

**Policies & Procurement Committee
March 15, 2007 Meeting**

Minutes

Members Present: Raymond O'Brien, Committee Chairman
Michael Jarjura (Present beginning at 10:30 a.m.)
Theodore Martland (Present until 10:40 a.m.)
Linda Savitsky

CRRA Staff Present: Tom Kirk, President
Peter Egan, Director of Environmental Affairs & Development
Floyd Gent, Director of Operations
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Public Affairs Coordinator
Kristen Greig, Secretary to the Board/Paralegal

Chairman O'Brien called the meeting to order at 9:35 a.m. and noted that there was a quorum. Chairman O'Brien requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited. Noting that there were no members of the public present for comment, Chairman O'Brien stated that the regular meeting would commence.

Chairman O'Brien requested a motion to suspend the rules in order to add an item to the agenda. The motion made by Director Martland was seconded by Director Savitsky. The motion was approved unanimously.

Chairman O'Brien requested a motion to add an item to the agenda and the Executive Session agenda regarding an emergency procurement contract. The motion made by Director Martland was seconded by Director Savitsky. The motion was approved unanimously.

EXECUTIVE SESSION

Chairman O'Brien requested a motion to enter into Executive Session to discuss pending litigation with appropriate staff. The motion made by Director Martland was seconded by Director Savitsky. Chairman O'Brien requested that the following people be invited to the Executive Session in addition to the Directors:

Tom Kirk
Floyd Gent
Laurie Hunt

The Executive Session began at 9:40 a.m. and concluded at 10:25 a.m. Chairman O'Brien noted that no votes were taken in Executive Session.

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

1. **APPROVAL OF MINUTES OF THE JANUARY 11, 2007 COMMITTEE MEETING**

Chairman O'Brien requested a motion to accept the minutes of the January 11, 2007 Policies & Procurement Committee meeting. The motion made by Vice-Chairman Martland was seconded by Director Savitsky.

Chairman O'Brien asked about the status of the letter related to the public relations firm discussed at the January meeting. Mr. Nonnenmacher explained that he has received the letter and that it would be forwarded to the Chair. Chairman O'Brien asked that the letter be appended to the January minutes.

The minutes were approved with Director Savitsky abstaining.

2. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING THE STANDARD FORM MUNICIPAL SOLID WASTE DELIVERY AGREEMENT FOR THE BRIDGEPORT PROJECT**

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

RESOLVED: That the President is authorized to execute agreements for delivery of acceptable Waste to CRRA's Bridgeport project using the standard form hauler agreement substantially as presented and discussed at this meeting.

Vice-Chairman Martland seconded the motion.

Mr. Gent explained that the form of this and the following two agreements are essentially the same. The only changes are prices and, in some cases, there are some differences in the terms. Mr. Gent stated that there are no substantive changes with regard to the content from the previous contract, but the Bridgeport price has risen from \$69/ton to \$72/ton.

Director O'Brien expressed a concern regarding the budgeted tonnage figures. Director O'Brien stated that he would like to see a limit on tonnages brought to the projects due to limited capacity. Mr. Gent responded that a cap might make sense at Bridgeport and/or Wallingford. Director O'Brien asked Mr. Gent to consider implementing a cap on waste brought into the Bridgeport project.

Director Savitsky asked why the Bridgeport contract was only for one year. Mr. Gent stated that there is only 1-1/2 years left on the Project. The last six months of the Project, which are not included in the contract, will be addressed when the disposition of the Bridgeport facility is known following the arbitration with Wheelabrator.

Attorney Hunt, upon reviewing the Bridgeport contract, asked Mr. Gent to add the "non-discrimination clause" to the Bridgeport contract.

The motion previously made and seconded was approved unanimously.

3. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING THE STANDARD FORM MUNICIPAL SOLID WASTE DELIVERY AGREEMENT FOR THE WALLINGFORD PROJECT**

Chairman O'Brien requested a motion regarding the above-captioned item. Vice-Chairman Martland made the following motion:

RESOLVED: That the President is authorized to execute agreements for delivery of acceptable Waste to CRRA's Wallingford project using the standard form hauler agreement substantially as presented and discussed at this meeting.

Director Jarjura seconded the motion.

Mr. Gent noted that the previously-discussed cap would be considered for this Project as well.

Mr. Gent explained that 95% of the waste is brought into Wallingford by private haulers. Because Wallingford is the lowest cost Project in Connecticut, it is a challenge for CRRA to be sure that only waste from member towns is brought there. Mr. Gent informed the Committee that CRRA has a full-time employee stationed at Wallingford to ensure that only member waste is brought in. Mr. Gent noted that a difference from the previous contract is an increase in the transportation credit from \$8.00 to \$12.00 for each ton that is diverted, which has been approved by the Wallingford Policy Board. Chairman O'Brien asked for quantification of what the value of the credit will be based upon the number of tons diverted.

The motion previously made and seconded was approved unanimously.

4. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING THE STANDARD FORM MUNICIPAL SOLID WASTE DELIVERY AGREEMENT FOR THE HARTFORD PROJECT**

Chairman O'Brien requested a motion regarding the above-captioned item. Vice-Chairman Martland made the following motion:

RESOLVED: That the President is authorized to execute agreements for delivery of acceptable Waste to CRRA's Mid-Connecticut project using the standard form hauler agreement substantially as presented and discussed at this meeting.

Director Savitsky seconded the motion.

Mr. Gent noted that the contract has two changes from the previous contract: 1) \$69 tip fee; 2) CRRA is providing haulers with a similar option to terminate the agreement if the second and third fiscal years' tip fees exceed a 4% annual increase, rather than a 3% increase. The stipulated limits are \$72.76 for FY09 and \$74.63 for FY10.

Director O'Brien expressed concern with the stipulated values because the initial year is starting out lower than the service fee that is assessed to municipal members. Mr. Gent stated that if the 4% is a concern, that number can be changed. It will be a stated value at the onset of the contract so it does not necessarily need to be a percentage value. Mr. Gent noted that the concern is that haulers will not enter the contract if they are not given some assurance that they have some protection from higher than anticipated tip fees in the second and third years. Director Savitsky suggested rounding each value up to \$73.00 and \$75.00. The Committee agreed with this suggestion.

Director Savitsky asked how the federal investigation into the waste hauling industry affects CRRA. Mr. Kirk stated that some of the companies that were indicted are contractors for CRRA, but it is not known if or how CRRA will be affected until the investigation progresses.

The motion previously made and seconded was approved unanimously.

5. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION REGARDING ENVIRONMENTAL EQUITY STATEMENT**

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

RESOLVED: That the Board hereby adopts the Environmental Equity Statement substantially as prepared and discussed at this meeting.

The motion was seconded by Director Savitsky.

Mr. Kirk stated that it has become clear that CRRA's good intentions and actions have been insufficient to provide perspective on CRRA's environmental equity. Therefore, management thought that a formal statement on environmental equity would inform the public of CRRA's environmental operations.

Director O'Brien commended management on the draft Environmental Equity Statement, and offered a few suggestions. In the second paragraph, Director O'Brien noted that in the sentence that begins, "CRRA will assure it makes . . ." the word "assure" should be replaced with "endeavor" or "attempt".

Director O'Brien stated that the first sentence of the third paragraph needed revision. Mr. Nonnenmacher stated that it is important to stress that not only does CRRA have an obligation to protect the public, but that CRRA actually does protect the public. The Committee agreed that the sentence was a bit too broad and should focus more on how CRRA's operations protect the public.

Director O'Brien referred the committee to the second bullet on the second page and suggested that the word "practical" be substituted with "required" or "prudent". Director O'Brien also suggested including CRRA's Mission Statement.

Chairman O'Brien said that the document could be included in the Board package for information and, if acceptable to the Board, it can be an action item in April. Mr. Nonnenmacher

stated that he would make the requested changes and bring the document to the April Board meeting for review.

Director O'Brien referred the Board to the last sentence of the second paragraph. Director Savitsky suggested revising the sentence because of the differing agreements that CRRA has with host communities. Director Savitsky referred the committee to the last bullet and suggested that the sentence end with "CRRA facilities."

Director O'Brien suggested that, with the suggested revisions, this be brought as an agenda item to the next Board meeting.

The motion previously made and seconded was approved unanimously.

6. **REVIEW AND RECOMMEND FOR BOARD APPROVAL RESOLUTION TO AUTHORIZE A SETTLEMENT IN THE MATTER OF EDWARD PATT V. METROPOLITAN DISTRICT**

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

RESOLVED: That the Board of Directors of the Authority hereby approves the settlement of the matter of Edward Patt v. Metropolitan District, et al, substantially in the form presented and discussed during this meeting; and

FURTHER RESOLVED: That the President of the Authority is hereby authorized to execute a Settlement Agreement and Release, substantially in the form presented and discussed during this meeting, and to take all actions and to execute any and all other documents required in connection with the proposed settlement of this matter.

The motion was seconded by Director Savitsky.

Director O'Brien stated that this item had been discussed in Executive Session. Director O'Brien stated that a copy of CRRA's procedures would be provided to the Board to detail what is being done to prevent a recurrence. Director O'Brien also requested a letter from CRRA's contractor stating what their procedures are and how they are being implemented.

Attorney Hunt added that she had received an email last evening from opposing counsel, asking if the motion could be approved and executed by CRRA ahead of the March 29 Board Meeting with the reasoning being that the annuity payments are scheduled to begin April 1st. After a brief discussion, the Committee decided to bring the motion to the full Board on March 29 and not schedule a special Board meeting for this item.

The motion previously made and seconded was approved unanimously.

10. REVIEW AND RECOMMEND FOR BOARD RATIFICATION RESOLUTION REGARDING EMERGENCY PROCUREMENT CONTRACT.

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

RESOLVED: That the Authority Board of Directors ratifies the Emergency purchase as substantially presented and discussed at this meeting.

The motion was seconded by Director Savitsky.

Mr. Kirk stated that there had been a large explosion in the secondary shredder at the Mid-Connecticut Project Waste Processing Facility. The cause was determined to be a problem with one of the electro-magnetic drums. A spare electro-magnetic drum was purchased in the event this happens again so the system can remain operational without delay.

The motion previously made and seconded was approved unanimously.

11. DISCUSSION – MID-CONNECTICUT PROJECT ENERGY PURCHASE PROCUREMENT

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

RESOLVED: The President is hereby authorized to enter into an Energy Purchase Agreement with _____ for the purchase of the first 250,000 MWH of electric energy generated at the Mid-Connecticut Project Facility.

The motion was seconded by Director Savitsky.

Director O'Brien stated that he would like the price and term to be added to this resolution. Attorney Hunt asked if the Committee was also authorizing the President to accept the highest price and/or best-qualified bidder. Chairman O'Brien replied in the affirmative.

Mr. Gent explained that the principle changes made to the contract are: 1) The desired credit rated was upgraded from BBB- to BBB+; 2) The parent guaranty has been changed to a financial guaranty; 3) CRRA is not establishing an escrow account; and 4) There is more detail in the Energy Purchase Agreement regarding communication protocol in dealing with ISO New England. Director O'Brien asked Mr. Gent to include a list of the changes when submitting this to the Board.

The motion previously made and seconded was approved unanimously.

12. INFORMATIONAL

Director Savitsky asked for an explanation of the "Report on Exceptions to the Competitive Process". Mr. Kirk explained that these items are purchases that do not go out to

bid because they fall under certain categories that allow non-competitive purchases (e.g. a competitive market does not exist). Director Savitsky asked the Chairman if the P & P Committee could address this issue at a future meeting because she did not feel that listing very small purchases was necessary and, in fact, was a waste of CRRA staff's time.

Chairman O'Brien agreed and asked Mr. Kirk to discuss with management ways to reduce the number of transactions listed on this report and present the report to the P & P Committee at his earliest convenience.

Attorney Hunt reviewed the "Fiscal Year 2007 Legal Requests for Services" with the Committee. Attorney Hunt referred the Committee to the Halloran & Sage "Bridgeport Project Contract Renewal" charge in the amount of \$1,200,000, which covers the fees and costs related to the arbitration. Attorney Hunt informed the Committee that the invoice for January services put CRRA over the approved amount and CRRA hasn't received the February bill as of yet. Attorney Hunt explained that the bill includes extremely long days for the two lead attorneys handling the arbitration. Mr. Kirk felt that Halloran & Sage under-estimated this bill. Attorney Hunt stated that there was one major issue that had come up over the course of the arbitration and this issue increased the cost substantially. Director O'Brien voiced concern that Halloran & Sage did not alert Attorney Hunt to the amount of the bill during the first week of February. Attorney Hunt stated that she was just alerting the Committee and that SWAB/SWEROC would be reviewing this also. Director Savitsky suggested that management ask Halloran & Sage estimate what charges will be incurred up to June 1, 2007. Director Savitsky also suggested writing attorney contracts with limits included.

Attorney Hunt stated that in the New Hartford matter, CRRA has filed two appeals, one of which AIG has objected to paying for. Attorney Hunt stated that she was just notifying the Committee that CRRA may have to pay for the second appeal.

13. ADJOURNMENT

With no other business to discuss, Chairman O'Brien requested a motion to adjourn the meeting. The motion made by Director Savitsky and seconded by Director Jarjura was passed unanimously.

The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Kristen B. Greig
Secretary to the Board/Paralegal