

SPECIAL TOWN COUNCIL MEETING

FRIDAY, MARCH 3, 2000

5:30 P.M.

AGENDA

1. Roll Call & Pledge of Allegiance
2. Discussion and Possible Action Regarding the Approval of Contracts for Leasing of Municipal Property for the Construction and Operation of an Electric Generating Facility as Proposed by Pennsylvania Power & Light Global Acting Through Their New Entity, Wallingford Energy LLC

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A special meeting of the Wallingford Town Council was held on Friday, March 3, 2000 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Robert F. Parisi at 5:31 P.M. Councilors Brodinsky, Centner, Farrell, Knight, Parisi and Vumbaco answered present to the Roll called by Town Clerk Rosemary A. Rascati. Councilors Rys and Zappala arrived at 5:32 P.M.; Councilor Papale arrived at 6:15 P.M. due to a previous commitment. Mayor William W. Dickinson, Jr. was also present. Town Attorney Janis M. Small arrived at 5:43 P.M.

Also in attendance were: Director of Public Utilities, Raymond F. Smith; Public Utilities Commissioners David Gessert, Chairman; George Cooke and Richard Nunn; General Manager of the Electric Division William Cominos.

The Pledge of Allegiance was given to the Flag.

ITEM #2 Discussion and Possible Action Regarding the Approval of Contracts for Leasing of Municipal Property for the Construction and Operation of an Electric Generating Facility as Proposed by Pennsylvania Power & Light, Global Acting Through their New Entity, Wallingford Energy, L.L.C.

Motion was made by Mr. Rys that the Host Community Agreement Between the Town of Wallingford and Wallingford Energy, LLC be Approved and that the Mayor be Authorized to Execute Said Agreement on Behalf of the Town of Wallingford. Motion was seconded by Mr. Centner.

At this time Chairman Parisi called for questions/comments from the public.

Mr. Rys stated that the Host Community Agreement includes Appendix A, seconded by Mr. Centner.

Wes Lube, 15 Montowese Trail, stated that one of the first issues brought up at Wednesday's meeting on this same topic pertained to fuel oil definition which was vague. He asked if anyone has heard from Mr. Smith on that point?

Raymond F. Smith, Director of Public Utilities stated that it is his opinion that the fuel oil described in the Host Community Agreement (HCA) is commercially acceptable as a product. There is no need to change the term. It is clear that there is only going to be natural gas fired at the plant. Diesel and #2 oil is almost synonymous. Since it was Mr. Vumbaco who raised the point about the fuel oil the other night, Mr. Smith asked Mr. Vumbaco if he was comfortable with his (Mr. Smith's) thinking on the matter.

Mr. Vumbaco responded that he was.

Mr. Lubee stated, on page 5 of the HCA, noise pollution during construction was addressed because the contract was silent about any enforcement procedure and no contractual protection. There was no satisfactory answer to the point. He asked, has that point been addressed at all?

Mr. Brodinsky (who raised the point at Wednesday's meeting) replied that he has not heard from anyone on that point.

Mayor Dickinson answered that customary construction practices, normal practices will be followed. There will be time limits on when work can be performed; 8:00 a.m. to 6:00 p.m.

Mr. Smith stated, the PUC has the responsibility to approve the construction plan. I have a draft copy and have provided comments on it; one of the conditions mentioned the other day was a standard for noise level requirements for construction equipment. That will be part of the approval process when we get into approving the construction plan.

Mayor Dickinson stated that the PUC will do its best to see that construction noise is minimized.

Mr. Lubee stated, the next item brought up last Wednesday was the search for a provision limiting the 4,000 hours of operation. At that meeting Atty. Robert O'Neil stated that he had not thought of that. A sidebar with Atty. O'Neil and the Mayor was held but the question was never answered. Mr. Knight, in the meantime, offered the 60 million gallon limit (on water use) as a provision. That was discounted because the Town agreed to provide more (water) if requested. An answer on the 4,000 hour limit was not forthcoming from the attorneys at that point. At that time, Mr. Smith said he saw no problem with exceeding 4,000 hours which may very well explain why that limiting subject was not of any significance during negotiations where he was representing the Town because both sides were in agreement, pretty much, on that point. A generating plant that operates around the clock, 365 days per year operates 8,760 hours; full-time generation. Anything less, 7,000 hours or 6,000 hours, would be peaking. It was stated that a lot of people came away from earlier meetings and discussions with the impression that 4,000 hours was the limit (of operation). Over and over it was stressed by Mr.

Smith that 1,800 hours was the expected operating hours; no one ever imagined that the plant would reach 4,000 hours, to say nothing of exceeding that number. There is no reference to that that we can lean on.

It was also bought up that we had the contractual specificity needed to describe the landscaping as it had been originally represented and that was silent in the agreement. Mr. Lubeer asked, has anything more been forthcoming on any of the points I have been bringing up?

Mr. Parisi stated that the Council has received a letter regarding the landscaping issues, therefore it has been put to bed.

Mr. Brodinsky commented that he had received a call from Mark Lyons, Principal, Wallingford Energy, L.L.C. after the meeting on Wednesday. He stated that he would send a letter of agreement to Mr. Smith incorporating the landscaping plan. Mr. Lyons wanted Mr. Brodinsky's thoughts on the matter since he had raised the issue at the previous meeting. Mr. Brodinsky informed Mr. Lyons that the landscaping plan and correspondence pertaining to such would be helpful.

Mr. Lubeer further stated, on Page 2, Section 3 of the HCA, it was asked (at the previous meeting) if there was a reciprocal clause requiring cooperation of the lessee to provide data on which future discussion and decision may be based.

Mayor Dickinson stated that correspondence has been received from Environmental Risk Limited which indicates their recommendation; that they see no health threats or environmental problems with the plans. They are satisfied with the plans and indicate that they will be continuing to serve the Town of Wallingford through the rest of the approval process to monitor and advise us as to the process as it proceeds in the event that other concerns are raised at the Siting Council or elsewhere.

Also, Mr. Lubeer stated that Mr. Brodinsky suggested that the environmental standards established by the state today, with which Wlfd. Energy has agreed to comply with, be memorialized in contract language in the event that state were to raise or relax their limits in the future. He stated that the issue was never resolved; it was left hanging in the air.

Mr. Lubeer referred to page 3 of Atty. O'Neil's letter which addressed a limited liability provision and recalled the discussion about how there would be no deep pockets to Wallingford Energy, L.L.C.. The question was asked at the last meeting if a security deposit was negotiated and the question was never answered.

Mr. Smith answered, the security deposit issue was never negotiated.

Next, Mr. Lubee stated, Mr. Vumbaco raised the point that the proposal was 24 ¾ years in duration based on a 4,000 hour request for approval from the Siting Council with a provision allowing Wlfd. Energy, L.L.C. to apply for an increase from that Siting Council without asking the Town's approval. It was said that we were giving them specific permission to expand as enumerated in the Uses for Land Use Report. They could go to 5,000, 6,000, or 7,000 hours as a peaking plant without changing their posture. Mr. Lyons replied at that meeting... "we backed into the 4,000 hours in order not to be a major polluter" leaving the obvious alternative; were they to exceed the 4,000 hours, they would be a major polluter. Mr. Lyons then went on to say that they would have to buy offsets. The State Siting Council is concerned about area or regional pollution. If Wlfd. Energy was going to become a major polluter in the Town of Wallingford, they would have the right, under the Siting Council, to purchase credits from elsewhere in the region which could be applied to their pollution here. As far as the Siting Council, that is all they care about. Here, in the Town of Wallingford, we care. We don't want to know about offsets.

Mr. Lubee stated, knowing that the Charter (of the Town of Wallingford) limits the PUC to a ten year lease and knowing that the question of a 24 ¾ year lease term was going to be raised, has anyone on the Council requested a written, legal opinion on the subject?

Mr. Parisi stated, we have had several opinions on it from the Town Attorney. There is no problem with it. This has been dealt with in the past.

Mr. Lubee asked for a copy of the legal opinion.

Mr. Parisi stated that his recollection is that Albert Killen (past Council member) had requested it many years ago. Perhaps there is a copy of it in the Council Office.

Mr. Lubee stated, it was said that Article 7 would, in effect, be an invitation to alter the proposed operation. And Atty. O'Neil spoke of the need to hold back from hobbling a business; preventing them to operate competitively. A Town Council approval would be no more of a hobble than it would be for Wlfd. Energy to appear before the Siting Council to revise their 4,000 hour application. They don't want the Town to get in their way. They want to be able to do their own thing; be left alone. He stated that he did not think that is what they townspeople want, nor the Town Council.

At this time Mr. Lubee turned the floor over to other members of the public for an opportunity to speak, however he stated that he had additional questions and asked, if there remains time for the public to speak and no others come forward, he would like the opportunity to return to the microphone with his remaining questions.

Mr. Parisi stated that it would be fine to do so.

Mayor Dickinson read the following excerpt from correspondence dated March 3, 2000 to Raymond F. Smith from Environmental Risk Limited (Appendix I), into the record in response to Mr. Lubees's questions pertaining to the environment:

"After reviewing all of the information made available to us, and based upon comments received from Town staff and at various Town Council meetings, we believe that the proposed Wallingford Energy Project is an environmentally acceptable project for the Town of Wallingford. The construction and operation of the proposed project will not pose a threat to human health or public welfare. Please bear in mind that the project developer still has several environmental hurdles to clear (Connecticut Siting Council and Connecticut Department of Environmental Protection) and that additional information will be forthcoming if the project continues to mature. ERL will continue to work on behalf of the Town of Wallingford to ensure that the Wallingford Energy Project is designed to minimize environmental impacts to the greatest extent possible."

Geno Zandri, 37 Hallmark Drive asked, what is the dollar savings to the Electric Division for the installation of the third 115kV line and the substation work?

Mr. Smith answered, our estimate is that the cost to the Electric Division would be somewhere between \$1,750,000 to \$2 million if we were to take that on ourselves.

Mr. Zandri asked, that will be a direct savings to the division because the developer will do that for us?

Mr. Smith answered, that is correct.

Mr. Zandri asked, what is the yearly savings to the Electric Division for not having the Pierce Plant on line any longer?

Mr. Smith answered, in looking at the current year's budget and trying to extract primarily the maintenance costs that are attributable to Pierce, it is somewhere in the order of \$300,000.

Mr. Zandri asked, it will be approximately \$300,000 that the division will save by not having the (Pierce) plant operate?

Mr. Smith nodded, yes.

Mr. Zandri stated, with the electric rates now being lowered, the Town of Wallingford will receive a little less contribution from the Electric Division because the contribution is based on gross sales. With the Electric Division saving almost \$2 million on the line installation plus almost \$300,000 per year by not having the Pierce Plant on line, I would like to make a recommendation to the Council that a motion be made to take the \$585,000 lease payment that Wlfd. Energy would be making to the Electric Division and, instead, have that payment go directly to the Town's Capital and Non-Recurring Account. Those dollars should then be earmarked for "people projects" which are projects that would be done to enhance the quality of life for the residents of Wallingford. Some examples would be new ball fields; restroom facilities at ball fields; additional dollars allocated for the Linear Trail; dollars for the golf course or the senior center. The dollars should go directly to the Town and not the Electric Division especially in lieu of the dollar savings the division will realize with this project.

Jack Agosta, 505 Church Street, Yalesville agreed with Mr. Zandri's statement. He added that the Town owns the property that the Pierce Plant is on. He is for and against the project; the project should proceed forward under the Town's terms and not Wallingford Energy's.

Mr. Gessert stated that the property is owned by the Electric Division, on behalf of the Electric Division. With regards to the lease payments for the property...Mr. Zandri stated years ago that when the Pierce Plant is closed down the Town will lose the payment it receives from CMEEC (CT. Municipal Electric Energy Co-op) each year and the Town should consider utilizing the land for something else. The Town is now utilizing it for something else; the lease will help replace that revenue lost under the current power plant arrangement.

Mr. Agosta stated that Mr. Lyons made an excellent presentation and was very attentive to every speaker. He truly believes that Mr. Lyons will do everything possible to satisfy the Town with regards to the 4,000 hour limit and water consumption issues raised. It is difficult to know what will happen ten years from now.

Mr. Parisi reminded Mr. Agosta that Mr. Lyons works for someone and has only so much latitude and so much authority.

Frank Wasilewski, 57 N. Orchard Street stated that 100 years ago the people from the Borough of Wallingford built the Pierce Power Plant. Over the years it had proved that it was something to be proud of. Visitors would come to Wallingford and many residents were proud to point out that the Town had its own plant from which it produced electricity. Over the years it seemed as though money was more important than having an asset like the Pierce Plant. We found that it would be cheaper to get our electricity than to manufacture it. Today, 100 years later, we are looking at the death of the Pierce Plant; it is dead. Not to stand in the way of progress, we are going in the right direction. We have to go with progress. As a lifelong resident of

Wallingford; seventy-seven years, Mr. Wasilewski stated that he feels sad for he was always proud of the Pierce Plant. Approximately 10 years ago Mr. Smith came before the Council with plans to improve the Pierce Plant to the tune of \$35 - \$40 million. That plant could have been running today which would have made it more valuable and a bigger bargaining chip today. It is sad to see Pierce go.

Mr. Lubee returned to the microphone to ask if Roger Dann, General Manager of the Water & Sewer Division re-read his tariffs as he stated he would do at the last meeting? At that time the subject of voluntary water rationing restrictions was discussed and it was learned that such restrictions do not apply to industrial customers.

Mr. Parisi assured Mr. Lubee that an emergency ordinance would be enacted, if necessary, should an emergency arise and water restrictions need to be imposed.

Mr. Lubee stated, during discussions dealing with whether or not water would control the number of hours the plant could operate, Mr. Lyons stated, "it was never our intention to limit the number of hours". The Council remembered assurances that were made that the plant would only operate 16 hours per day, not even around the clock and, in reality, they would only be consuming 200,000 gallons per day, not the 350,000 gallons they are now planning for. In some of our discussions here Mr. Smith was shocked that anyone would be foolhardy enough and unknowledgable enough to think that the plant would ever come close to operating 4,000 hours. He recalled Mr. Smith scoffing at that concept.

Mr. Parisi reminded Mr. Lubee that it was stated that all the economics were predicated on the 4,000 hours of operation per year and he could not foresee them going beyond that. If there is an acute power shortage this summer...everyone would be happy to let the plant run so that we can sit in our air-conditioned homes enjoying the scalding hot summer days.

Mr. Lubee felt that there were too many gray areas between 1,800 hours of operation and the calamity that Mr. Parisi refers to. He stated that there is not doubt that the plant could be a cash cow but there are too many unanswered questions for the Council to vote this evening. He pointed out, for example, that only \$100,000 of the plant lease payment would be adjusted according to the C.P.I. (consumer price index). For instance, the C.P.I. would have to go up 6% for the lease payment to increase only 1%. He pointed out how the Council has heard from Ray Smith, Roger Dann and the PUC but, ironically, has not heard from William Cominos, the General Manager of the Electric Division, itself. He asked if anyone thought that was unusual and had anyone talked to Mr. Cominos, themselves? Had anyone asked if Mr. Cominos had been included in the negotiation process and, if not, why? He asked, why haven't we heard from Mr. Cominos?

Mr. Parisi stated that he was not overly concerned about the fact that Mr. Cominos was not heard from.

Mr. Lubee stated that he is making the observation for the benefit of all the Councilors, not solely Mr. Parisi. He stated that he were sitting on the Council he would wonder why he had not heard from the right hand of Public Utilities Director; the one person who manages the electric utility.

Mr. Parisi stated that he trusts Mr. Smith would have called upon Mr. Cominos if he needed his input or judgment.

Pasquale Melillo, 15 Haller Place, Yalesville stated that it bothers him that the Town is dealing solely with Wlfd. Energy, L.L.C. who has very limited assets. He stated that we should not have been negotiating with Wlfd. Energy but PP&L.

Mr. Parisi pointed out that through the majority of the negotiation process the Vice President of PP&L was involved.

Mr. Melillo asked, what if another company takes over PP&L will that automatically mean that they will be taking over Wlfd. Energy too?

Atty. Janis Small explained, the new company would be bound by the terms of the agreement.

Mr. Melillo asked, if we have problems in the future with our water supply and we need more wells, or to interconnect with other water supplies, who will pay for the work?

Mr. Gessert replied, any development of new water supplies, historically, have been paid for out of funds from the Water Division. Wlfd. Energy will be paying a very large water bill every month which will substantially increase the revenues of the Water Division.

Mr. Melillo next asked, when will PP&L begin paying their \$1 million in taxes?

Mr. Gessert replied, when the plant is built. They will pay \$1 million per year for fifteen years, according to the Assessor.

Mr. Melillo stated that the Council should reject the contract, he was opposed to the project, himself.

Philip Wright, Sr., 160 Cedar Street stated, if this "cash" cow were mine, it would be a cull; I wouldn't keep it. I do not believe that the amount of money that we are getting out

of this, the average taxpayer is not going to see anything worthwhile out of it and I do not believe it justifies what we are doing to the Town.

Mr. Agosta stated that the Council should have been given more time to review the documents. Forty-eight hours between meetings was not sufficient time for people to research the issues raised at the last meeting.

Mr. Parisi pointed out that this is just the start of the process. This project will go before Planning & Zoning as well as the Siting Council. Anyone is welcome to attend the Siting Council meetings to testify. The public is not being shut off.

Chairman Parisi announced that the public comment portion of the meeting was closed at this time.

Councilors were given the opportunity to comment prior to the vote.

Mr. Brodinsky stated that the issue has been very difficult for a lot of reasons; it is a very complex situation. There is a great deal of data to review. There are a lot of serious consequences if it turns out badly. It is something that can't be taken lightly and has not been taken lightly by the Council. It is very rare to find an easy, clean, simple answer early in the game in such complex issues. It is not an easy decision to make because not only is it very complex, but I want the very, very, very best contract possible; best financial terms possible. I am conflicted and frustrated if I, in my own mind, cannot be sure we are getting the very, very, very best. It is not a matter of getting a good contract or a better contract, if it is not the very best, I am a little uncomfortable. No contract is perfect nor can be perfect because of the facts on the ground; the respective bargaining positions of the parties. You cannot negotiate a perfect contract, it just won't be acceptable to the other side. There are compromises that have to be made, I am sure compromises were made. It is a difficult decision for me because if I am not absolutely, 100% sure that it is the best deal, then there is some difficulty. It is also a difficult decision because I have to assess the risks involved, not pretend that they don't exist. We have to ferret out those risks, probe them and understand them so that we can manage them. If it is an inherent risk of the contract, we have to vote accordingly. If it is too risky we vote no; if it is an acceptable risk we vote yes. What I have been forced to do over the past three or four days is to focus on the risks because for many, many months the benefits of the contract have been promoted very well. It is only since we got the documents, which was only ten days ago, that we, on the Council, have been able to intelligently assess the risks. A lot of that went on two days ago at the first meeting on the contract. In doing that, the Council was doing their job. After doing the kind of work that I do for the past twenty-five years, I have developed strong, protective instincts of the people that I am trying to work for. I make no apologies for it; that is the spirit in which I asked some of the questions and the

suggestions that I made. The risks are considerable. Some of it is money; are we leaving too much on the table? Are we giving up too much and not getting enough back? Have we maximized our opportunity? There may be some that say we should not squeeze every last nickel and dime but I tend to lean the other way. We have one opportunity to make the very best contract we can; one opportunity. If we don't maximize that opportunity now, it is lost forever. There are also environmental risks. We don't have a crystal ball; we are not clairvoyant, we cannot see what the weather pattern will be in five or ten years. There are risks involved with the water availability and with respect to the air. The question is, are those risks something we feel we can deal with and manage? It is a very close question for me. Yet another category of risks is, when entering into a very long contract you are "locked" into a situation and you cannot adjust for conditions as they may change from time to time. If, in ten years from now, things are very different. We cannot go back and re-negotiate anything if things unfold differently than what we thought. A long term contract is a lot riskier than a short term contract. We don't have the right in this contract, for example, after a certain period of time to look for an escalation in rent in the event that the plant runs for more than 4,000 hours; it is not in there. I am not saying it is possible to get it in there but it is a risk that I had to personally look at and see if, when all is said and done, it is a risk worth taking. There was a point made last night about the turbines being used. They are very specific and that does offer some protection but if one of those turbines, ten years from now, goes out of service and has to be replaced and an identical model is not available, you may have to replace it with something else. The point is, you cannot control the future and that creates some risk. In making my decision I did a lot of research, as many others on the Council. I spoke to Mr. Ray Smith on two occasions and I would like to thank him for being very forthright and helpful. I found him extremely knowledgeable and if anyone deserved to be on the first chair of a negotiating table, it would be Mr. Smith. I spent a lot of time with Roger Dann, as did Councilor Vumbaco; we had some concerns about the water and Mr. Dann spent about two hours going over various contingency plans, facts and figures. Some of us also spent time with the Assessor, Shelby Jackson, for about two hours to try and get a feel for the challenges facing him. This is all part of the work that needed to be done to assess the risks and challenges. It comes down to this; does the hard evidence that we have of the benefits of the power plant outweigh the possibility that something could go wrong? Do I as a Councilman have facts which convince me that if we say no to this now we can do much better by starting over again? My answer is yes, the benefits do outweigh the possibility of problems. I find that the problems and risks are out there. I am not going to minimize it; I am not going to pretend that they don't exist; I am not going to fluff them off and not worry about it. I do worry about it and I think we all have to continue to worry about it. I think we have to continue to keep our antennae up to protect the interest of the Town if things do not unfold the way we think they should. Do I have facts to convince me that if I say no to this now that we could get a much better deal by starting over? I answer, no. I don't have facts on hand that tell me that we can do better by starting over again, although

that is a close call for me, too. I will, therefore, be voting in favor of the project. I want to tell the Administration, PUC and all the people I have talked to, if this passes, from here on out I am not going to be picking apart the decision at any time or stressing the doubts or the weaknesses that are out there. I am going to be doing everything I can do to make sure this project works and works in the best possible way.

Mr. Centner stated, I feel this plant will be a mutual benefit, not only to the people of Wallingford, but to the people of the state. I also feel it will take the Pierce site, which is now a cost center in our annual budget, and put it on the tax rolls and bring in lease revenue. In addition to that, the countless meetings that we spent; I think I have visited three or four power plants; we had numerous technical data; I feel I am qualified to sit up here and make the decision as to whether we should go with the plant or not. I greatly appreciate all the work that the Department of Public Utilities has done; our Town departments, as well as my colleagues on the Council. In short, I favor the project. I have no difficulty voting for it here, tonight.

Mr. Vumbaco stated, I have been weighing the pros and cons of this project over the last thirty-six or so hours since our last meeting. I admit, honestly, this looks to be, overall, a good business deal for the Town. But, again, like Mr. Brodinsky, I question whether it is the best deal. That I cannot answer. One of my concerns is that we did not have an independent, third party consultant knowledgeable in leasing and building power plants, advising the Town of Wallingford on its business portion of the deal. As much so as I would have liked to have happen, it did not happen. On more than one occasion during this past year or so, the hiring of a professional with expertise in this area was suggested and requested but it was denied by the Administration. The Town did hire a professional real estate appraiser to help in estimating the market ground rent applicable to the property. As it turns out, the appraiser admitted that he had no experience in the consideration of any extraordinary direct or indirect benefits that may apply to this use or user although _____ lease is for a specific use to a specific user. Mr. Smith chose, and rightfully so, to not use the appraiser's report. This issue still remains troublesome to me. I still believe in the possibility that a better deal could have been negotiated by the Town. I also had concern about the ability of the Town of Wallingford to exercise control over the site once we sign the 24 ½ year lease. I have stated over and over my concerns about the Town's ability to have some say in future development or changes, if it is to occur, that might arise out of the change in operations of PP&L. Our experts who negotiated this contract, however, assure me that there is enough protections in the contract to cover my concerns and I will take them at their word. Unfortunately, the 4,000 hour limit issue was blown way out of proportion and only served to cloud the issue of my concern over the control. It was only meant to be an example of the change in the operation. I was not against this project from the beginning nor am I now. It is unfortunate that my concern was not understood, however, I do not apologize for what one of my fellow Councilors

stated as a trivial and insignificant attempts to better or change the contract. There is absolutely nothing wrong with attempting to get an even better deal for the Town as I believe it to be the duty as well as the right of an elected official to do just that. With an issue of this magnitude comes before this body, there is nothing wrong with looking out for the best interest of the Town and I will continue to do so. In the future, when a project or an issue of this magnitude becomes a possibility for the Town of Wallingford, I believe it is necessary for the Council to be involved more in the process or negotiations from the beginning. This will alleviate receiving everything at the last moment with little time to exercise proper due diligence as one's duty is as a Councilperson. Getting eight documents and three letters totaling 165 pages of tough legalese at the last moment, in this case eight days prior to last Wednesday's meeting, makes it difficult to ask pertinent questions or to make changes. Getting it late in the game makes it extremely difficult to get document language changes done as is the case in this situation. If this were a private corporation, this time table of review subsequent to a vote would not have been tolerated. No one is asking to do the job of paid professionals only to be informed as the process goes along. However, under the current circumstances, the pros far outweigh the cons in this business deal so I am prepared to support this contract. I give a "one up" to all the negotiating team members; Ray (Smith), Janis (Small), the Mayor and Mr. O'Neil as well as all the other support he had, they have done a wonderful job. I also thank Ray (Smith) for his time spent with me, as well as Roger (Dann), as well as the Assessor Shelby Jackson.

Mr. Farrell stated, the issue of how to re-use the Pierce Plant site has been an issue that has been on the table since day one that I was elected in the last five years. We have had the benefit of numerous meetings, both inside and outside of these chambers, with our utilities' officials, with various experts, with the plant operators. The two major concerns that I had about the project were, would it be environmentally compatible with the Town, and would it bring a reasonable financial return to the Town? I think that what has been said bears out that both of those questions have been answered in the affirmative, therefore I am prepared to vote in favor of this.

Mr. Zappala apologized for leaving early at the last meeting, stating that he had to attend to a family matter. He stated, I stayed up last night until nearly 1:00 a.m. to watch the rest of the meeting to hear the discussion which occurred after I left. I viewed a Power Plant in upstate New York a while back that was similar in size to the plant that was originally proposed for Wallingford. I was very much against it, based on that plant visit. Changes were made, to my delight. Those changes were more in line with what I was looking for. We were looking for a company that would not only add tax revenue to the Town of Wallingford but would also get rid of the Pierce Plant that everyone loves. It does have a lot of memories for many citizens but if you saw that running a few months ago, it would scare you. It looked like the west side of Town was burning. I am in favor of this contract

mainly because it does not create any risks to the surrounding residents. It will be a good tax revenue source to the Town. Anyone who rates second to Bristol Myers Squibb (in ranking of largest taxpayers) is someone we want. I will vote for it.

Mr. Knight stated, we have been working on this for well over one year. This is not something that came up over the last ten days. This project has been in the works in some form or another for well over a year. I have been working on this, as every Councilor, on every aspect of the development as it took place. Over this past year, year and one-half, including the trip to New York, and other meetings held in this room, meetings held at the Electric Division, I have gotten a sense of not only the project but the people involved in it. We are not talking about some shifty robber baron walking into town that we have never heard of that has not track record in the electric utility industry wanting to put a plant here. PP&L is a multi-billion dollar corporation with an excellent track record, not only for operating efficient electric plants, but also in adhering to every environmental regulation that has been placed upon them. That is an important consideration. Over the past year, year and one-half, we have gotten to know Mark Lyons and some of the other people assisting him is developing their proposal. I happen to think they are a real cut above most business people and they have been very legitimate; that has been a real factor to me in my decision. Other than the fact that I am an unabashed, unapologetic, capitalist and do believe that the companies that come into this state, God help them, if they do obey every one of the laws that thousands of pages of regulations that the State of CT. puts upon them, that the federal government puts upon them, and that the Town of Wallingford puts upon them, they should be allowed to operate their business. I think we will be very careful, in fact, I have no doubt that this company will find they are operating in somewhat of a goldfish bowl here, in Wallingford, because much public comment has been made about this plant. We are not in the business of risk and I, too, like the rest of the Councilors assess the risks inherent in any large industrial development such as this. When it is all said and done, the risk is with PP&L. It is their \$125 million that will be put at risk in a market that we have not yet even begun to define. I am looking forward to the building of this plant and to having PP&L, Wallingford Energy as a neighbor. I think this town is going to be very, very pleased with what we find. Not only are they going to be writing huge checks, I have no doubt that they will be a full participant in the life of this community.

Ms. Papale stated, I was not happy when this (project) was first brought in front of us. I also took that plane ride to Oswego, New York and I saw the plant and was not thrilled with the idea; but things change; the project changed. I think the people became aware that maybe we weren't going to be able to sell the first project to the Council, PUC and Town. Everything changed; there was less impact and it was a turnaround for me. Is this a good deal? I think it is. If the Economic Development Commission appeared before the Council and said that they have a taxpayer interested in opening a business here who will

be one of the top five taxpayers, will have a minimum impact on traffic, will be a water and sewer customer; we would be jumping up and down. Although a little different, it has a lot of merit to me. The smaller project made all the difference to me. I made a list of the positive aspects of the project; provide Electric Division with an additional connection to the CL&P grid; it provides emergency back-up power to the East Street substation; provides lease payment to Electric Division offsetting loss of payment due to planned closing of Pierce Plant; provides additional customer for Water & Sewer Division; has no negative effect to the Town's water supply for existing customers and will be treated as any other industrial customer in times of shortage. Overall, it is less polluting than the Pierce Plant. The facility is taxed the same as any other industrial facility. We did not offer any tax incentives; the tax incentives are like any other. There will be a visual improvement to the site from the residential side of East Street; the removal of the cooling towers, the landscaping, the brick enclosure. To me, and to most of the people in the town, that is what they are looking for, the positive aspects. The negative aspects that I found was just a temporary one; up to sixteen months of construction. There are measures to reduce the impacts and controls in the construction plan are subject to PUC approval. There would have to be control of construction traffic, of construction hours of operation, of construction dust and of construction noise. I think the main point here is construction; this will be a negative impact while the construction is taking place. I really believe, for the reasons stated, we have no choice but to say yes to this. It will only be doing something good for the Town of Wallingford. I was on the Council when Bristol Myers Squibb came before the Council. We took a lot of flack about Bristol Myers coming into Wallingford. Look what it has done. Most people are very happy with Bristol Myers. I think the power plant will end up to be like Bristol Myers, not only for the taxes they will be paying but for the money they will be providing us. I think they will become part of our community. I would like to thank Ray Smith for his help; the members of the PUC who I have spoken with, I had a hard time in the beginning understanding how this was all going to work. My colleagues on my left really checked this out and to think they realized...I am really happy that we are all voting yes on this project. It shows that we all listen to what people have to say. I felt comfortable more so in the beginning than some because I have known Mr. Smith for a very long time. I also have been in the business with Atty. O'Neil; I have seen how he worked and I thought that we really did not need anyone else. I am glad this is going to be over with tonight.

Mr. Rys stated, I have jotted down a few things that I feel will be good for this project; Wallingford will be introducing a new industrial customer. They will be part of our water and electric (revenue). According to the Assessor they will be the third largest taxpayer in the Town. After construction they are going to employ ten employees and take into consideration some of the employees of our Pierce Power Plant providing that they qualify. That is a good initiative by them. The reason I say ten employees because that is a small neighborhood; it is going to be a large project, but they are not going to be

producing a lot of traffic. Wallingford Energy, L.L.C., through our meetings, many meetings, listened to the Council, they took some of the public's ideas and incorporated them into the contract. I think they did a good job doing it. Not everything is going to be perfect but they did listen and I believe they will continue listening and they are going to be a good neighbor to this town. They will be a good neighbor to the residents and I think the PUC and the Director of Public Utilities, Mayor, the attorneys, did a good job during the negotiations and the hearings. I believe this is a good contract. Lastly, I have heard a lot of people on the street state that they want me to vote for the electric project, it will be good for the Town. I have heard the negatives here...but there have been more people out there who have said that this (project) is good for the Town of Wallingford and I agree with them. Obviously, I will be voting in the affirmative.

Mr. Parisi stated, I would like to thank the PUC Commissioners, I am sure they exercised what ever needed oversight had to be exercised; Mayor Dickinson, Town Attorney, Janis Small; Ray Smith did an outstanding job; of course the staff that never gets mentioned but they are running around making 600 copies of papers that are being faxed in and out of there like a train station and handling phone calls and conference calls and what ever, they should be thanked. Atty. O'Neil did an outstanding job; Mitchell Wurmbrand from Environmental Risk Limited should be thanked as well. I had the privilege of sitting in for probably some fifty to sixty hours of the negotiations. I am probably the only one who had the luxury of time since I think I am the only fully-retired person. I saw people in action on a first hand basis and as I said earlier at one meeting...I was very impressed and pleased with the concern that I saw demonstrated for the Town of Wallingford and for the effort that was put forth to get us the best deal in hand. I think it is important to stress "in hand". I would also like to commend my colleagues on both sides of the table. At no point have I ever doubted the sincerity of my colleagues to my left or to my right, as we all strive to do the same thing. Mr. Brodinsky and Mr. Knight said it rather eloquently; we all wanted the best deal for the Town. I measure one thing by public attendance; I always have and I always will. I took that the lack of a full audience by the people of Wallingford, as I have for the many years I have been on the Council, read that as a position of trust on their part; trust and confidence in what this Council and the Administration and the staff people were doing; the effort that they would put forth; the information that we would get and our ability to make the right judgment. We will exercise the same vision that was exercised one hundred years ago when the Electric Division was started. I think it is rather fitting that this Council is in the millennium making the same decision on electric supply process, procedure, plant, what ever you want to call it, that I think will impact this town for many years to come. I am going to thank everybody because I think everybody did an outstanding job; the detractors; the people who defended the positive; everyone served a role. With that I would like a roll call

David Gessert, Chairman of the Public Utilities Commission stated, I would like to express my appreciation to the Mayor, Town Attorney, Ray Smith and his staff who did an excellent job. I look at what has happened over the past year, the endless meetings that you Council members have been to, traveling on the plane to New York State... also the volumes and volumes of information that you had to digest, sometimes over a very short period of time. I have been in the same position. For those of you who have come on (the Council) recently and have tried to play catch-up with all the information that has gone before you, I give you a tremendous amount of credit to even try to keep up with that volume and then make an intelligent decision. The Council deserves a tremendous amount of credit for the work that you have done and the meetings that you have attended. We can all look forward to a mutually-beneficial relationship with this company.

Mr. Parisi asked if a motion can be made to incorporate all the agreements?

The previous motion and second were rescinded.

Atty. Small suggested that a motion be made to approve and authorize the Mayor to execute the project agreements and the guarantee and undertaking. She stated, by including the language "project agreements" it is a defined term which will cover all the five contracts, the undertaking and the guarantee are the two additional ones and that covers the seven. That should do it.

Mr. Rys moved the motion as stated by Atty. Small, seconded by Mr. Centner.

Town Council Secretary Kathryn Zandri asked if the motion should include Wallingford Energy, LLC's name to identify who we are entering into agreements with?

Atty. Small responded that Wallingford Energy LLC's name should not be included in the motion because two of the project agreements are with PP&L, directly.

VOTE: All ayes; motion duly carried.

Motion was made by Mr. Rys to Adjourn the Meeting, seconded by Mr. Farrell.

VOTE: All ayes; motion duly carried.

There being no further business, the meeting adjourned at 7:12 P.M.

Meeting recorded and transcribed by:

Kathryn F. Zandri
Kathryn F. Zandri
Town Council Secretary

Approved:

Robert F. Parisi
Robert F. Parisi, Chairman

3-16-2000
Date

Rosemary Rascati
Rosemary A. Rascati, Town Clerk

MAR 15 2000
Date

One copy of all agreements are appended to the Town Clerk's original filing of these minutes and can be viewed in the Office of the Town Clerk.

Other copies of the agreements are on file with the Mayor's Office and Director of Public Utilities as well as the Wallingford Public Library.