

Policies & Procurement Committee
March 4, 2016
Regular Telephonic Meeting Draft Minutes

Members Present by phone: Committee Chairman John Adams
 Vice-Chairman Richard Barlow
 Ralph Eno

MIRA Staff Present: Tom Kirk, President
 Mark Daley, Chief Financial Officer
 Tom Gaffey, Director of Recycling and Enforcement
 Roger Guzowski, Contract and Procurement Manager
 Laurie Hunt, Esq., Director of Legal Services
 Virginia Raymond, Operations Manager
 Moira Kenney, Assistant HR Manager/Board Administrator

Members of the Public Present: Ed Spinella, Esq.

Committee Chairman Adams called the meeting to order at 11:04 a.m. and noted that a quorum was present.

Committee Chairman Adams noted there were no members of the public present who wished to address the Committee and said the regular meeting would commence.

1. APPROVAL OF MINUTES OF THE FEB. 11, 2016, REGULAR MEETING

Committee Chairman Adams requested a motion to accept the minutes of the Regular Feb. 11 2016, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Vice-Chairman Barlow and seconded by Director Eno.

The motion to approve the minutes was approved unanimously by roll call.

2. REVIEW AND RECOMMEND RESOLUTION REGARDING LEASING 1.2 ACRES OF MIRA'S PROPERTY IN WATERBURY, CT TO ALGONQUIN GAS TRANSMISSION LLC

Committee Chairman Adams requested a motion on the above referenced matter. The motion to approve was made by Vice-Chairman Barlow and seconded by Director Eno.

RESOLVED: That the President is authorized to execute a lease agreement with Algonquin Gas Transmission, LLC for use of a portion of MIRA's Waterbury Landfill Property located at the corner of Highland Avenue and Highview Street in Waterbury, CT substantially as discussed and presented at this meeting.

Mr. Bodendorf said this resolution seeks approval for MIRA to enter into a lease agreement with Algonquin Gas Transmission, LLC (“Algonquin”). He explained Algonquin will pay MIRA \$2,760 a month for twelve months, with the potential of four one month extensions. Mr. Bodendorf stated Algonquin will lease one acre of MIRA’s 17 acre property adjacent to the Waterbury Landfill. He said the land will be used as a contractor lay down area for welding pipes and other such equipment.

Mr. Bodendorf noted when this resolution goes to the full Board it may do so under the heading of one of Algonquin’s subsidiaries as some internal changes are expected. He said regardless the counterparty determination will indemnify MIRA with the proper insurance. Committee Chairman Adams asked if the contractor will provide a pre and post-project assessment of the property. Mr. Bodendorf said there will not be an environmental assessment. He said that property had a Phase I assessment performed roughly seven years ago. Committee Chairman Adams asked if fuel will be stored on the property. Mr. Bodendorf said no, with the exception of any fuel within the equipment. He said MIRA has the right to inspect the property and the contractor has the responsibility to clean up and take care of any potential environmental damage it may cause.

Director Eno asked if the CT DEEP’s permission is required prior to entering into this agreement. Mr. Bodendorf replied no. He noted no damage is expected to occur at the landfill. Mr. Egan said the MOU which MIRA signed with the CT DEEP essentially contemplates MIRA’s undertaking activities at any of the three landfills which it owns as long as there is no interference with the CT DEEP’s landfills and this activity is mostly outside of the footprint of the landfill.

The motion previously made and seconded was approved unanimously by roll call.

3. DISCUSSION REGARDING MIRA EXERCISING ITS OPTION FOR THE FINAL YEAR OF THE 3 YEAR LEGAL SERVICES AGREEMENT WITH ITS GENERAL COUNSEL

Ms. Hunt said when MIRA exercises its option to extend contracts management does not come back to the Board for approval, the President informs the Board prior to extending the contract. She said however in this instance the Policies & Procurement Committee asked that rather than a three year agreement for general services a one year with two extensions be undertaken. She explained she is bringing this discussion matter to the table in the event that the committee has concerns or requests. Committee Chairman Adams asked if management is anticipating any additional legal matters other than those of which they are already aware. Ms. Hunt replied no.

The Committee stated that they had no objections to extending the legal agreement this third year with General Counsel.

4. DISCUSSION REGARDING CONTRACTOR (RECOMMUNITY) SOURCED RECYCLABLES DELIVERED TO MIRA’S RECYCLING FACILITY

Mr. Kirk said over a year ago MIRA’s contractor FCR requested some give back on the contracts due to fallen commodity markets. He said after due consideration and a lengthy discussion the MIRA Board opted not to provide concessions to FCR. Mr. Kirk said FCR has approached management for concessions again, this time with an amendment to the contract which would allow

FCR to bring in recyclable materials and pay MIRA less than the contractual amount of revenue sharing. He said FCR believes that there are tons out there which cannot come in under the current agreement and this amendment would allow for increased capacity at the plant and further income for MIRA, albeit at a lower price. He said protection of loss of revenue is present in the parameters associated with this proposition.

Mr. Gaffey said MIRA is paid two ways for this contract, for every ton which goes over the scale, for which MIRA makes \$8.50 a ton, and secondly for tons which are contractor sourced, at \$7.50 a ton. He said this first part of the proposal from FCR is to reduce the \$7.50 for new contractor tons by \$5.00 to \$2.50. Mr. Gaffey said the second way MIRA is paid is through 10% of the revenue sharing which FCR is proposing be reduced to 5%.

Mr. Gaffey said the revenue sharing for February was around \$11,000 on the existing tons with about \$9,000 additional revenue in tons going over the scale. He said FCR's new proposal would be for new tons only with a reduced revenue share. Mr. Gaffey said if MIRA were to accept this new proposal he would suggest capping the tons which FCR can bring in. Mr. Gaffey said new tons should be limited to 10,000 – 15,000 tons yearly that way MIRA does not limit its own capacity should additional tonnage come in.

Mr. Daley said this proposal is similar to the proposal which was previously rejected by the Board. He said it is a substantial reduction in the fees under the contract. Mr. Daley said FCR is currently 34% above budget in sourced recyclables. He said the revenue impact for the proposal is a little over \$50,000. Mr. Daley said this proposal needs to be very carefully reviewed. He said the proposal he has seen is a cover letter which says this applies to new tons which are not defined in the proposal and the amendments themselves do not address that they apply to that. Mr. Daley said ascertaining what tons are new and what are merely tons under a former customer who has cancelled their contract which will be very difficult to manage.

Committee Chairman Adams said he believes this concept is worth bringing to the full Board for consideration. Director Eno said it seems that this proposal would help FCR to stay in operation as well as bringing in additional revenue for MIRA. He said if it was market sensitive and monitored carefully he would support the endeavor. Vice-Chairman Barlow said he was supportive of the idea as long as the proposal is based on a tonnage level. The Committee agreed this would be brought to the full Board for consideration with their suggestions.

5. DISCUSSION REGARDING MIRA'S SPOT WASTE SOLICITATION PROCEDURE

Mr. Kirk said Mr. Daley would like the Board to review MIRA's spot waste capacity solicitation procedure. He said there are three categories of waste which come into the plant; town, contract, and hauler contract waste which comes in at the Tier rate, interruptible contract waste, which is on call waste provided by a number of different haulers, and the third and smallest category is spot waste, which fills in the gaps when MIRA does not have sufficient waste. He said spot waste is crucial during slow months, like the winter. Mr. Kirk said the plants prefer to be full year round to take advantage of power prices.

Mr. Kirk said the procedure before the Committee has been modified with comments from management. He said it was utilized for the most recent solicitation of waste and another solicitation is

likely before the spring outage begins. Mr. Kirk said the revenue from energy price is a crucial component of this process.

Mr. Daley said he does not have a copy of the edits to the policy which the Committee is reviewing. He said in the days of Mid-Conn the plant was oversubscribed and more in the mode of diverting than searching for waste. He said the transition to CSWS created a gap in waste as some customers did not stay with MIRA and resulted in a shift in tonnage. Mr. Daley said the he believes the process originally was handled in an informal way. He said in November of 2014 the process by which MIRA took in spot waste evolved via an amendment to the permitting and billing procedures and the concept of a short term customer was created. He said the objective was for MIRA to permit customers to bring in spot waste on an expedited basis specifically to fill this need as the plant was now experiencing periodic tonnage shortages.

Mr. Daley said he originally requested establishment, as part of the Board approved permitting procedures, of a formal method to conduct competitive bidding to establish pricing for spot waste which would flow through the Finance department in accordance with all other bids which come into MIRA. He said, however, the initial process was established internally and was to be conducted by staff in the field. He said that he did not believe bids were being conducted consistent with the established process and had requested appropriate changes be made.

The Committee requested a version of the original policy and the subsequent changes. They agreed that this process would undergo further revisions and come back to the full Board for review.

UPDATES

Mr. Kirk noted that MIRA was commended by Controller Lembo for being the first responder to provide information concerning its checkbook level finance state in a statewide request for all Quasi and State of Connecticut checkbook level finance information.

6. EXECUTIVE COMMITTEE

Committee Chairman Adams requested a motion to enter into Executive Session to discuss pending litigation and real estate. The motion made by Director Eno and seconded by Committee Chairman Adams was approved unanimously. Committee Chairman Adams requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk
Mark Daley
Laurie Hunt, Esq.
Peter Egan

The Executive Session commenced at 12:10 p.m.

The meeting was reconvened at 12:10 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. Committee Chairman Adams noted that no votes were taken.

7. ADJOURNMENT

Committee Chairman Adams requested a motion to adjourn the meeting. The motion made by Director Eno and seconded by Committee Chairman Adams was approved unanimously by roll call.

The meeting was adjourned at 12:11 p.m.

Respectfully submitted,

Moira Kenney
Assistant HR Manager/Board Administrator