

MIRA
REGULAR BOARD MEETING
July 23, 2015

Materials Innovation and Recycling Authority

100 Constitution Plaza

Hartford, Connecticut 06103

Telephone (860)757-7700 - Fax (860)757-7743

MEMORANDUM

TO: MIRA Board of Directors

FROM: Moira Kenney, Assistant HR Manager/Board Administrator

DATE: July 16, 2015

RE: Notice of Regular Board Meeting

There will be a Regular Meeting of the Connecticut Resources Recovery Authority Board of Directors on Thurs. July 23, 2015, at 9:30 a.m. The meeting will be available to the public in the Board Room at 211 Murphy Road, Hartford, CT 06114.

Please notify this office of your attendance at (860) 757-7787 at your earliest convenience.

Materials Innovation Recycling Authority
Regular Board of Directors Meeting

Agenda
July 23
9:30 AM

I. Pledge of Allegiance

II. Public Portion

A ½ hour public portion will be held and the Board will accept written testimony and allow individuals to speak for a limit of three minutes. The regular meeting will commence if there is no public input.

III. Discussion with Connecticut Center for Advanced Technology.

IV. Minutes

1. Board Action will be sought for Approval of the Regular June 25, 2015, Board Meeting Minutes (Attachment 2).

V. Policy and Procurement Committee Reports

VI. Finance Committee Update

1. Board Action will be sought for Resolution Regarding Resolution Authorizing Use of Reserve Funds for Payment of Certain Projected FY '16 Legal Expenses (Attachment 3).
2. Discussion of Recycling Rebates for FY'15 (Attachment 4).

VII. Chairman and President's Reports

VIII. Organizational Synergy & Human Resources Committee Reports

IX. Executive Session

An Executive Session will be held to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP's, and feasibility estimates and evaluations.

TAB 1

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND FIFTY-SIXTH

JUNE 25, 2015

A regular meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Thurs. June 25, 2015, in the Board Room at 211 Murphy Road Hartford, CT 06114. Those present were:

Directors: Chairman Don Stein
Vice-Chairman Dick Barlow
John Adams
Marilynn Cruz-Aponte
Ralph Eno
Joel Freedman (present by telephone until 10:30 a.m.)
Jim Hayden
Andy Nunn (present by telephone until 10:40 a.m.)
Steve Edwards, Southwest Project Ad-Hoc (present by telephone)
Bob Painter, CSWS Project Ad-Hoc

Present from MIRA:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Peter Egan, Director of Operations and Environmental Affairs
Moira Kenney, Assistant HR Manager/Board Administrator

Others: Alan Curto, Esq., Halloran & Sage LLP; John Pizzimenti, USA Hauling.

Chairman Stein called the meeting to order at 9:40 a.m. and said a quorum was present.

PUBLIC PORTION

Chairman Stein said the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

As there were no members of the public present who wished to address the Board the Chairman proceeded with the regularly scheduled agenda.

APPROVAL OF THE SPECIAL MAY 6, 2015, BOARD MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the Special May 6, 2015, Board Meeting. Director Adams made the motion which was seconded by Director Hayden.

The motion to approve the minutes was approved by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, Director Nunn, and Director Painter voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		
Steve Edwards, Southwest Project			

APPROVAL OF THE REGULAR MAY 28, 2015, BOARD MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the Regular May 28, 2015, Board Meeting. Director Adams made the motion which was seconded by Director Hayden.

The motion to approve the minutes was approved by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, Director Nunn, and Director Painter voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		
Steve Edwards, Southwest Project			

DISCUSSION CONCERNING LIABILITY FOR AUDIT COSTS

The Board discussed previously estimated and accrued expenses for the audit which was conducted through the Connecticut Department of Environmental Energy and Protection (hereinafter referred to as "CT DEEP") which have not yet been invoiced by DEEP. They agreed to send a letter to the CT DEEP asking when the invoice is to be expected and noting that MIRA would gladly utilize those funds for the upcoming RFP process.

REVIEW AND RECOMMEND RESOLUTION REGARDING PURCHASE OF JET FUEL FOR THE SOUTH MEADOWS JET TURBINE FACILITY

Chairman Stein requested a motion on the above referenced item. The motion to approve was made by Director Adams and seconded by and Director Nunn.

RESOLVED: That the President is hereby authorized to execute a purchase order with Dime Oil Company, LLC for purchase of Ultra Low Sulfur No. 1 Diesel Fuel to support operation of the South Meadows Jet Turbine Facility, substantially as presented and discussed at this meeting.

Chairman Stein said the resolution in the package is being replaced by the distributed handout as there was recently a change to the DAS preferred pre-qualified provider from the incumbent, Santa Buckley Energy, Inc. to Dime Oil Company, LLC. Mr. Kirk said this resolution will provide authorization to purchase fuel from the Dime Oil Company to keep the tanks sufficiently full in order to meet MIRA’s capacity responsibilities to ISO New England.

Mr. Kirk said the agreement provides MIRA with the ability to buy the fuel at the market rate on that particular day. He said using Dime Oil Company will result in a cost savings from the incumbent, Santa Buckley, and noted that Dime will submit the invoice to MIRA without tax.

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, Director Nunn, and Director Painter voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		
Steve Edwards, Southwest Project			

RESOLUTION REGARDING LEGAL EXPENDITURE

Chairman Stein requested a motion on the above referenced item. The motion to approve was made by Director Adams and seconded by and Director Nunn.

WHEREAS, MIRA has negotiated three-year Legal Services Agreements with various law firms for the provision of legal services beginning July 1, 2014; and

WHEREAS, MIRA now seeks Board authorization for projected legal expenditures pursuant to said Agreements during Fiscal Year 2016;

NOW THEREFORE, it is

RESOLVED: That the following amounts be authorized for projected legal fees to be incurred during FY '16:

<u>Firm:</u>	<u>Amount:</u>
Brown Rudnick	25,000
Cohn Birnbaum & Shea	55,000
Day Pitney	20,000
Halloran & Sage	675,000
Kainen, Escalera & McHale	125,000
McCarter & English	10,000
Pullman & Comley	85,000

Mr. Kirk said this resolution was approved by the Policies & Procurement Committee. He said there is a long list of legal items which were budgeted for and for which funds have been appropriated but have yet to be incurred. Mr. Daley said for Mid-Conn and MDC related issues most of those dollars are from a separate reserve.

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, and Director Nunn voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Ad-Hoc			
Bob Painter, CSWS Project			
Steve Edwards, Southwest Project			

CHAIRMAN'S REPORT

Chairman Stein said the Town of Litchfield is back with MIRA with a long term contract. He said there are no updates on Board appointments at this time.

PRESIDENT'S REPORT

Mr. Kirk said there was no environmental, health, or public safety impacts during the reporting period. He said the outage was recently concluded and extensive emergent work extended the length of the expected turbine outage. Mr. Kirk said all issues were resolved and the turbines are back up and running although there have been some start up issues.

Mr. Kirk said the impact to MIRA will be cleaning up the large buildup of trash as management turned off as little of the interruptible trash as possible. He said the one third drop in capacity at Mid-Conn generated a particular impact to the State's capacity particularly with the added outages at Wallingford. Mr. Kirk said MIRA customers' did not experience a service impact as MIRA's turnaround times continued to be in the nine minutes range (which is top of the state) and noted other facilities had lengthy wait times. He said management made a conscious effort to avoid over selling capacity at the plant.

Mr. Kirk said there was a significant financial impact to MIRA as the plant was down a lot longer than budgeted and anticipated for. He said while down the electrical prices were at historical lows and continue to be very low in the 2 cent range. Mr. Kirk said management expects to clear the stock piled inventory in several weeks and will move forward with a more reliable equipment in the future.

Mr. Kirk said the 2015 legislative session recently concluded. He said there were 51 bills with a potential impact to MIRA which management tracked and monitored. Mr. Kirk said of the 51 possibly impactful bills 5 were passed however none of them will affect MIRA.

Mr. Kirk said that MIRA has been awarded second place for excellence in landfill closure, from the national Solid Waste Association of America. He said it is a great innovative project which is achieving national attention. Mr. Kirk said the first place award was a golf course project implemented by Donald Trump and Jack Nicholson.

RESOLUTION REGARDING HUMAN RESOURCES CONSULTING SERVICES RFS

Chairman Stein requested a motion on the above referenced item. The motion to approve was made by Director Eno and seconded by and Director Adams.

RESOLVED: That the President is hereby authorized to enter into contracts with the following firms for Human Resources Consulting Services, substantially as discussed and presented at this meeting:

- A. For Temporary Staffing Services
Horton International LLC
Linium Staffing

- B. Recruiting Services
Horton International LLC
Linium Staffing
Marchese Consulting LLC

- C. Outsourced Human Resources Services
Horton International LLC
Linium Staffing
Marchese Consulting LLC

- D. Position and/or Organizational Review Services
Horton International LLC
Marchese Consulting LLC

- E. General/Miscellaneous Human Resources Consulting Services
Horton International LLC
Marchese Consulting LLC

FURTHER RESOLVED: That, although the on-call nature of these Agreements does not commit the authority to any expenditure, in approving these Agreements, the Board of Directors is also acknowledging and approving, in accordance with CGS Section 22a-265a, that the total sum expended under any of the Agreements over the three year term may equal or exceed \$50,000, provided that all expenditures under these Agreements are conducted and reported in accordance with MIRA's Procurement Policy and Procedures.

Mr. Kirk said this resolution was discussed and approved at the Organizational Synergy & Human Resources Committee meeting. He said this resolution will staff the Human Resources Consulting services stable however management can approach and and seeking alternative prices from other firms as well.

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Hayden, and Director Nunn voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Jim Hayden	X		
Andrew Nunn	X		
Ad-Hoc			
Bob Painter, CSWS Project			
Steve Edwards, Southwest Project			

DISCUSSION

Director Painter said he is concerned that the Board has not addressed long term issues such as alternative technology. He said recycling is also an issue he would like to see discussed as well as possible plans for land owned by MIRA which is underutilized. He said he feels MIRA has an opportunity to explore business possibilities, its relationship with the Legislature, and alternatives to the ten year plan.

After some discussion the Board agreed that Connecticut Center for Advanced Technology would be invited to the July Board meeting for a discussion on possible alternative technology for MIRA and that the other issues broached would be addressed at the planning meeting in September.

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss real estate and pending litigation. The motion, made by Director Hayden was seconded by Director Adams and was approved unanimously.

Chairman Stein asked the following people join the Directors in the Executive Session:

Tom Kirk
Mark Daley
Peter Egan

The motion to go into Executive Session was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Edwards, Director Eno, Director Hayden, Director Shanley, and Director Painter voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Jim Hayden	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		
Steve Edwards, Southwest Project Ad-Hoc	X		

The Executive Session began at 10:40 a.m. and concluded at 12:12 p.m. Chairman Stein noted that no votes were taken in Executive Session.

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

ADJOURNMENT

The motion to adjourn was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Edwards, Director Eno, Director Hayden, Director Painter, and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		
Steve Edwards, Southwest Project	X		

Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Vice-Chairman Barlow seconded by Director Adams and was approved unanimously.

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Moira Kenney', with a long horizontal line extending to the right.

Moira Kenney
Assistant HR Manager/Board Administrator

TAB 2

**Resolution Authorizing Use of Reserve Funds for Payment of Certain
Projected FY '16 Legal Expenses**

WHEREAS, at the June, 2015, board meeting, the Board authorized the payment of projected legal expenditures during Fiscal Year 2016; and

WHEREAS, the Authority has established reserve accounts, which are the appropriate source of funding for certain of the projected costs;

NOW THEREFORE, it is

RESOLVED: That the President be authorized to expend up to \$10,000 from the Landfill Development Fund Reserve for payment of legal fees incurred in fiscal year 2016 in connection with the Authority's suspension of its efforts to develop a new ash landfill in the State of Connecticut; and

Further RESOLVED: That the President be authorized to expend up to \$75,000 from the Mid-Connecticut Project Closure Reserve for payment of legal fees incurred in fiscal year 2016 in connection with continuing Mid-Connecticut Project obligations; and

Further RESOLVED: That the President be authorized to expend up to \$75,000 from the Landfill Operating Reserve Account for payment of legal fees incurred in fiscal year 2016 in connection with the Solar Array located on top of the Hartford Landfill; and

Further RESOLVED: That \$300,000 be transferred from the Mid-Connecticut Project Closure Reserve to the Mid-Connecticut Project Litigation Reserve; and

Further RESOLVED: That the President be authorized to expend up to \$300,000 from the Mid-Connecticut Litigation Reserve for payment of Mid-Connecticut Project litigation-related legal fees and expenses incurred in fiscal year 2016.

MATERIALS INNOVATION AND RECYCLING AUTHORITY

Request regarding Authorization for Use of Reserve Funds for Payment of Projected Legal Expenses

July 23, 2015

Executive Summary

This is to request board authorization to use funds from MIRA reserve accounts to pay certain projected fiscal '16 legal expenses.

Discussion

Some of the amounts authorized at the June board meeting for payment of FY '16 legal expenses are anticipated to come from appropriate MIRA reserves. We are now seeking board authorization for use of up to the specified amounts from the identified reserves for payment of the referenced legal costs.

TAB 3

THE PERFECT STORM

Economic Impact of Changes
in the Recycling Industry



**PUBLIC AND PRIVATE
PARTNERSHIPS MUST
WORK TOGETHER
AND ADAPT TO
INDUSTRY
CHALLENGES**

THE PERFECT STORM

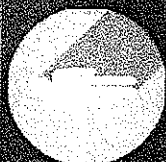
CHALLENGE

What happened



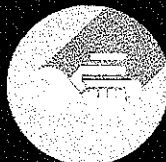
STREAM COMPOSITION CHANGES

- Shifts in consumer preferences, increasing levels on non-recyclables in the bin and industry driven product light weighting



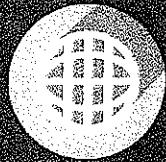
RISING LABOR COST

- Legislative actions continue to increase minimum wages rates \$0.50/hr can increase labor cost by as much as \$3 per ton.



INCREASING MAINTENANCE / PROCESSING COSTS

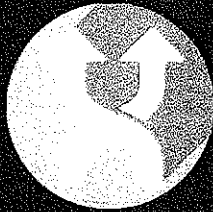
- Negative effects of stream composition, increased down time due to higher contamination rates and requirements attributed to "green fence"



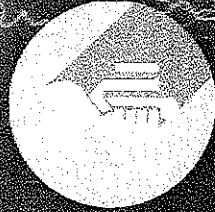
DEPRESSED COMMODITY PRICES

- Revise revenue sharing provisions to share commodity risk more equitably

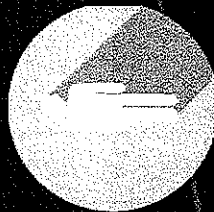
THE PERFECT STORM



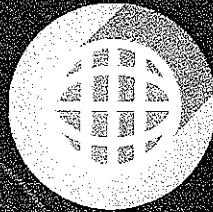
COMPOSITION
CHANGES IN SINGLE
STREAM RECYCLING



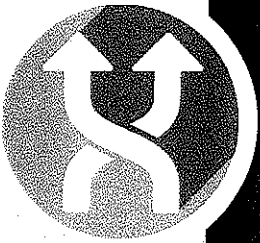
CONTAMINATION
MRF PROCESSING
AND MAINTENANCE



COSTS
MRF & LABOR
COSTS INCREASING
FASTER THAN CPI

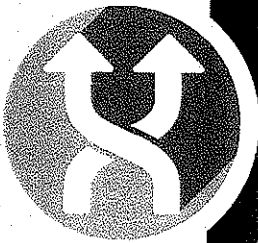


COMMODITIES
GLOBAL PRICES IN
PROLONGED DECLINE



COMPOSITION

SHIFTING CONSUMER PREFERENCES
AND NEW PACKAGING DESIGNS ARE
CAUSING A SIGNIFICANT CHANGE
IN THE COMPOSITION OF WASTE
STREAMS PROCESSED BY MRFS



COMPOSITION

PAPER AND NEWSPRINT

Increased online consumption of news and media has *significantly reduced the amount of newspapers and magazines available to recycle.*

SOURCE REDUCTION

Aluminum and metal containers are becoming thinner and lighter, requiring more units and effort at the MRF to collect and sort the same metric tonnage.

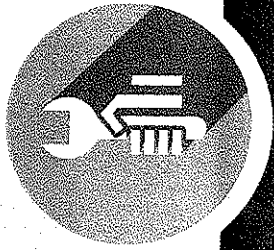
BIO-BASED PACKAGING

Non-recyclable bio-based packaging, like PLA, often gets mixed with recyclables like PET, thus contaminating the stream and reducing overall value.

FLEXIBLE PACKAGING

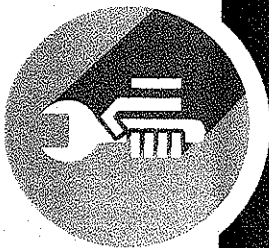
Manufacturers are seeking out and using flexible composite plastic packaging, instead of paper or glass. These materials are difficult to recycle, if they can be recycled at all.

MORE



CONTAMINATION

NON-RECYCLABLE RESIDUE AND
CONTAMINANTS ARE CONSISTENTLY
HIGH ACROSS FACILITIES, LOWERING
PLANT EFFICIENCY AND THE VALUE
OF COMMODITIES PRODUCED



CONTAMINATION

WISHFUL RECYCLING

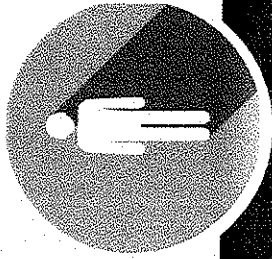
Major cause is "wishful recycling." Residents toss items in the recycling bin/cart, hoping materials can be recycled, even if not officially acceptable.

UNSAFE MATERIALS

Yard waste, wood, hoses, wires, cables as well as bio-waste items medical waste, diapers and needles create extremely dangerous conditions for our employees.

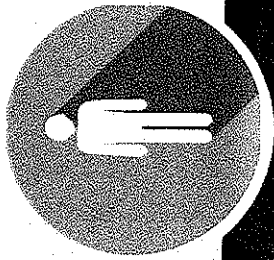
HOUSEHOLD WASTE

Residents in some areas are simply treating the recycling cart as an extra trash can, contaminating the stream with food waste, dirt and plastic bags, which cause significant downtime at the MRF.



COSTS

**MRF FINANCIAL PERFORMANCE
HAS SUFFERED DUE TO THE
CUMULATIVE NEGATIVE EFFECT
OF STREAM COMPOSITION
CHANGES ON PRODUCTIVITY &
COMMODITY VALUE**



COSTS

CAUSE & EFFECT

Stream composition changes can directly cost a typical MRF up to nearly \$100k per month in lost productivity due to slower throughput, higher residue rates and increased downtime.

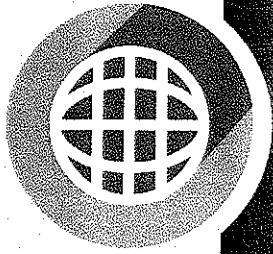
LABOR INCREASE

MRFs create opportunity for entry level workers and are sensitive to minimum wage increases.

Legislative actions are increasing hourly wages \$0.50/hour increase can raise processing cost by \$3/ton.

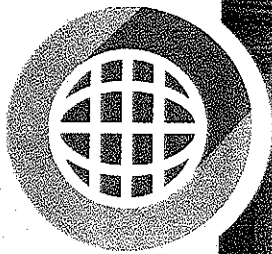
CPI DISPARITY

Many contracts use CPI as a measure of labor cost increases, however, wages and benefit costs are steadily rising faster than CPI.



COMMODITIES

THE MARKET FOR RECYCLED
COMMODITIES HAS GLOBALIZED
WHILE PRICES FOR ALL
RECOVERED MATERIALS HAVE
BEEN IN A PROLONGED DECLINE



COMMODITIES

COMMODITY PRICING LOW

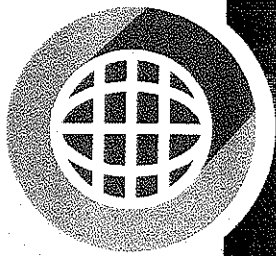
ONP & OCC pricing has declined over the past few years. Plastic prices have dropped sharply due to declines in oil pricing.

CHINA CONNECTION

China's "Operation Green Fence" raised the quality bar, forcing MRF operators to work even harder at producing high quality materials in a complicated stream.

FUTURE UNCERTAIN

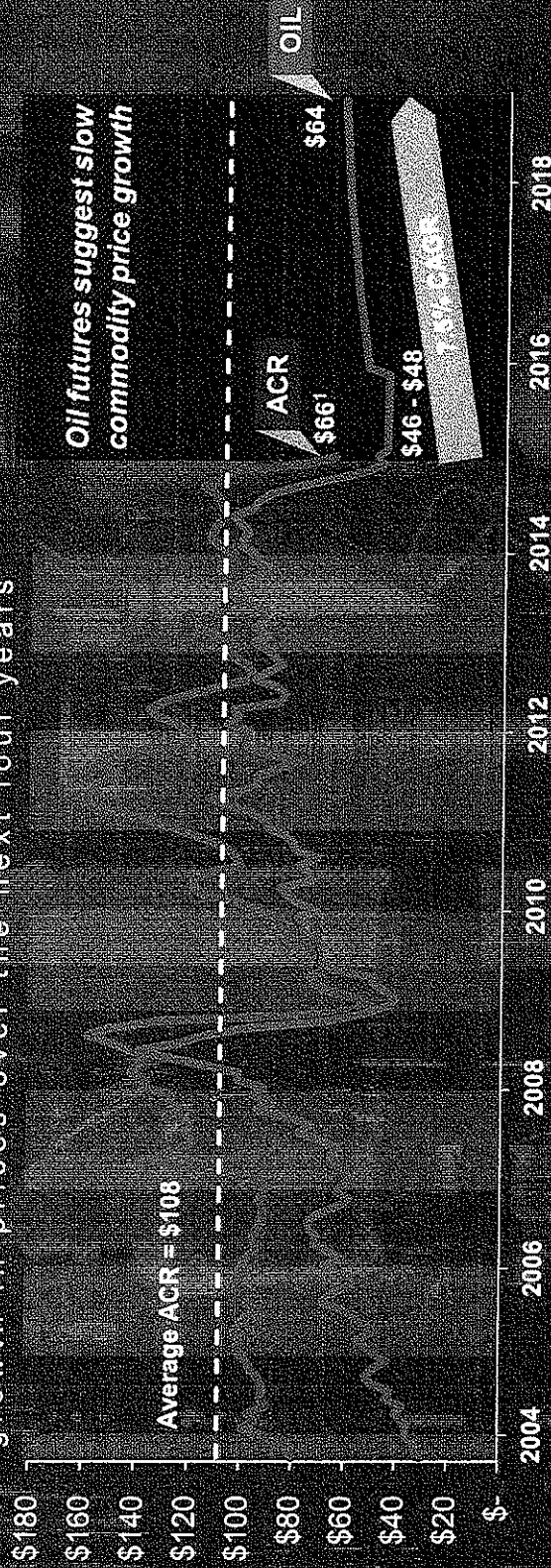
Forecasts vary on how long oil prices will stay low. Some industry analysts predict that pricing will not return to higher rates until 2020 or later.



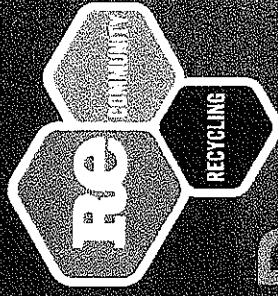
COMMODITIES

AVERAGE COMMODITIES VALUES CORRELATED WITH OIL

ACR and oil prices* appear to be correlated over the last decade and long dated oil future contracts indicate slow growth in prices over the next four years



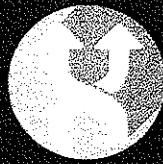
* PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS



**WE MUST ACT IN PARTNERSHIP
TO ADAPT TO THE STRUCTURAL
CHANGES FACING THE
INDUSTRY AND SECURE THE
LONG-TERM SUSTAINABILITY
OF RECYCLING PROGRAMS**

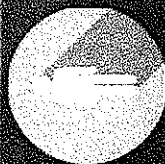
THE PERFECT STORM

CHALLENGE



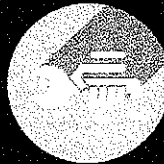
STREAM COMPOSITION CHANGES

- Increase community education to reduce non-recyclables in the waste stream



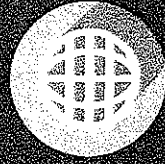
RISING LABOR COST

- Adopt a more appropriate measure of labor cost inflation which captures the true cost of providing employment



INCREASING MAINTENANCE / PROCESSING COSTS

- Reassess processing fees based on the updated operating costs reflective of current MRF performance
- Share the maintenance and disposal costs for excess residue and contamination levels



DEPRESSED COMMODITY PRICES

- Global commodity valuations continue to be depressed with slight support for higher prices

THANK YOU



ATTACHMENT 4

(Continued)

DISCUSSION OF RECYCLING REBATES FOR FY 2015 AND RELATED MATTERS

SUMMARY FINANCIAL / OPERATING PERFORMANCE OF RECYCLING FACILITY

Summary Financial / Operating Performance of Recycling Facility

REVENUE DETAIL (Through May 2015)

Delivery Category	\$ 641,068	
Export Category	\$ 536,988	
Total Revenue	\$ 1,178,056	5% Over Budget YTD

EXPENDITURE DETAIL (Through May 2015)

Legal Notices	\$ 2,250	
Customer Relations	\$ -	
Bus. Meetings & Travel	\$ -	
Mileage Reimbursement	\$ -	
Project Equipment Maintenance	\$ 11,399	
Fees/Licenses/Permits	\$ 688	
Recycling Delivery Rebate	\$ (2,426)	
Contract Operating Charges	\$ 240	
Transportation Expense	\$ 425,408	
Engineering Consultants	\$ 2,211	
Environmental Testing	\$ 1,882	
Indirect Labor & Overhead - Administration	\$ 304,907	
Direct Salaries/Labor - Administration	\$ 32,145	
Direct Benefits - Administration	\$ -	
Direct Salaries/Labor - Operational	\$ 166,480	
Direct Benefits - Operational	\$ -	
Total Expenses	\$ 945,183	24% Over Budget YTD
Net Income/(Loss)	\$ 232,873	
Recycling Rebate @ \$10/Ton	\$ 437,555	
Net Income/(Loss)	\$ (204,682)	

OPERATING STATISTICS

Inbound Recycling Ton

Category	Budget	Actual	Variance	Variance %
CSWS Dual Stream @ \$8.50/ Ton	528.00	627.77	99.77	18.90%
CSWS Single Stream @ \$8.50/ Ton	39,038.00	46,233.17	7,195.17	18.43%
CSWS Commercial @ \$0.00 / Ton	180.00	74.97	(105.03)	-58.35%
FCR Dual Stream @ \$7.50 / Ton	0.00	0.00	0.00	0.00%
FCR Single Stream @ \$7.50 / Ton	7,053.00	10,939.79	3,886.79	55.11%
FCR Commercial @ \$0.00 / Ton	348.00	976.31	628.31	180.55%
FCR Residue @ \$62.00 / Ton	2,903.00	2,595.17	(307.83)	-10.60%
Total	50,050.00	61,447.18	11,397.18	22.77%

Outbound Recycling Ton

Category	Budget	Actual	Variance	Variance %
CSWS Residential ONP	20,012.43	21,600.05	1,587.62	7.93%
CSWS Residential OCC	6,623.09	8,398.72	1,775.63	26.81%
CSWS Residential Containers	11,038.48	13,136.01	2,097.53	19.00%
CSWS Commercial	180.18	74.97	(105.21)	-58.39%
FRC Residential ONP	4,447.21	5,080.87	633.66	14.25%
FCR Residential OCC	1,471.80	1,962.42	490.62	33.33%
FCR Residential Containers	2,453.00	3,065.15	612.15	24.96%
FCR Commercial	347.62	976.31	628.69	180.86%
Total	46,573.81	54,294.50	7,720.69	16.58%

ATTACHMENT 4
(Continued)

DISCUSSION OF RECYCLING REBATES FOR FY 2015 AND RELATED MATTERS

RELEVANT MSA CONTRACT PROVISIONS RELATED TO REBATES

- (c) After the Commencement Date, CRRA shall, within fifteen (15) Days after the execution of any MFN Waste Contract or any MFN Recycling Contract, as applicable, provide notice of such execution to the Municipality. With respect to any MFN Waste Contract, beginning on the first Day of the Month first following CRRA's provision of such notice to the Municipality and continuing for so long as the Municipality is eligible to receive the Other Tip Fee. CRRA shall charge and the Municipality shall pay the Other Tip Fee for its Acceptable Solid Waste. With respect to any MFN Recycling Contract, beginning on the first Day of the Month first following CRRA's provision of such notice to the Municipality and continuing for so long as the Municipality is eligible to receive the MFN Recycling Rights. CRRA shall grant and the Municipality shall receive such MFN Recycling Rights.
- (d) The Municipality's eligibility for the Other Tip Fee or the MFN Recycling Rights, as applicable, shall cease as of the first Day of the Month following CRRA's provision of written notice to the Municipality of such cessation for any of the following reasons: (i) the issuance of a Notice of Non-Compliance with Delivery Obligations by CRRA or any other event of default by the Municipality hereunder, (ii) the Municipality's Designated Waste Facility or Designated Recycling Facility, as applicable, changes such that the requirements of this Section 3.3 are no longer satisfied; or (iii) the expiration or earlier termination of the subject MFN Waste Contract or MFN Recycling Contract, as applicable.

3.4 Recycling Program

On and after the Commencement Date and provided that no event of default (including the issuance by CRRA of a Notice of Non-Compliance with Delivery Obligations) exists hereunder, for any period with respect to which (i) revenues received by CRRA from the sale of Acceptable Recyclables exceed CRRA's processing and administrative costs with respect to such Acceptable Recyclables, as determined by CRRA in a commercially reasonable manner, and (ii) the CRRA Board of Directors has declared a surplus with respect to such revenues pursuant to Conn. Gen. Stat. § 22a-267(6), as the same may be amended, supplemented or superseded, CRRA shall provide a rebate (a "Recycling Rebate") to the Municipality for each Ton of Acceptable Recyclables delivered by or on behalf of the Municipality during such period. If so provided, Recycling Rebates shall be provided retroactively for any applicable Contract Year (or portion thereof). Nothing in this Section 3.4 shall establish a claim or any other right of the Municipality to any Recycling Rebate, or impose any obligation on CRRA to declare any Recycling Rebate.

4. FAILURE TO ENFORCE DELIVERY OBLIGATIONS

4.1. Failure to Enforce Delivery Obligations

Subject to Section 4.2, if the Municipality receives a Notice of Non-Compliance with Delivery Obligations and fails to take reasonable steps to remedy the conditions prompting such notice; including, if not previously implemented by the Municipality, the passage of an Ordinance or the creation of a franchise/permit system for Waste Haulers, then CRRA may terminate this Agreement. CRRA may so terminate this Agreement



**CONNECTICUT
RESOURCES
RECOVERY
AUTHORITY**

CONNECTICUT'S RECYCLING LEADER

100 Constitution Plaza, 6th Floor
Hartford, CT 06103

Telephone: 860-757-7771 Fax: 860-727-4141

To: Tier 1 Long-Term MSA participants

From: Connecticut Resources Recovery Authority

Date: November 4, 2011

Subject: Acceptable Recyclable Deliveries to CRRA. Municipal Relief

As you know, the new CRRA Tier 1 Long-Term Municipal Solid Waste Agreement (the "MSA") calls for the continuation of the CRRA practice of providing Participating Municipalities with Recycling Rebates, under the circumstances described in Section 3.4 of the MSA.¹ The MSA, however, does not assure the Municipality of either a minimum number of Recycling Rebates, or of a minimum dollar amount for any particular Recycling Rebate.

In response to concerns expressed by current and prospective Tier 1 Long-Term Municipalities as to these MSA provisions, and in order to allow these cities and towns to maximize the economic benefits of their recycling programs (while encouraging maximum recycling, as required by the State Solid Waste Management Plan), CRRA is pleased to offer each Tier 1 Long-Term Municipality an option to end its obligation to deliver all of its Acceptable Recyclables to CRRA, under the following circumstances: For each Contract Year between July 1, 2013, and June 30, 2017 (the "Option Period"), if CRRA does not provide a Recycling Rebate of at least \$10.00 per Ton for such Contract Year, the Municipality will have the option (the "Option") to terminate the portion of its Delivery Obligations with respect to Acceptable Recyclables (pursuant to Section 2.2(b) of the MSA), for the remaining Term of the MSA.

CRRA will provide written notice to all Participating Municipalities as to the provision and dollar amount of any Recycling Rebate for each Contract Year during the Option Period, on or before the September 30th following such Contract Year. To exercise its Option, the Municipality must so advise CRRA in writing (after notice from CRRA of a Recycling Rebate under \$10.00 per Ton), on or before the December 31st following such Contract Year; such timely written notice being a requirement for the exercise of the Option for such Contract Year. Upon exercising its Option, the Municipality will be relieved of its MSA obligation to deliver Acceptable Recyclables to CRRA, as of the beginning of the following Contract Year (the "Effective Date"). For example, if the Municipality wishes to exercise this Option, based on a CRRA notice of a \$5 per ton Recycling Rebate for the Contract Year ended on June 30, 2014, the Municipality must provide written notice of such exercise to CRRA by December 31, 2014. The Municipality would then be able to deliver its Acceptable Recyclables elsewhere effective July 1, 2015. This time period is necessary to allow CRRA and the

¹ Terms capitalized but not defined in this letter, have the meanings in the MSA.

Participating Municipalities to properly budget for the changes to the disposition of the subject Municipality's Acceptable Recyclables.

Naturally, since the exercise of the Option will effectively terminate those sections of the MSA requiring delivery of Acceptable recyclables, CRRA will not accept, and the Municipality may not deliver, any of its Acceptable Recyclables after the Effective Date. On the other hand, should the Municipality wish to again deliver all of its Acceptable Recyclables to CRRA after the Effective Date, CRRA will accept such Acceptable Recyclables, subject to CRRA having the capacity to do so. In such a case, the Municipality's Delivery Obligations and benefits with respect to Acceptable Recyclables, will be reinstated for the remainder of the Term, on the same terms and conditions under the MSA.

In addition, the exercise of the Option will make the Municipality ineligible with respect to any MFN Recycling Rights under Section 3.3(b) of the MSA. Finally, the exercise of the Option will not change the Municipality's obligations under Article 3 of the MSA, with respect to CRRA's costs for Acceptable Recyclables to the Central Connecticut System.

It is my hope that this Option provided hereby, will give CRRA's Tier 1 Long-Term Municipalities maximum flexibility and value for their Acceptable Recyclables, while demonstrating CRRA's continuing commitment to best serve the solid waste needs of these cities and towns.

Very truly yours,

CONNECTICUT RESOURCES
RECOVERY AUTHORITY



Thomas D. Kirk
President