

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND SIXTY SECOND

FEB. 18, 2016

A regular meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Thurs. Feb. 18, 2016, in the Board Room at 211 Murphy Rd. Hartford, CT 06103. Those present were:

Directors: Chairman Don Stein
 Vice-Chairman Dick Barlow
 John Adams
 Marilynn Cruz-Aponte (present until 10:45 a.m.)
 Ralph Eno
 Jim Hayden
 Scott Shanley
 Bob Painter, CSWS Ad-Hoc

Present from MIRA in Hartford:

 Tom Kirk, President
 Mark Daley, Chief Financial Officer
 Jeffrey Duvall, Director of Budgets and Forecasting
 Peter Egan, Director of Operations and Environmental Affairs
 Laurie Hunt, Director of Legal Services
 Moira Kenney, Assistant HR Manager/Board Administrator

Others Present: Lee Sawyer, Department of Environmental Energy and Environmental Protection; Ed Spinella, Esq., USA Hauling.

Chairman Stein called the meeting to order at 9:35 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.

Lee Sawyer addressed the Board. He said the RFP process is going well and after the initial tours and conferences were held six groups confirmed they will be providing proposals. Mr. Sawyer said the CT DEEP has enjoyed excellent cooperation and assistance from MIRA which has helped the process.

Mr. Sawyer said the deadline for proposals was extended by two weeks and the evaluation process is expected to be completed by May 30, 2016. He said the CT DEEP, along with representatives from MIRA, and possible representation from the City of Hartford and CROG, will collaborate on that process. Mr. Sawyer said the second phase RFP will go out in July with proposals expected back by November. He said a formal evaluation process is currently being created. Mr. Sawyer said more of the more established players in the area have indicated interest.

Mr. Sawyer said the Solid Waste Management Plan or (Comprehensive Materials Strategy) was released last week and submitted to the Environmental Committee. He said there are still several weeks of review and public comment followed by a public hearing. Mr. Sawyer said this plan focuses on three main objectives. The first is supporting municipal systems and making improvements to recycling collections with a focus on systems which have not yet achieved 25% recycling. He said the plan establishes performance standards which the municipalities can use to demonstrate any progress. Mr. Sawyer said increasing enforcement from the State to commercial generators is also planned.

Mr. Sawyer said the second portion of the plan focuses on infrastructure development and acknowledges that a disposal shortfall is already present in the State and is likely to continue and grow. He said the focus is to develop new facilities and to increase the capacity available in the State. Mr. Sawyer said MIRA and CT Green Bank may be tapped to develop new programs for infrastructure development.

Mr. Sawyer said the third focus of the plan is on product stewardship. He said the State wants to look at a program for packaging and paper. He said the goal is to examine the possibility of having producers pay into a fund to help municipal programs.

Chairman Stein asked Mr. Sawyer to elaborate on his vision for MIRA. Mr. Sawyer said the State needs a catalyzing organization for development of new infrastructure, and that MIRA has the potential to carry that forward or it would need to be created from scratch. He said the CT DEEP is open to exploring that possibility and by the end of 2017 hopefully a plan can be developed to allow MIRA to fulfill that role.

Vice-Chairman Barlow asked what the next step in the adoption or finalization of this plan is. Mr. Sawyer said public comments are open until April 8, 2016, followed by public notice until July 1, 2016, at which point the final plan should be developed. Mr. Sawyer said he is the final contact person for these edits.

Director Painter asked if there has been any effort by CT DEEP to attack the huge amount of packaging material used in the State of Connecticut. Mr. Sawyer said that is one of the primary focuses of the plan.

Director Shanley said he knows the Board is disappointed that MIRA is unable to continue funding the museum, at a time when education is very necessary. He asked if the CT DEEP has a public outreach and PR advertising campaign in mind to reach residents. Mr. Sawyer said through Recycling CT there is a budget of \$200,000 - \$300,000 a year for at least two years to ramp up a marketing campaign aimed at residents. He said it's a start and a marketing agency will be brought in to develop a campaign to effectively use curbside recycling developing materials which can be distributed to municipalities. He said that solicitations will be started sometime in the next few months.

MOTION TO TABLE THE JAN. 28, 2016 MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the Jan. 28, 2016, Board Meeting. Director Eno made the motion which was seconded by Vice-Chairman Barlow.

Director Painter requested more detail on the conversation concerning the tipping fee and strategies for setting appropriate future tipping fees. Ms. Kenney agreed to bring a revised version of the minutes back for Board approval at the March meeting.

The motion to approve the minutes was tabled and approved by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, 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		
Jim Hayden	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

RESOLUTION APPROVING A REVISED “AUTHORITY BUDGET” FOR FISCAL YEAR 2017

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

WHEREAS, On October 22, 2015 the Materials Innovation and Recycling Authority (MIRA) Board of Directors adopted its “Authority Budget” for fiscal year 2017 in order to progress timely with the evaluation and establishment of Disposal Fees for the Connecticut Solid Waste System (CSWS); and

WHEREAS, MIRA is obligated to adopt such Disposal Fees on or before February 29, 2016; which fees will apply during MIRA’s fiscal year 2017 which begins July 1, 2016 and ends June 30, 2017; and

WHEREAS, At its January 28, 2016 meeting, the MIRA Board of Directors evaluated a first draft proposed CSWS budget which included a \$3.00 increase in Disposal Fees, driven primarily by declining energy revenue and increasing major maintenance expenses, which increase would cause certain contractual Opt Out Disposal Fees to be exceeded; and

WHEREAS, the MIRA Board of Directors desires not to exceed such contractual Opt Out Disposal Fees and requested that expense reductions that are the least impactful to operation and maintenance of the CSWS be identified and implemented; and

WHEREAS, Management has identified certain reductions to the previously adopted Authority Budget that are least impactful and necessary to avoid exceeding contractual Opt Out Disposal Fees which reductions include elimination of a vacant position, reductions to employee medical expenses resulting from the December 2015 introduction of a high deductible health plan and health savings account option, reduced funding of MPA adjustments and reduced funding of legal expenses; and

WHEREAS, in order for MIRA to progress timely with the adoption of Disposal Fees for the CSWS it is necessary for MIRA to adopt a revised Authority Budget for fiscal year 2017 at this time, reflecting the reduced budgets for personnel and non-personnel services that comprise MIRA's general administrative expenses, and the amounts thereof that are properly allocable to MIRA projects and divisions that will be active during fiscal year 2017 including:

1. Connecticut Solid Waste System (CSWS)
2. Mid Connecticut Project
3. Property Division
4. Landfill Division

NOW THEREFORE, be it

RESOLVED: That the revised Authority Budget for fiscal year 2017 attached hereto as Exhibit A be adopted substantially in the form as presented and discussed at this meeting; and

FURTHER RESOLVED: That the fiscal year 2017 operating budgets previously adopted by this Board for the Landfill Division and Property Division are hereby reduced to reflect the revised Authority Budget allocation to those divisions as shown on Exhibit A.

Director Shanley said the intent of this resolution is to reduce the initial proposed tip fee increase to \$2.00 a ton. He said as a result the Authority budget needed to be amended as many of the pass through costs then alter the CSWS budgets as well. Director Shanley said approximately a \$400,000 reduction was required.

Mr. Daley said last month management was asked to reduce the initial proposed tip fee increase to \$2.00 by reducing expenses in the least impactful way to affect CSWS operations. He said for this reason management began with the Authority budget for possible savings which then pass through to the CSWS.

Mr. Daley said the following areas were reduced; elimination of the funding for a vacant operations engineer position, a reduction in the benefits component (primarily in the medical costs) of roughly \$72,000, and a \$100,000 reduction in the legal budget. He noted there was a minor increase in insurance costs.

Mr. Daley noted the distributed resolution is an incorrect version; the version included in the package was an earlier version which has since been updated. Mr. Daley said the \$100,000 operational contingency previously requested by the Board is still in the budget. He said the primary use of the

Authority budget for legal at this point is for MIRA’s observance of actions at the Legislature. Mr. Daley said pg. 3 of the package contains highlighted items showing items which changed. He reviewed several other reductions with the Committee.

The motion previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, 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		
Jim Hayden	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

RESOLUTION APPROVING THE OPERATING AND CAPITAL BUDGETS FOR THE CONNECTICUT SOLID WASTE SYSTEM FOR FISCAL YEAR 2017

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

RESOLVED: That the Fiscal Year 2017 Materials Innovation and Recycling Authority Operating and Capital Budget attached hereto as Exhibit A be adopted substantially in the form as presented in Exhibit B attached hereto and discussed at this meeting.

Mr. Daley said Chairman Stein had requested a one page summary sheet which recaps the CSWS budget, the changes which were made, and the position of the current budget which has been handed out to the directors. He said last month the CSWS cost of operation was proposed at \$69.3 million and non-disposal fee revenues were \$38.9 million producing a net cost of operation of \$30.4 million. Mr. Daley said management was planning on a subsidy of \$5.4 million from the tip fee stabilization fund which allowed for a uniform base disposal fee of \$67.00. He said the subsidy at last month was \$14.18 a ton. Mr. Daley said management had been progressing and working with the assumption of some minor change in the CPI and therefore expected the \$67.00 would not exceed the opt-out price. He explained however when the CPI information was received there was no change in that index and MIRA was \$1.00 over the opt-out price.

Mr. Daley said the Board asked that management examine budget changes in order to possibly avoid exceeding the opt-out, and to reduce expenses in the least impactful way and to also reduce the recycling rebate (which was originally planned for \$5.00 a ton) to reduce the draw from the tip fee stabilization fund. He said those directives have been accomplished.

Mr. Daley said the reductions identified include those passed through the Authority Budget as previously discussed which total \$257,000 plus additional CSWS reductions. He said the CSWS reductions include another \$100,000 reduction in the legal budget, as well as further individual line items totaling about \$83,000. Mr. Daley said the property insurance increase is \$56,000. He said MIRA is now at a uniform base rate of \$66.00 which is 7 cents under the opt-out. In addition to the expense reductions and the corresponding reduction in tip fee, the recycling rebate was eliminated and the expected draw from the tip fee stabilization fund reduced proportionately.

Director Shanley thanked management for their work in identifying and making needed reductions to the budgets. The Board undertook a brief discussion on power prices. They also asked that management communicate to the various COGs concerning the reduced tip fee and changes to the budget.

The motion previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, 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		
Jim Hayden	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

CHAIRMAN’S REPORT

Chairman Stein said he has a meeting set up on February 29, 2016, with the Mayor of Hartford, Luke Bronin. He said there are several issues which will be discussed. He asked Director Painter if he would care to attend. Mr. Sawyer suggested that MIRA touch base with the CT DEEP after this meeting to discuss other mutual issues. He asked that MIRA share its presentations with CT DEEP before presenting them to the towns as there may be additional information which he can contribute.

PRESIDENT’S REPORT

Mr. Kirk said all MIRA facilities operated without environmental, health, or public safety impacts throughout the reporting period. He said further detail is posted on the MIRA website. Mr. Kirk said although the CSWS plant is running well, near but not at expectations, power prices continue to be very poor which has impacted revenues. He said MIRA is well below budget by about 21%. He said a small portion of the unfavorable revenue is related to metal sales. Mr. Kirk said ferrous metals as a commodity are down in price and MIRA has a significant line item related to ferrous metal sales.

Mr. Kirk said expenses within the period were within 1% of the budget and there was an unscheduled outage for turbine five which involved minor software repair and condenser cleaning.

Mr. Kirk said Unit 13 continues to run very well from a capacity standpoint. He said the air heater modification made continues to show good performance and in fact MIRA is not running it at maximum capacity to save on long term maintenance costs and as spot prices are low MIRA is trying to balance capacity with the market view.

Mr. Kirk said recycling revenue for December was quite poor. He said all of the commodity categories are dropping. Mr. Kirk said MIRA personnel continue to support the CT DEEP RFP process in particular by bringing interested bidders through the plant. He said interested parties have been universally impressed by the plant. Mr. Kirk said MIRA routinely gets comments on its housekeeping skills. He said there are many interested parties from all over the world.

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss real estate and pending litigation. The motion was made by Vice-Chairman Barlow and seconded by Director Shanley and was approved unanimously.

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

- Tom Kirk
- Mark Daley
- Peter Egan
- Laurie Hunt

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, 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		
Ralph Eno	X		
Jim Hayden	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

The Executive Session began at 10:50 a.m. (after a five minute recess) and concluded at 11:30 a.m. Chairman Stein noted that no votes were taken in Executive Session.

The meeting was reconvened at 11:30 a.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

Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Director Shanley seconded by Director Eno and was approved unanimously

The motion previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Hayden, and Director Painter voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Jim Hayden	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

There being no other business to discuss, the meeting adjourned at 11:30 a.m.

Respectfully Submitted,

Moira Kenney
Assistant HR Manager/Board Administrator