

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 1, 2015

RE: Notice of Special Telephonic Board Meeting

There will be a Special Telephonic Meeting of the Materials Innovation and Recycling Authority Board of Directors on Tues. July 7, 2015, at 10:30 a.m. The meeting will be available to the public in the Board Room at 100 Constitution Plaza, Hartford, CT 06103.

The purpose of this meeting will be:

1. Executive Session held to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP's, real estate, and feasibility estimates and evaluations.
2. Board Action may be sought for Resolution Regarding a Lease Agreement for Office Space. (Attachment may follow).
3. Board Action will be sought for Resolution Regarding an Access Agreement, Power Purchase Agreement and Settlement Agreement with the City of Hartford (Attachment 1).

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

TAB 1

**RESOLUTION REGARDING A LONG-TERM ACCESS
AGREEMENT, A POWER PURCHASE AGREEMENT AND A
SETTLEMENT AGREEMENT WITH THE CITY OF HARTFORD**

WHEREAS, the Authority constructed an innovative capping system on top of the Hartford Landfill that includes a Solar Electricity Generating Facility ("EGF"); and

WHEREAS, the Authority operates and maintains the EGF under a Site Access Agreement with the City of Hartford, which agreement ends on August 8, 2015; and

WHEREAS, the Authority and the City wish to negotiate a Long-Term Access Agreement so that the Authority can continue to operate and maintain the EGF; a Power Purchase Agreement so the Authority and the City both can benefit from the electric power generated by the EGF; and a Settlement Agreement so that the Authority and the City can resolve certain outstanding claims related to the Landfill;

NOW, THEREFORE, BE IT:

RESOLVED: That the Board of Directors authorizes the President to enter into a Long-Term Access Agreement, a Power Purchase Agreement, and a Settlement Agreement with the City of Hartford, substantially as discussed and presented at this meeting; and,

FURTHER RESOLVED: That, in the event the Long Term Access Agreement is not executed prior to August 8, 2015, the Board of Directors authorizes the President to extend the current Site Access Agreement between MIRA and the City of Hartford for an additional 6 months, or until the Long Term Access Agreement is executed, whichever occurs sooner.

Materials Innovation and Recycling Authority

Contract Summary for Contract Entitled

Long-Term Access Agreement

Presented to the MIRA Board on:	July 7, 2015
Vendor/ Contractor(s):	City of Hartford
Effective date:	Upon Execution
Contract Type/Subject matter:	Agreement allowing MIRA to access its Solar EGF located at the Hartford Landfill and outlining income sharing arrangement between MIRA and City for ZRECs generated by EGF
Facility Affected:	Hartford Landfill
Term:	21 years from the Date of Execution (plus option to extend as per PPA)
Contract Dollar Value:	\$890,000 - Payment to City (This estimate is based on actual value of ZREC's, expected energy generation, and estimated expenses)
Term Extensions:	In accordance with PPA
Scope of Services:	City provides MIRA access to Solar EGF, MIRA shares one half of net ZREC income from Solar EGF with City
Other Pertinent Provisions:	None

Materials Innovation and Recycling Authority

Contract Summary for Contract Entitled

Power Purchase Agreement

Presented to the MIRA Board on: July 7, 2015

Vendor/ Contractor(s): City of Hartford

Effective date: Upon Execution

Contract Type/Subject matter: Agreement outlining the construction of facilities to connect Solar EGF to City Building at 50 Jennings Road and the purchase of power from the EGF by the City of Hartford

Facility Affected: Hartford Landfill

Term: 21 Years from the Date of Execution with option for one 5 year extension

Contract Dollar Value: \$1,341,500 - Revenue to MIRA

This estimate based on:
projected energy production
revenue and proposed energy
sale revenue of \$1,504,000, less
expected cost to connect EGF to
City DPW building of \$162,500

Term Extensions: One (5 year option)

Scope of Services: MIRA contracts and pays all or a majority of cost of construction of facilities to connect City building at 50 Jennings Road to EGF, MIRA sells City all energy generated by EGF, MIRA continues to operate and maintain EGF

Other Pertinent Provisions: None

Materials Innovation and Recycling Authority

Contract Summary for Contract Entitled

Settlement Agreement

Presented to the MIRA Board on:	June 7, 2015
Vendor/ Contractor(s):	City of Hartford
Effective date:	Upon Execution
Contract Type/Subject matter:	Agreement settling certain claims associated with MIRA's operation and closure of the Hartford Landfill
Facility Affected:	Hartford Landfill
Term:	Indefinite; no termination date
Contract Dollar Value:	\$693,000 - Payment to City
Term Extensions:	Not applicable
Scope of Services:	Agreement memorializes mutual release of claims between MIRA and City of Hartford for all matters associated with the Hartford Landfill
Other Pertinent Provisions:	None

**Materials Innovation and Recycling Authority
Hartford Landfill
Power Purchase Agreement
Long Term Access Agreement
Settlement Agreement**

July 7, 2015

Executive Summary

This is to request Board of Directors authorization for the President to enter into a Long Term Access Agreement, a Power Purchase Agreement, and a Settlement Agreement with the City of Hartford. The purpose of these agreements is 1) to allow MIRA continued access to its Solar Electric Generating Facility ("EGF") on top of the Hartford Landfill after the existing Site Access Agreement ends, and the sharing of revenues from ZREC payments; 2) to allow both MIRA and the City to benefit from the electricity generated by the EGF through a direct sale of the power from MIRA to the City; and 3) for both parties to undertake a mutual release of claims for all matters associated with the Hartford Landfill.

Discussion

General

As part of the final phase of capping and closure of the Hartford Landfill, MIRA constructed a one megawatt Solar EGF on the top of the Landfill. Energy and ZRECs currently produced by the EGF are sold to Eversource and the revenue received from such sales is shared with the City of Hartford on a 50/50 basis, after expenses, as outlined in the existing Site Access Agreement.

In May of 2014, the City of Hartford contacted MIRA to discuss options for the disposition of the EGF and the energy it produces. After several months of discussions and research, it was determined that the EGF would provide maximum benefit to both parties if MIRA continued to own, operate and maintain the EGF while sharing ZREC revenues with the City, and connect the EGF to the City public works building adjacent to the Landfill at 50 Jennings Road so that the energy generated by the EGF could be sold directly to the City for its use.

Long-Term Access Agreement – Key Terms

- Term: 21 years, subject to extensions provided for in PPA

- MIRA will share with Hartford 50% of the Income generated by the system, payable on a quarterly basis. Income is defined as the revenue generated by the system (i.e., revenue from ZRECs) in a given quarter, less the operation and maintenance costs of the system.
 - If the parties are unable to connect the solar array to 50 Jennings at a reasonable cost agreeable to the parties, such that the electricity generated by the solar array can only be sold back to the grid instead of to the City, then the PPA will become moot. In this case, "Income" defined under the Long Term Access Agreement shall be defined as gross revenue received by MIRA from ZRECs, as well as the sale of Solar Power to Eversource, minus operation and maintenance costs of the system.
- If O&M costs are anticipated to exceed projected costs by more than 10%, the City must approve increase in costs in advance.
- MIRA shall have the right to maintain the System in its present location.
- MIRA shall have full rights to use, and shall have full pedestrian and vehicular access to the Property as well as other City-owned properties adjacent to or in the vicinity of the Property for MIRA to: (i) monitor and maintain the System; and (ii) design and construct the Connection to 50 Jennings Road.
 - If the City sells 50 Jennings, the City's obligations with respect to 50 Jennings under this Access Agreement shall be assigned to such purchaser.
 - Assignment is subject to a credit review and approval by MIRA.
 - Access is to be recorded on land records for the Landfill property.
- MIRA to maintain adequate insurance.
- Each party to indemnify the other for its acts / negligence.
- Hartford retains the right to install additional solar generating capacity at its sole cost during the term of the Agreement. In the event this occurs, Hartford will be responsible for all costs (e.g., operation and maintenance) of the system associated with the additional capacity, and will receive all revenues from the additional capacity, unless the Authority and the City agree otherwise in the future. Hartford may connect any new system to MIRA's existing system for efficiency purposes to the extent feasible and provided there is no impact to the existing system, but in such event will install an independent metering system to ascertain the electric generation attributed solely to the new system.

Power Purchase Agreement – Key Terms

- PPA Term shall be for 21 years, with one 5 year option to extend at end of first PPA term.

- MIRA shall retain ownership and responsibility for operation and maintenance of the existing solar panel system including the panels and related supporting infrastructure, connections to the grid, metering and monitoring systems and equipment.
- In the event MIRA and the City are successful at connecting the system to 50 Jennings, the City of Hartford will have access to 100% of the energy produced by the system for use under Connecticut's net metering law.
- MIRA to arrange for and fund construction and interconnection of system to 50 Jennings Road.
 - MIRA's obligation is limited to \$162,500
 - If such costs exceed \$162,500, the parties will negotiate further on a cost sharing arrangement for such costs. If the parties cannot agree or if the costs are insurmountable, either Party may terminate the PPA without penalty or further obligation.
- PPA rate: \$45/MWH for first 10 years; \$55/MWH for last 11 years. To be invoiced quarterly. (Note: In the event that the cost of the Jennings Road Connection is more than \$162,500, and the City agrees to contribute additional funds, MIRA may agree to charge the City a higher PPA rate, rather than an additional up-front payment from the City, in order to fund the additional costs.)
- If MIRA decides to sell the EGF during the PPA term, the City shall have the right but not the obligation to purchase the system for fair market value. If the City does not purchase the EGF, any sale by MIRA to an entity other than the City shall be subject to the City's consent to the assignment of MIRA's rights and obligations under the PPA and the Long Term Access Agreement, such consent not to be unreasonably withheld.
- Upon expiration of the PPA, MIRA will convey title to, and will transfer the EGF to the City, at the City's sole option, at Fair Market Value. If City does not take title to the EGF, at the expiration of the Agreement MIRA shall be solely responsible for any removal of the EGF from the Property.
- City has right to review and approve any proposed changes to system.

Settlement Agreement – Key Terms

- The Authority would make a payment to the City in the amount of \$693,000, subject to an adjustment against amounts owed to the Authority by the City under the Power Purchase Agreement (e.g., if the cost of the connection to 50 Jennings Road exceeds \$162,500 and the City agrees to pay the additional cost or some fraction thereof).

- The Authority and the City would effectuate a full release of all claims with respect to the following matters:
 - Obligations arising under the original settlement agreement (executed February 1, 2007);
 - All matters relating to the Authority's lease of, and operation of, the Landfill; and
 - All matters relating to Authority's performance of Closure and any Post-Closure Care and Monitoring Activities at the Landfill.
- The original settlement agreement (executed February 1, 2007) would become void and of no effect, and the City and the Authority would have no further obligations or liabilities under this original agreement.
- The City would acknowledge and agree that DEEP is solely responsible for the performance of Post-Closure Care and Monitoring Activities at the Landfill and that the Authority has no obligation to perform any Post-Closure Care and Monitoring Activities at the Landfill.
- The City would acknowledge and agree that the Authority is the owner of the EGF and the City would waive any right that it has to effectuate a taking of the System.
- The Authority would acknowledge its ownership of the EGF as it currently exists and would acknowledge its responsibility for operating and maintaining the EGF as it currently exists.

Financial Summary

Long-Term Access Agreement

Under the terms of the Long Term Access Agreement MIRA will pay the City one half of the income generated from the sale of ZRECs, less MIRA's O&M, administrative and insurance costs. If the direct connection to the City's building at 50 Jennings Road *does not* occur, then in addition to the ZREC payments, MIRA will pay the City 50% of the income generated from the sale of energy to Eversource.

Assuming Connection to 50 Jennings Road is completed, and therefore PPA is effective:

50% of ZREC payments are shared with the City, after Expenses:

City Receives (approximately): -----\$890,000

MIRA Receives (approximately): -----\$890,000

Assuming Connection to 50 Jennings Road is not completed, and therefore no PPA:

50% of ZREC payments are shared with the City, after expenses; and 50% of energy sales to Eversource* are shared with the City:

* Payment based on estimate of half of 30,000 MWH at \$50/MWH

City Receives ZREC payments, after expenses -----\$890,000
City Receives Energy payments -----\$750,000
Approximate Maximum Payment to City by MIRA -----\$1,640,000

MIRA Receives ZREC payments, after expenses -----\$890,000
MIRA Receives Energy payments -----\$750,000
Approximate Maximum Net Revenue to MIRA -----\$1,640,000

Power Purchase Agreement

Under the terms of the Power Purchase Agreement, the City will pay MIRA for all of the energy generated by the EGF. The rate which the City will pay for the first 10 years of the Agreement is \$45/MWH, and for the final 11 years of the Agreement is \$55/MWH.

MIRA Receives first 10 years of payments ($\$45/\text{MWH} \times 14,600\text{MWH}$) ---\$657,000
MIRA Receives next 11 years of payments ($\$55/\text{MWH} \times 15,400\text{MWH}$) ---\$847,000
Approximate Maximum Payment to MIRA by City -----\$1,504,000

Settlement Agreement

Under the terms of the Settlement Agreement, MIRA will pay the City \$693,000. This sum is calculated based on provisions included in a settlement agreement between MIRA and the City of Hartford dated February 1, 2007. In that Agreement, MIRA was to pay the City up to \$1,300,000 if the State of Connecticut Bond Commission appropriated \$15,000,000 to support closure of the Hartford Landfill. Ultimately, the Bond Commission appropriated only 8/15ths (\$8,000,000) of \$15,000,000. The 2007 Settlement Agreement states "If less than \$15 million is approved by the Bond Commission (or from such other sources), the parties agree to negotiate, in good faith, including consideration of prorating what funds might be allocated as Host Community Agreement elements." Therefore, MIRA and the City have agreed in principal that payment of \$693,000, which is 8/15ths of \$1,300,000 is acceptable and satisfies the intent of such good faith negotiations.

This agreement will allow MIRA to continue to operate and maintain its Solar EGF. Revenue pursuant to this agreement will ultimately be credited to the Authority's Landfill

Operating Account and used to offset the Authority's ongoing Landfill Division expenses primarily including, but not limited to, insurance premiums.

TAB 2

RESOLUTION REGARDING OFFICE SPACE LEASE

RESOLVED: The President is hereby authorized to enter into a lease for office space with 100-200 Corporate Place LLC for space located at 200 Corporate Place, Rocky Hill, CT, substantially as presented and discussed at this meeting.

**Materials Innovation and Recycling Authority
Contract Summary for Contracts Entitled**

LEASE AGREEMENT FOR RENTAL OF OFFICE SPACE

Presented to the MIRA Board:	July 7, 2015
Counterparties:	100-200 Corporate Place LLC
Contract Type/Subject matter:	Lease Agreement for Office Space
Facility(ies)/Project(s) Affected:	All
General:	Lease Agreement for the rental of Office Space for MIRA staff. The current office space lease at 100 Constitution Plaza expires December 31, 2015
Effective Date:	January 1, 2016
Term:	Five to Seven Years
Rent Cost:	To be negotiated. 7,934 (approximate) Rentable Square Feet
Other Pertinent Provisions:	Landlord provides turn-key build-out. Landlord provides three (3) months of base rent abatement at the beginning of the lease

MATERIALS INNOVATION AND RECYCLING AUTHORITY
LEASE AGREEMENT FOR RENTAL OF OFFICE SPACE

July 7, 2015

Executive Summary

The current lease for rental of office space at 100 Constitution Plaza expires on December 31, 2015. This resolution is to request approval of the MIRA Board of Directors for the President to enter into a Lease Agreement to rent office space at 200 Corporate Place, Rocky Hill, CT.

Discussion

MIRA currently rents office space at 100 Constitution Plaza in Hartford under a lease agreement that expires on December 31, 2015.

In December 2014 MIRA engaged Cushman and Wakefield (CW) to provide commercial real estate brokerage services to MIRA in order to identify office space lease opportunities at locations other than 100 Constitution Plaza for a multi-year term beginning in January 2016.

MIRA directed CW to identify office space lease opportunities within a 10 mile radius of Hartford, CT, assuming a need of approximately 7,000 – 9,000 square feet of area. CW initially identified 55 potential properties, which extended from Windsor to Rocky Hill and Farmington to East Hartford.

MIRA established a staff team consisting of Mark Daley, Peter Egan, Katha Kerr and George Carlson to review CW's initial list of properties and identify properties to visit. The MIRA team identified 16 properties located in Hartford, East Hartford, Wethersfield, Rocky Hill, Newington, Farmington and West Hartford, and requested that CW arrange visits to each of these sites. The MIRA team conducted the visits on March 4 accompanied by Jon Putnam with CW.

Following the March 4 visits, the MIRA team developed a short list of 6 properties. Tom Kirk, Laurie Hunt, Mark Daley and Peter Egan visited these six sites on March 17 accompanied by Jon Putnam.

Based on the March 17 visits, MIRA Reduced the Short list to 3 Properties and directed CW to solicit a request for proposal from these 3 owners, as well as from MIRA's current landlord.

1. Batterson Park, Farmington
2. Corporate Center West, S Main Street, West Hartford
3. 200 Corporate Place, Rocky Hill

Rocky Hill Determined to be the Preferred Location

- Farmington Property is too expensive. Per square foot rent is among the highest. Moreover, the landlord is not willing to negotiate on rent, and will not provide turnkey tenant improvements; MIRA would be responsible for tenant improvements/build-out costs, including managing the construction contractors.
- West Hartford location is too small; build-out too costly; likely not be available January 1 resulting in added cost.
- Constitution Plaza landlord would not provide a quote on any space other than the current 6th floor, which exceeds MIRA's space requirements.

Rocky Hill Property -200 Corporate Place (Century Executive Park):

- Exit 23, West Street off I-91; immediately off Exit. (Approximately 6 miles from Brainard Road exit on I-91.)
- Class B Office Space
- Approximately 7,934 sf
- Term is between 5-7 years (first 3 months free)
- Will Accommodate 26 people
- Turnkey construction cost paid by landlord, except for phone and data systems
- Additional storage available in Basement
- Security: the grounds are monitored by a closed circuit camera system. The Chief State's Attorney office is located next door, providing law enforcement activity 24/7/365.
- Approximate 10 minute drive to Murphy Road and the Hartford RRF