

**Steering Committee Meeting  
August 12, 2002 Meeting**

Members Present: Michael Pace, Committee Chair  
Andrew Sullivan  
Raymond O'Brien  
Stephen Cassano

Staff Present John Clark, Operations Division Head  
Angelica Mattschei, Executive Assistant

Others Present Al Reichin of the MDC (part of meeting)  
George Sparks of the MDC (part of meeting)

Chairman Pace called the meeting to order at 9:05 a.m.

Chairman Pace stated that for the record he had received from the MDC their FY01 and FY02 Budget Reports and that they were pleased to report that their FY02 expenditures were below what was submitted. Chairman Pace said that he was going to refer the items to Mr. Clark and to the Finance Committee for a verification of the numbers reported by the MDC. Chairman Pace said that the verification was important in order to assure that CRRA and the MDC had the same correct numbers.

Director Sullivan asked whether the items had been subject to an external audit process in the past few years. Mr. Clark replied that one of the auditor's recommendations was to examine the invoices submitted by all the contractors. Mr. Clark said that the MDC submitted several invoices every two weeks and CRRA staff reviewed those invoices concerning the number of hours they claimed to have spent, the calculations and equipment they have purchased. Director Sullivan asked whether CRRA had a method of verifying the credibility of their invoicing and whether it would be incumbent upon CRRA to obtain some agreement with MDC to review their records to see how they developed their invoices. Mr. Clark replied that the MDC submitted extensive documentation with every invoice. Director Sullivan said that he would like to review the documentation submitted by the MDC with their invoices.

Chairman Pace said that he received a memo from the MDC noting that they had submitted their FY03 budget but has not yet been approved by CRRA. Chairman Pace said that the Finance and Operations Divisions needed to review the numbers and come to an agreement as whether they agreed or disagreed with the numbers submitted. A

report should then be submitted to the Board either as an FYI or as a contract for the Board to accept. Chairman Pace said that CRRA needed to respond within the month.

Chairman Pace said that the South End Merchants and the Merchants Cooperative of East Hartford visited CRRA with concerns regarding the smell that filtered over to East Hartford. Chairman Pace stated that it was a simple meet and greet and he updated them briefly of projects such as Keyspan. Chairman Pace noted that the Merchants Association was conducting their annual community picnic on Sunday, September 1<sup>st</sup>. CRRA has been invited to participate with a booth and Chairman Pace said that it would be a good idea to participate. Mr. Clark said that pamphlets could be made available as well as the hotline numbers and an overview and photographs of the new odor system. It was decided that a mulching lawnmower on behalf of CRRA could be raffled off. Chairman Pace and Director O'Brien said that they would be willing to donate some of their time to this activity.

Chairman Pace said that he also spoke with Mayor Larson of East Hartford and he was informed that suits against CRRA with the Town of East Hartford had been put on hold. Chairman Pace stated that he would continue to discuss pending items with the Mayor.

Chairman Pace said that there had been progress concerning his affidavit with the Attorney General's office and making sure that he was comfortable with the document before he signed it. Chairman Pace said that the Attorney General's office was supportive of CRRA and that there may be other suits to follow in the future. Chairman Pace stated that he would keep the committee abreast of these suits as they materialize.

As an FYI Chairman Pace said that he sent a memo to Chief Elected Officials stating that the CRRA Board of Directors has been extremely active and that there was a link on the webpage that would allow them to access hardcopies of the agendas and other information. It was an effort to keep the municipalities informed, he said.

Chairman Pace discussed the office space at the 100 Constitution Plaza headquarters and said that Mr. Budy had provided him a schematic of the area that would allow everyone from the 18<sup>th</sup> floor to move to the 17<sup>th</sup> floor. He said that the Policies and Procurement Committee along with Ms. Schmidt were examining the sublease agreement, which was originally a 10-year-agreement. Chairman Pace continued that the move may transfer one facilities manager to Murphy Road, the corner offices would be condensed by 5 feet, the cubicles would be of uniform size of approximately 10X12, the large Board conference room would be eliminated and a smaller conference room would be utilized on the 17<sup>th</sup> floor. Chairman Pace said that he has asked for a preliminary cost to move and CRRA's sublease rights. The preliminary budget was approximately \$89,000, which included \$35,000 for electrical power and phones, \$19,000 for dry wall partitions, \$3,000 for painting, \$5,000 for demolition, \$17,000 for moveable office disassembling and reassembling on the 18<sup>th</sup> floor and \$8,000 for supervision and general operations conditions. Chairman Pace said that the analysis was very preliminary but that the current lease for both floors was approximately \$396,000 per year for 10 years.

There was a consensus that moving to a different building and the buy-out process for the existing lease would be too costly. Chairman Pace said that moving the staff to the 17<sup>th</sup> floor and subleasing the 18<sup>th</sup> floor may save monies. Chairman Pace also suggested that the Atlantic Collins property would have to be looked at for possibilities. Director O'Brien stated that whatever decision they wanted to make they would have to keep in mind that the 100 Constitution Plaza lease would expire in 7 years.

Chairman Pace said that he received a letter from CL&P requesting payment of South Meadows Property January tax bill and all accrued interest to the City of Hartford. The amount was \$6,000. Ms. Bronisz informed him and CL&P that the bill had already been paid to the City of Hartford for the South Meadows Property and in addition had already negotiated the PILOT payment to the City of Hartford for future taxes. Chairman Pace said that the gentleman from CL&P apologized for being "out of the loop." Director O'Brien suggested that Ms. Bronisz should check that no lien was placed on the property for nonpayment. Chairman Pace added that he had asked Ms. Bronisz for a list of all of CRRA's real estate, where it was located and what the tax bill or PILOT arrangement was.

Chairman Pace said he received a letter from the Ultimate Family Golf Center in Shelton to extend their lease. Chairman Pace said if CRRA were to lease its property, it would have to assess the risk factors associated with that such as children on the property. Chairman Pace commented that he was hesitant to lease CRRA property especially if it was for a 15-year contract. Legal should review the lease for restrictions and revenue splits, Chairman Pace said. Chairman Pace said that other options would be examined through the legal department and Risk Management.

Chairman Pace said that the Policies and Procurement Committee had referred issue #12, Non Project Ventures, in the Vulnerabilities booklet to the Steering Committee. He said that the Steering Committee would also examine real estate properties that may or may not be included. Director Cassano requested a summary on what was included in the Non Project Ventures.

As an FYI, Chairman Pace said that he received a fax from The Geneva Companies titled Business Acquisition Opportunity and it was addressed to the former president of CRRA. Chairman Pace said that he saw no reason to follow up on it but he wanted to mention it to the Steering Committee in case the item was brought up. He was also waiting to see whether other people in the organization had or has had information regarding the fax. A copy of the fax was distributed to the Steering Committee members.

With the Non Project Ventures, Chairman Pace continued, there was a memo in the files dated May 2, 2001 that dealt with the Board of Directors government's issues and recommendations. Chairman Pace said that issue involved setting up another company or company arrangement either as a private entity or under an umbrella organization. The memo was produced, as requested, by in-house counsel, he said.

Chairman Pace said that he has asked Ms. Martin to review how expense reimbursements are handled. He explained that the current practice was that personal expense reimbursement vouchers were sent to the Administration Division, Mr. Gendron, and then to accounting. Chairman Pace said that expense reimbursements and purchase orders should be handled by Division Heads and brought straight to accounting and did not need a third filter. Director Sullivan agreed that the Division Heads should be responsible for their personnel. Director Sullivan asked whether a written policy existed regarding reimbursable expenses. Mr. Clark responded that there was a policy for mileage and travel expenses. Chairman Pace added that Division Heads had to review requests in order to make sure that funds were sufficient.

Chairman Pace said that all cell phone and credit card invoices needed to go straight to accounting and did not need to be reviewed by anyone else. Chairman Pace said that the policy was being reviewed on the matter.

A discussion ensued regarding the personal use of cell phones. Chairman Pace said that abuse of cell phone use may have occurred with one or two employees and corrective actions would be taken, but by in large the use of cell phones had primarily been for business rather than personal purposes. Chairman Pace said that professionalism should be incorporated in the policy and trust be given to the managers. There was a consensus that personal use of cell phones should be allowed as long as it is reimbursed. Director Sullivan said that employees should be treated with professional courtesy and respect.

Chairman Pace gave Director Sullivan a copy of a memo from Minnesota Methane. He explained that CRRA received a quarterly royalty check for \$18,000 from Energy Production. It was booked as a Mid-Connecticut miscellaneous income. Chairman Pace said that he would like the Steering Committee to be familiar with the item.

Chairman Pace said that there was a gentleman interested in leasing land in the South Meadows property for volume reduction. Chairman Pace said that the answer was no.

Chairman Pace said that he has requested some information regarding 5-cent bottle deposit escheats. Mr. Flaherty reviewed the legislative history, he said, and there was \$5 to \$15 million in the fund that CRRA could obtain. Mr. Flaherty said that the chance of CRRA obtaining the monies was slim due to the heavy lobbying involved. Chairman Pace said that the monies stayed with the bottlers but that CRRA should get the money on cans and bottles that were recycled. Chairman Pace said that the monies would offset the recycling cost, which was a reduction in cost per ton to member towns. If CRRA received the monies there would be equitable distribution to the five projects to offset tip fees, Chairman Pace added, and there would also be monies set aside as reserve for environmental issues and impacts.

(The Committee took a brief recess at this point in the meeting. Chairman Pace left the room to meet with members of the MDC.)

Mr. Al Reichin and Mr. George Sparks of the MDC joined the Committee. Chairman Pace said that he discussed with Mr. Reichin and Sparks that CRRA staff would review their FY01 and FY02 Budget Reports and that members of the Finance Committee and Mr. Clark would meet with members of the MDC to review the FY03 Budget so that there would be an understanding of what was included, what the assumptions were and that Mr. Clark through Operations would be able to provide them his insight. Chairman Pace said that two items needed to be examined: performance and cost (efficiencies).

Chairman Pace said that the FY02 and FY03 budgets would be examined and that both organizations would move on from there because there were three components in arbitration. There were webbing effects from the arbitration, he stated, but corporate-wise it was important to talk with the people who ran its services and to uphold public policy. CRRA and MDC were two organizations that represented the general taxpayer and both organizations needed to put their swords down and examine what their differences were and what could be done to resolve those differences.

Mr. Reichin said that there was an issue with the Authority not responding to the MDC's submittal of its budget. Director Sullivan responded that that will not be the protocol for the future. Chairman Pace suggested that a simple work session be held with members of the MDC, some members of the Finance Committee, Mr. Clark and Mr. Constable to discuss, again, the performance and cost issues. Chairman Pace said that he was concerned with the public's interest first and foremost and how to mitigate the impact of East Hartford. Mr. Reichin said that his staff was able and ready to set up the meetings with CRRA and to move forward with both organizations.

Mr. Reichin and Mr. Sparks exited the meeting.

Director Sullivan gave an update regarding bond counsels. He said that there was an issue with the firm's very high hourly rates. Director Sullivan said that Directors Lauretti and Boone would be the subcommittee that would negotiate the fee arrangements. Director Sullivan reported that he spoke with Mr. Frank Robinson, the lead partner for Sidley Austin, and he said that he would do anything that he could do to make the arrangement work. Director Sullivan said that the hourly work fee could exceed \$400 and Mr. Robinson was willing to comply. Director Sullivan added that the fee for the tax person also would have to be lowered from its existing \$625 per hour rate and Mr. Robinson agreed that it was high. Director Sullivan said that they would treat themselves as a Connecticut based firm so that CRRA incur costs associated with an out-of-state firm and that they would agree to review CRRA's indentured documents and past history at their investment. Director Sullivan said that he was comfortable with the firm based on their professional presentation and experience across the country. He agreed with Chairman Pace that the selection was based on quality but was negotiated for a better price.

Chairman Pace said that he would be meeting with Tom Bonacuso to discuss issues with Keyspan. Chairman Pace said that there were many variables to the issue and that he was looking for guidance from the Steering and Finance Committees as well as Mr. Clark and the Legal Division on what the risk reward factors were. Chairman Pace stated that the bottom line was that discussions were still being held with Keyspan.

Chairman Pace discussed the subcommittee reports and asked that Mr. Flaherty provide the skeleton of how the sub-committee reports should look like by Thursday, August 15<sup>th</sup>. It should be on a template so that the formatting was consistent with all of the subcommittees.

Chairman Pace said that the next Steering Committee meeting was going to be a workshop to put together the Committees thoughts on their findings. The meeting would reflect what has been brought to the table, how it was referred to a committee, and how a committee may have either acted on it or referred it to another committee. Chairman Pace said that the actions taken would refer to the Cibes Report and Mr. McGee's report.

The Committee consented on September 5<sup>th</sup> at 9:00 a.m. for their next meeting.

Chairman Pace requested a motion to accept the minutes of the July 23, 2002 meeting. Director Cassano made the motion which was seconded by Director Sullivan.

Chairman Pace said that on page 7, 2<sup>nd</sup> paragraph, 5<sup>th</sup> line, the word "would" should be "was." On page 9, 1<sup>st</sup> paragraph, 2<sup>nd</sup> line, the dollar value should be \$1.00 per ton instead of \$1.40 per ton.

The motion made and seconded was approved. Director O'Brien abstained from the vote as he was absent from the meeting.

A brief discussion was held regarding CRRA's supplier contract. Chairman Pace said that everything was in place and submitted for CRRA to become a supplier, as reported by Mr. Boucher. He said that Mr. Boucher had set up a meeting with CL&P to discuss what could be done in the public's interest and CL&P's interest. Chairman Pace said that a meeting would be set up with CL&P, the Attorney General and, if appropriate, DPUC to discuss CRRA going into the wholesale market. Chairman Pace said that talks could also be held with MDC because they bought electricity and see what could be negotiated. Chairman Pace said that all the options and potential customers needed to be identified and reviewed.

Chairman Pace requested a motion to go into Executive Session in order to discuss strategies for future contracts. Director Sullivan made the motion which was seconded by Director Cassano. The motion made and seconded was approved unanimously.

The motion to adjourn was made by Director Sullivan and seconded by Director Cassano.

There being no other business to discuss before the Committee, the meeting was adjourned at 12:30 p.m.

Respectfully submitted,

Angelica Mattschi  
Corporate Secretary