

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND SIXTY-SECOND

FEB 23, 2017

A regular meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Thurs. Feb. 23, 2017, in the Board Room at 200 Corporate Place, Suite 202, Rocky Hill, CT 06067. Those present were:

Directors: Chairman Don Stein
Vice-Chairman Dick Barlow
John Adams
Marilynn Cruz-Aponte
Ralph Eno
Jim Hayden
Bob Painter
Scott Shanley (present beginning 10:00 a.m.)

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
Tina Mateo, Assistant Director of Cash and Budget Management
Moira Kenney, Assistant HR Manager/Board Administrator

Others Present: Ann Catino, Esq., Peggy Diaz, Esq., and John Pizzimenti, 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.

Peggy Diaz provided the Board with an update concerning the RFP with the Department of Environmental Energy and Protection. She said the RFP is expected to go out in early March with guidance from MIRA concerning the commencement date of operations. She said three contractors were invited to participate in the next phase. Mr. Kirk asked if the vendors have complained regarding the change of site. She said the vendors have been informed and as far as she knew there are no complaints.

APPROVAL OF THE JAN. 26, 2017 MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the Jan. 26, 2017, Board Meeting. Vice-Chairman Barlow made the motion which was seconded by Director Eno.

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

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Jim Hayden	X		
Bob Painter	X		
Andy Nunn	X		
Patricia Widlitz			X

RESOLUTION REGARDING THE AUTHORITY BUDGET

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

WHEREAS: The Materials Innovation and Recycling Authority Board of Directors (the Authority) adopted a Fiscal Year 2018 Authority Budget at its November 17, 2016 meeting; and

WHEREAS: Such adopted Authority Budget remained subject to revision pending adoption of the Fiscal Year 2018 Connecticut Solid Waste System (CSWS) Operating and Capital Budgets; and

WHEREAS: Such CSWS Operating and Capital Budgets are being adopted at this February 23, 2017 Board of Directors meeting; and

WHEREAS: Since its initial adoption, the Authority Budget has been reduced and modified to reflect the calendar year 2017 renewal of the Authority’s health and welfare benefit program and additional policies reviewed at the January 2017 OS & HR and Finance Committee meetings.

NOW THEREFORE, be it

RESOLVED: That the Fiscal year 2018 Authority Budget attached hereto as Exhibit A be adopted as discussed and presented in this meeting.

Mr. Daley said originally the Authority budget was adopted at the November Board meeting with an understanding that it may be subject to modification throughout the overall budget process until the CSWS budget is adopted. He said the health and welfare benefits renewal process was fairly successful with a total 7% renewal increase. Mr. Daley said the additional policy renewals and associated savings to the budget were adopted and the final proposed budget is just under \$44,000 less than originally adopted. He explained the resolution is structured to acknowledge the original adoption and the subsequent modifications.

The motion previously made and seconded was approved by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Hayden, Director Nunn, Director Painter and Director Widlitz 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		
Andy Nunn	X		
Bob Painter	X		
Patricia Widlitz	X		

RESOLUTION REGARDING CSWS DIVISION OPERATING AND CAPITAL BUDGETS

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

RESOLVED: That the Fiscal Year 2018 Materials Innovation and Recycling Authority Operating and Capital Budget attached hereto as Exhibit A (presentation form) and Exhibit B (budget line items) is hereby adopted as presented and discussed at this meeting; and

FURTHER RESOLVED: That the Board of Directors hereby authorizes the transfer of a maximum of one million, eight hundred and eighty six thousand, five hundred and sixty four dollars (\$1,886,564) from the Property Division General Fund to the CSWS Tip Fee Stabilization Fund for the period July 1, 2017 through June 30, 2018. A portion of such maximum funds shall be drawn monthly, as part of the Authority’s monthly flow of funds distribution, as necessary to supplement funds available within the CSWS Tip Fee Stabilization Fund for use in fully funding the FY 2018 CSWS Cost of Operation; and

FURTHER RESOLVED: That the Board of Directors hereby approves and establishes the following tip fees for FY 2018:

- Uniform Base Disposal Fee - for contracts substantially similar to Tier 1 Short Term Municipal Service Agreements and Waste Hauler Agreements expiring June 30, 2017 - \$70.00 per ton;
- Tier 1 Long term - \$68.00 per ton;
- Tier 2 - for contracts substantially similar to Tier 2 Municipal Service Agreements expiring June 30, 2017 - \$72.00 per ton;
- Tier 3 - \$68.00 per ton;
- Tier 4 - \$71.00 per ton;

- Recycling Deliveries – for the delivery of single stream recyclables by Non Participating municipalities to a transfer station - \$16.00 per ton.

Mr. Daley said when this budget was presented to the Finance Committee concerns were raised that management's assumption for the energy pricing and production were too aggressive. He said management developed several alternative scenarios in response and brought them to the January Board meeting for discussion.

Mr. Daley said one alternative scenario was based on the historic lows of price and production from the last five years. He said that option would require a \$76.00 tip fee or an additional subsidy of \$3.1 million.

Mr. Daley said the second scenario took the midpoint of that historic low and what was originally proposed (which took into account the production and pricing levels which had declined and used FY'16 as a benchmark). He said that would require a \$73.00 tip fee or an additional subsidy of \$1.5 million on top of the subsidy which was already proposed.

Mr. Daley said the third scenario contemplated putting aside the turbine 6 outage to the fall of FY'18 which would have allowed for averaging two years of the improvement fund requirements. He said that would result in a \$1.8 million savings to the improvement fund. Mr. Daley said after reviewing these scenarios with the Board management was advised to lower the price and keep the production at the 374 million kilowatt hours as originally proposed.

Mr. Daley said the second draft of the budget follows through on that direction and sets the energy price to \$34.00 per megawatt hour and finalized revenue projections and balanced the budget with reduced spending and increasing the subsidy of the tip fee within the parameters originally set in October to cap use of the General Fund at \$1.9 million.

Mr. Daley said the additional information and analysis requested by the Board is incorporated into the budget. He said they include a review of the reserve funds, an improvement of the budget fund detail, and examine an alternative scenario with the possibility of the Ellington Transfer Station re-opening. He provided the Board with a detailed review of those items.

Mr. Daley said this resolution provides for approval of the budget and also authorizes the monthly transfer of \$1.9 million from the property division general fund to the tip fee stabilization fund as necessary to supplement the flow of funds. He said the \$1.9 million is a monthly cap. Mr. Daley said the tip fees are also established in the resolution particularly as they apply to the agreements which end before the new budget begins.

Mr. Daley said a tip fee for non-participating towns recyclables which are delivered to a transfer station have also been set at \$16.00. He said the \$16.00 is the net cost to cover that transportation expense and is revenue neutral. Mr. Daley said non-participating MSW deliveries are still subsidized which provides an opportunity for the Board and management to consider reserving that opportunity in its contracts going forward. Mr. Daley reviewed the presentation in detail with the Board.

The Board addressed the possibility of reopening the Ellington Transfer station. After review of the attached "Exhibit A" the Board requested that management undertake further discussion on this subject in the future.

MOTION TO AMEND THE RESOLUTION REGARDING CSWS DIVISION OPERATING AND CAPITAL BUDGETS

Director Painter made a motion to amend the resolution regarding the CSWS Division Operating and Capital Budgets. The motion to amend was seconded by Vice-Chairman Barlow.

Director Painter asked the resolution be amended to contain a detailed description of the Tier options which MIRA's customers may elect. He also asked that a list of the town's and their contract be provided along with the budgets. The Board agreed to the amendment, as did the original makers of the motion.

The motion previously made and seconded to approve the amendment 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		
Andy Nunn	X		
Bob Painter	X		
Scott Shanley	X		
Patricia Widlitz	X		

RESOLUTION REGARDING CSWS DIVISION OPERATING AND CAPITAL BUDGETS AS AMENDED

Chairman Stein requested a motion on the above referenced item as amended. The motion was originally made by Director Hayden and seconded by Director Nunn.

RESOLVED: That the Fiscal Year 2018 Materials Innovation and Recycling Authority Operating and Capital Budget attached hereto as Exhibit A (presentation form) and Exhibit B (budget line items) is hereby adopted as presented and discussed at this meeting; and

FURTHER RESOLVED: That the Board of Directors hereby authorizes the transfer of a maximum of one million, eight hundred and eighty six thousand, five hundred and sixty four dollars (\$1,886,564) from the Property Division General Fund to the CSWS Tip Fee Stabilization Fund for the period July 1, 2017 through June 30, 2018. A portion of such

maximum funds shall be drawn monthly, as part of the Authority’s monthly flow of funds distribution, as necessary to supplement funds available within the CSWS Tip Fee Stabilization Fund for use in fully funding the FY 2018 CSWS Cost of Operation; and

FURTHER RESOLVED: That the Board of Directors hereby approves and establishes the following tip fees for FY 2018:

- Uniform Base Disposal Fee - for contracts substantially similar to Tier 1 Short Term Municipal Service Agreements and Waste Hauler Agreements expiring June 30, 2017 - \$70.00 per ton;
- Tier 1 Long term - \$68.00 per ton;
- Tier 2 - for contracts substantially similar to Tier 2 Municipal Service Agreements expiring June 30, 2017 - \$72.00 per ton;
- Tier 3 - \$68.00 per ton;
- Tier 4 - \$71.00 per ton;
- Recycling Deliveries – for the delivery of single stream recyclables by Non Participating municipalities to a transfer station - \$16.00 per ton.

MIRA Tier Contracts In Effect as of February 2017
Tier 1 Short-Term Agreement – Five year contract. Either with or without recycling. All MSW within municipal corporate boundaries directed (flowed) into MIRA’s system.
Tier 1 Long-Term Agreement – Fifteen Year contract (ten years remain). Either with or without recycling. All MSW within corporate boundaries directed (flowed) into MIRA’s system.
Tier 2 MSW – Two year contract. Without Recyclables. Only the MSW directly controlled by the municipality is committed.
Tier 3 MSW – Fifteen year contract (ten years remain). Only MSW and Recyclables directly controlled by the municipality is committed.
Tier 4 MSW – Three year contract. Only MSW and Recyclables directly controlled by the municipality is committed.

	<u>TIER 1 LONG-TERM</u>	TERM DATE
	MSW AND RECYCLING TO MIRA	6/30/2027
1	Avon	
2	Barkhamsted	
3	Bethlehem	
4	Bloomfield	
5	Canaan	
6	Canton	
7	Clinton	
8	Colebrook	
9	Cornwall	
10	Deep River	
11	East Granby	
12	East Hampton	
13	Ellington	
14	Essex	
15	Farmington	
16	Glastonbury	
17	Goshen	
18	Granby	
19	Harwinton	
20	Killingworth	
21	Litchfield	
22	Lyme	
23	Marlborough	
24	New Hartford	
25	Norfolk	
26	North Canaan	
27	Old Lyme	
28	Old Saybrook	
29	Portland	
30	Rocky Hill	
31	Roxbury	
32	Torrington	
33	Watertown	
34	Wethersfield	
35	Winchester	
	<u>TIER 1 SHORT-TERM</u>	6/30/2017
	MSW AND RECYCLING TO MIRA	
36	Beacon Falls	
37	Haddam	
38	Hartford	
39	Middlebury	
40	Oxford	
41	Salisbury (added Recycling 7/1/14)	
42	Sharon (added Recycling 7/1/14)	
43	Woodbury	
	<u>TIER 1 SHORT-TERM</u>	6/30/2017
	MSW ONLY TO MIRA	
44	Durham	
45	Middlefield	
46	Naugatuck	
47	Simsbury	
	<u>TIER 2</u>	6/30/2017
	MSW ONLY TO MIRA	
48	Manchester	
	<u>TIER 3</u>	6/30/2027
	MSW AND RECYCLING TO MIRA	
49	Chester	
50	Thomaston	
	<u>TIER 4</u>	6/30/2018
	MSW AND RECYCLING TO MIRA	
51	East Hartford	

The motion previously made and seconded to approve the resolution above as amended was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Hayden, Director Nunn, 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		
Andy Nunn	X		
Bob Painter	X		
Scott Shanley	X		
Patricia Widlitz	X		

PRESIDENT’S REPORT

Mr. Kirk said MIRA facilities operated over the reporting period without environmental, public safety or health impacts. He said revenue is \$4.4 million or 13% below budget as a result of the deficit of electricity sales, which is offset somewhat by municipal disposal revenues.

Mr. Kirk said operating expenses are 4% positive to the budget which is partially due to less ash being generated. He said the December period included a turbine outage which is associated with a contained fire in the back of the turbine. Mr. Kirk explained this was a short outage which was not overly costly but is typical of the impact due to the delaying of maintenance and improvements for financial reasons. Mr. Kirk said these and other boiler outages totaled 491 boiler hours and were mostly associated with routine pressure part failures, typically in the super heater sections as well as in the air heater control areas.

Mr. Kirk said power pricing continues to trend lower. He said MIRA had recently closed a deal on a ten megawatt purchase capacity sale which will take place in March. He said MIRA has sufficient fuel to operate the plant at full capacity.

Mr. Kirk said recycling revenues for December are highly favorable to budget due to residue rates. He said volumes are strong, however recycling rates could be higher and trends have indicated those prices are expected to increase.

Mr. Kirk said pricing for metal and fiber are within budget. He said the sale of the Stratford facility sale is expected to wrap up shortly. Mr. Kirk noted that MIRA personal continues to assist the CT DEEP with the RFP process.

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss pending litigation. The motion was made by Director Shanley and seconded by Director Eno 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 previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Hayden, Director Painter, Director Shanley, and Director Widlitz voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Jim Hayden	X		
Bob Painter	X		
Scott Shanley	X		
Patricia Widlitz	X		

The Executive Session began at 11:20 a.m. and concluded at 12:40 p.m. Chairman Stein noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:40 p.m. The door was opened, and the Board Secretary and all members of the public were invited back in for the continuation of public session.

ADJOURNMENT

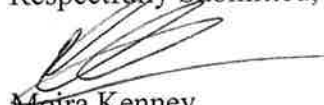
Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Director Shanley seconded by Director Hayden and was approved unanimously

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

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Jim Hayden	X		
Bob Painter	X		
Scott Shanley	X		
Patricia Widlitz	X		

There being no other business to discuss, the meeting adjourned at 12:40 p.m.

Respectfully Submitted,



Moira Kenney
Assistant HR Manager/Board Administrator