee Chairman Damer said a copy of the FY'12 legal matters summary report, minus items which were addressed in Executive Session, will be included in the record, a copy of which is attached as "Exhibit A".

6. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING ADDITIONAL PROJECTED LEGAL EXPENDITURES**

Committee Chairman Damer requested a motion on the above referenced item. The motion was made by Director Kelly and seconded by Chairman Stein.

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

WHEREAS, the Board of Directors has previously authorized certain amounts for payment of fiscal year 2012 projected legal fees; and

WHEREAS, CRRA expects to incur greater than authorized legal expenses for Authority and Mid-Connecticut Project legal services;

NOW THEREFORE, it is RESOLVED: That the following additional amount be authorized for projected legal fees and costs to be incurred during fiscal year 2012:

<u>Firm:</u>	<u>Amount:</u>
Halloran Sage	\$350,000

Chairman Stein said in the future he would like to see more insight in terms of project management for legal items.

The motion previously made and seconded was approved unanimously by roll call.

INFORMATIONAL

Committee Chairman Damer said the Informational Section had been thoroughly reviewed and noted there were no comments or questions from the Committee.

ADJOURNMENT

Committee Chairman Damer requested a motion to adjourn the meeting. The motion made by Chairman Stein and seconded by Director Kelly was approved unanimously by roll call.

The meeting was adjourned at 12:35 p.m.

Respectfully submitted,

Moira Benacquista
Secretary to the Board/Paralegal