

**Steering Committee Meeting  
September 5, 2002 Meeting**

Members Present: Michael Pace, Committee Chair  
Andrew Sullivan  
Stephen Cassano

Staff Present John Clark, Operations Division Head  
Lynn Martin, Insurance & Claims Manager  
Angelica Mattschei, Executive Assistant  
Ann Stravalle-Schmidt, Director of Legal Services (part of meeting)

Chairman Pace called the meeting to order at 9:25 a.m.

Chairman Pace requested a motion to accept the minutes of the August 12, 2002 meeting. The motion to accept made by Director Sullivan and seconded by Director Cassano was approved unanimously.

Chairman Pace said that a meeting was held with Wheelabrator concerning the Bridgeport project. Chairman Pace said that Wheelabrator's contract would expire in 2009 and that CRRA was also involved in litigation with them.

Ms. Schmidt gave an overview of CRRA's meeting with Wheelabrator. Ms. Schmidt said that CRRA had a few outstanding issues with Wheelabrator, one being the suit for the bond refinancing in Bridgeport and their claim of approximately \$8 million. There has also been historical issues with Wheelabrator, Ms. Schmidt continued, because Wheelabrator was not only an operator for CRRA, but also performed waste delivery and disposal, as well as received ash at the Putnam ash landfill. CRRA has had a relationship with Wheelabrator that stemmed to many areas, she said, from an opponent to someone CRRA has to cooperate with, to someone who provided services to CRRA and to whom CRRA provided services to.

Ms. Schmidt said that there was an opportunity to come to a global settlement not only of the arbitration, but also to try to resolve ongoing issues which had cost CRRA monies, as well as staff time. There was also an issue with the long-term CRRA relationship to the Bridgeport plant because the contract would expire in 2009 and Wheelabrator had the option to buy the plant at that time. CRRA also had issues with SWAB and SWEROC. Ms. Schmidt said that SWAB had been looking at working with Wheelabrator to the exclusion of CRRA because of historical issues with the CRRA.

Ms. Schmidt said that CRRA and Wheelabrator met to discuss the settlement of the pending arbitration and that the meeting was positive. She noted that the president of Wheelabrator was present, as well as the financial person and general counsel. Ms. Schmidt added that litigation, long and short term solutions regarding the Putman landfill and the statutory interpretation of ash landfill ownership were discussed. Chairman Pace added that Wheelabrator interpreted the statute as enabling CRRA to own an ash landfill but did not exclude anyone else from owning an ash landfill. Conversely, Ms. Schmidt said that CRRA's position was that since CRRA was a statewide waste-to-energy facility that CRRA had to own operations associated with that function. Ms. Schmidt said that a definitive determination of the statutory interpretation of the issue was being examined.

Wheelabrator was currently owned by Waste Management, which was the biggest waste-to-energy company in the world, with home offices in London and Houston, which illustrated the importance of working with Wheelabrator because of its association with Waste Management.

As to the bond refinancing arbitration, it was Ms. Schmidt opinion that CRRA's case was much stronger than Wheelabrator's.

Mr. Clark discussed the short and long term options with the Bridgeport plant once the contract expired. Wheelabrator had the option to buy the plant at \$1 once the contract expired. Mr. Clark said that they also had the option to go for a 5-year renewal option that would cost them zero dollars for lease payments on the property at the end of the contract term in 2008. Chairman Pace asked whether CRRA had the option to say no to the sale for \$1. Ms. Schmidt replied that she believed CRRA did not. Ms. Schmidt said that various options were being examined. She stated that Wheelabrator had a strong position in the Bridgeport project because they were the beneficial owner of that plant, but that CRRA had the string position in the arbitration and, depending on research on the ash landfill statute, CRRA may have a chance. Ms. Schmidt said that it was decided that Wheelabrator would provide CRRA with more detailed proposal of settlement options by September 30, 2002 and then both sides would continue with discussions, after which CRRA would report its progress to the Board at the October Board meeting.

Director Sullivan asked whether monies had been set aside in the budget with respect to any settlement with Wheelabrator. Ms. Schmidt replied that it has not yet been budgeted.

Chairman Pace said that he was bringing the issue to the Steering Committee for their information. He said that he would move forward with Wheelabrator with the consensus of the Steering Committee. Directors Sullivan and Cassano gave consensus for Chairman Pace to move forward. Chairman Pace asked that Mr. Clark, Ms. Martin, Ms. Schmidt and possibly Mr. Egan to give the Committee a list of critical points that would have operational or financial impacts for CRRA.

Chairman Pace made a motion to recess until 11:00. Director Cassano seconded the motion and was approved unanimously. The Steering Committee was recessed at 9:55 a.m.

The meeting was resumed at 11:00 a.m. Chairman Pace said that the 2003 MDC budget was being examined as well as the entire 2003 CRRA budget. Chairman Pace said that a report should be completed by the October Board meeting as to whether there was sufficient cash in the budget in order to guarantee continuity. Director Sullivan said that if CRRA continued at the same level that it would burn through the reserves in the Mid-Connecticut project in the next 20 months. Chairman Pace said that CRRA's role was to mitigate as much as possible to the municipalities, taking a look at the operating budget to reduce costs and increase revenues. Chairman Pace said that the MDC budget also needed to be examined in order to determine agreement or disagreement with the budget as a whole or in parts. Mr. Clark noted that he had a meeting with the MDC to discuss their budget, Waterbury, Essex, Torrington, Ellington and the efficiencies of the plant. Mr. Clark said that the MDC also wanted to discuss the extension of their contract. Chairman Pace said that he spoke with Mr. Sparks of the MDC concerning performance and efficiency. Mr. Clark said that those two items were on the agenda.

Chairman Pace requested that the Finance Committee review the CRRA 2003 budget as well as the MDC budget. He said that Director Sullivan would then advise the entire Board as to the status of those two budgets.

Chairman Pace said that he received a memo from Mr. Christopher Calio of Cummings & Lockwood addressed to Ms. Schmidt regarding Green Resources Corporation. He stated that the letter was a response to an inquiry that Ms. Schmidt had made onto whether CRRA had any obligations to capitalize Green Resources Corporation given the facts of the matter. Chairman Pace continued that, through Mr. Paul Doyle, Cummings & Lockwood had received the information to review the Certificate of Incorporation and minutes of the meetings of the CRRA Board of Directors held on August and September of 2001 authorizing the creation of the corporation. Chairman Pace noted that all that was filed was a Certificate of Incorporation did not elect an initial Board of Directors nor did it reference any minutes of the Board of CRRA's actions. The letter suggested that the current CRRA Board adopt a resolution authorizing do all things necessary to dissolve the corporation. Chairman Pace said that it has been determined that the assets were not moved to Green Resources Corp., but segregated out. It had to be resolved, he said. Director Sullivan said that the appropriate protocol was to act on a resolution that formally dissolved that corporation because the Board had no intent of capitalizing on that corporation.

Chairman Pace said that he received an email from Mr. Jason Manafort, President of CWPM. Chairman Pace said that Mr. Manafort had asked to meet with him and that it was scheduled on September 9, 2002 at 10:30 a.m. at 100 Constitution Plaza. Chairman Pace noted that some of the topics that he wanted to discuss were: a) the original bid process for the operation of the transfer stations and the trucking; b) CRRA/MDC arbitration – discuss program concept versus entire transportation function; c) current status of the Torrington/Watertown station with the transportation; and d) next steps – CWPM has met its obligations (new maintenance facilities and staffing). Chairman Pace said that the two issues were (1), to examine their contract and what the cost savings

were, including the trucks and (2), that it was a part of unwinding litigation and building new relationships with the MDC and Wheelabrator.

A discussion ensued regarding the Shelton Land Lease. Chairman Pace said that CRRA owned property that was leased to Ultimate Golf Center for a family golf center. Chairman Pace said that there has been a request for a change in agreement with the lease. Chairman Pace said that the owners of the land next door would like to build a skating rink on their property with a batting cage on part of CRRA's property. Chairman Pace said that the person went to planning and zoning regarding the issue without consulting CRRA and CRRA intervened, asserting that they did not have control of that property due to the contract. Chairman Pace said that he had met with the gentleman and his partner the previous week and discussed the issue. Chairman Pace said that, if CRRA would not receive more monies for the change in the agreement, as part of public relations to the community he suggested that a substantial number of free tickets in CRRA's name be given every month through the Mayor's office to the children in the community. Chairman Pace said that the tickets would be for skating, golf and the batting cages. The tickets could be divided through the SWAB towns. There would also be three \$1,000 scholarships in the name of CRRA given to high school students for golf, baseball and skating, Chairman Pace added. Chairman Pace said that he spoke with Mayor Lauretti regarding the matter and he said Director Lauretti liked the idea, but was unsure whether the town would approve it due to the density in development.

Director Sullivan asked whether CRRA, as owners of the land for the golf course, had any liability. Ms. Schmidt replied that whenever there was a lease there would be an indemnification agreement to hold CRRA harmless.

Chairman Pace said that Mr. Gaffey has sent out collection letters to some of the Southwest towns regarding recycling materials that they collected and sold to someone else instead of being sent to CRRA facilities. Mr. Gaffey advised them that there was a potential breach of contract and that there was a financial loss to CRRA and a financial benefit to them. Chairman Pace added that Mr. Gaffey has also asked for copies of their contracts. Ms. Schmidt requested that Mr. Gaffey and other Division Heads keep the legal department informed of such issues in the future.

Chairman Pace said that he received a letter from Mr. Joe O'Brien Corporation Counsel from East Hartford sent by CCM. Chairman Pace stated that they were ready to consolidate the suit that West Hartford brought with other municipalities. Chairman Pace forwarded the letter to Ms. Schmidt and added that as a side note to the Steering Committee, he had asked Mr. Flaherty to invite the CCM Working Group to meet at 100 Constitution Plaza.

Chairman Pace said that he has had 2 meetings with staff from Keyspan. Chairman Pace said that the issue he was bringing to the Steering Committee was the obligation given to him to unwind some of the conflicts. Chairman Pace requested that an Executive Session be held in order to discuss issues concerning Keyspan. Director Sullivan made the motion to go into Executive Session and was seconded by Director

Cassano. Mr. Clark, Ms. Schmidt (for part of Executive Session), Ms. Martin and Ms. Mattschi remained during the Executive Session.

Chairman Pace noted that no votes were taken in Executive Session.

Chairman Pace requested a motion to modify the MCAPS Project Memorandum of Understanding between CRRA and Keyspan. Chairman Pace said that a letter would be transmitted to Mr. Bonacuso stating that he has met with the Steering Committee regarding the Agreement and that the Committee had authorized him to sign the modified version of the Agreement to be brought to the CRRA Board of Directors. Chairman Pace said that the Agreement was contingent upon approval of the Board of Directors. Director Cassano moved that the revised letter to be finalized be sent to Keyspan indicating that it would be reviewed by the Board and was contingent upon their approval. Director Sullivan seconded the motion.

The motion made and seconded was approved unanimously.

Chairman Pace requested a motion to adjourn the meeting. 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 1:35 p.m.

Respectfully submitted,

Angelica Mattschi  
Corporate Secretary