



MEMORANDUM

TO: MIRA Board of Directors
FROM: Donald S. Stein
DATE: April 4, 2018
RE: Notice of Regular Board Meeting

There will be a regular meeting of the Board of Directors of the Materials Innovation and Recycling Authority (MIRA) *on Wednesday April 11, 2018 at 9:30 a.m. in the Board Room at 200 Corporate Place, Suite 202, Rocky Hill CT. 06067.*

- I. Pledge of Allegiance
- II. Public Comment – 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. Review and Approve –March 14, 2018 Board Meeting Minutes (*Attachment 1*).
- IV. Finance Committee Report.
 - a. Board action will be sought for Resolution Regarding Three Year Agreement for Independent Auditing Services (*Attachment 2*).
- V. Policies and Procurement Committee Report:
- VI. Organizational Synergy and Human Resources Committee Report:
 - a. General update
- VII. Chairman and President's Report
 - a. Attached Supplemental Information / Other Matters
- VIII. Executive Session will be held to discuss pending litigation and pending RFP responses, trade secrets, personnel matters, security matters, and feasibility estimates and evaluations including Strategic Plan updates.

Tab 1

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND EIGHTY ONE

MARCH 14, 2018

A regular meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Wednesday March 14, 2018 in the Board Room at 200 Corporate Place, Suite 202, Rocky Hill, CT 06067. Those present were:

Directors:

Chairman Don Stein (present by Telephone)
Vice-Chairman Dick Barlow
John Adams (present by Telephone)
Jim Hayden
Scott Shanley
Patricia Widlitz
Lizz Milardo (present by Telephone)
Bob Painter

Present from MIRA:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Operations and Environmental Affairs
Tom Gaffey, Director of Recycling and Enforcement
Jeffrey Duvall, Director of Budgets & Forecasting
Roger Guzowski, Contract and Procurement Manager
David Bodendorf, Senior Environmental Engineer
Christopher Shepard, Environmental Compliance Manager
Kanchan Arora, General Accountant/Board Administrator

Public Present:

Ann Catino, Esq.,
John Pizzimenti, USA Hauling,

Vice-Chairman Barlow called the meeting officially to order at 9:33 a.m. and said that a quorum was present.

PUBLIC PORTION

Vice-Chairman Barlow 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 who wished to address the Board, the meeting commenced.

APPROVAL OF THE FEBRUARY 15, 2018 BOARD MEETING MINUTES

Vice-Chairman Barlow requested a motion to approve the minutes of the February 15, 2018, Board meeting. Director Shanley made the motion which was seconded by Director Widlitz.

Director Painter asked that the minutes be corrected to reflect that the Letter of Intent with Sacyr Rooney Recovery Team LLC was discussed at length in Executive Session. The motion to approve the minutes as corrected was approved by roll call. Chairman Stein, Co-chairman Barlow, Director Hayden, Director Adams, Director Painter, Director Widlitz, Director Milardo and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Scott Shanley	X		
Pat Widlitz	X		

FINANCE COMMITTEE REPORT.

Director Hayden said there were no new updates.

REVIEW AND RECOMMEND RESOLUTION REGARDING MARKET DRIVEN PURCHASE OF SOLID WASTE DISPOSAL CAPACITY ASSOCIATED WITH DIVERSION OF MUNICIPAL SOLID WASTE FROM MIRA'S CONNECTICUT SOLID WASTE SYSTEM.

Vice-Chairman Barlow requested a motion on the above referenced item. The motion was made by Director Widlitz and seconded by Director Painter.

WHEREAS: From time-to-time MIRA must divert waste from the CSWS due to elevated MSW inventory levels at the CSWS Resource Recovery Facility (RRF) that may occur from time to time; Now therefore, be it

RESOLVED: that the President is authorized to enter into a market driven purchase of capacity with Waste Management of MA for transportation and disposal of municipal solid waste (MSW) from the CSWS system at their landfill in Chicopee, MA and;

FURTHER RESOLVED: that the President is authorized to enter into a market driven purchase of capacity with Murphy Road Recycling (MRR) for transportation and disposal of MSW from the CSWS system at MRR's facility located in Hartford and their Babylon Transfer Station located in Suffield, CT, substantially as discussed and presented at this meeting.

Mr. Kirk said this is a market driven purchase authorization, essentially recognition of management's authority to effect a transaction necessary for smooth operation of the facility -- in this case, the diversion of waste to previously authorized and certified landfill disposal options. MIRA utilizes this authority when necessary due to problems in the plant that require relief from some inventory of waste which can't be processed because of the outages.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

REVIEW AND RECOMMEND RESOLUTION REGARDING WASTE TRANSPORTATION AND OPERATION AND MAINTENANCE SERVICES FOR THE ESSEX, TORRINGTON, AND WATERTOWN TRANSFER STATIONS.

Vice-Chairman Barlow requested a motion on the above referenced item. The motion was made by Director Widlitz and seconded by Director Shanley.

RESOLVED: The President is authorized to enter into an agreement with Copes Rubbish Removal, Inc. for the Waste Transportation and Transfer Station Operation and Maintenance Services associated with the Torrington Transfer Station, substantially as presented and discussed at this meeting; and

FURTHER RESOLVED: The President is authorized to enter into an agreement with CWPM, LLC for the Waste Transportation and Transfer Station Operation and

Maintenance Services associated with the Watertown and Essex Transfer Stations, substantially as presented and discussed at this meeting.

Mr. Guzowski said MIRA has been operating the three transfer stations under contract with CWPM, LLC and Copes Rubbish Removal Inc. for the last five years. The Contract was initially a one year term with a series of four one-year extensions. MIRA is in the last extension period with them. Earlier this year, MIRA undertook a new RFP to find operators for a new five year contract. In the past, MIRA heard from vendors that a one-year term made it difficult for them to get financing, so this time; we did a five-year term with an opt-out provision. If MIRA, or a successor, exercises the opt-out provision before the end of the term, we would owe the Contractors an unrecovered capital investment payment to make them whole for any equipment they needed to purchase for the contract. MIRA only received proposals from the incumbents, at a substantial price increase, particularly on the O&M in Essex and Watertown and on the transportation in Torrington.

Director Shanley asked what is the delta between what was budgeted for the transfer stations versus what we now expect.

Mr. Daley said it's roughly \$1.2 million, that we had received the bids while MIRA was preparing the FY 2019 budgets and were working to negotiate lower costs. This was one of the main reasons for a large contingency in the FY 2019 CSWS operating budget. He said that between the contingency, and the structuring of new agreements for non-participating town access to transfer stations, the additional cost is covered.

Director Barlow asked why this contract is for a five year period contract when previously, MIRA has done one year periods with renewals.

Mr. Guzowski responded that previously, while we in essence had a five year period, the contract actually guaranteed one year with a series of four additional one year renewal periods. MIRA realized that it was very difficult for the contractors to capitalize equipment and get the financing without an adequate revenue guarantee.

Director Shanley asked whether this would give Sacyr Rooney the ability to renegotiate the tip fees based on no longer socializing transportation transfer services or are they locked in for five years.

Mr. Kirk said with the recapitalization readjustment, Sacyr Rooney would negotiate as part of the new agreement with the vendor. MIRA wanted to maintain our flexibility and in the event that MIRA does sign the contract, it gives Sacyr Rooney the ability to work out their contract in terms of what works for them.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

REVIEW AND RECOMMEND RESOLUTION REGARDING THE CONNECTICUT SOLID WASTE SYSTEM SOLID WASTE AND RECYCLABLES DELIVERY AGREEMENT (COMMERCIAL HAULER AGREEMENT).

Vice-Chairman Barlow requested a motion on the above referenced item. The motion was made by Director Widlitz and seconded by Director Painter.

RESOLVED: The President is authorized to enter into revenue contracts with commercial haulers for the delivery of Acceptable Solid Waste and Acceptable Recyclables to the Connecticut Solid Waste System, substantially as presented and discussed at this meeting.

Mr. Egan said this is MIRA’s standard annual Hauler Agreement with our approximately fifty commercial hauler companies. It reflects the tip fee that the Board passed in February 2018. It would cost \$76/ton rather than the Haulers’ base rate of \$74 per ton to deliver waste that originates in a non-participating municipality or Tier 2, 3 or 4 municipalities to a MIRA transfer station. In addition, there is a put-or-pay provision for large haulers, which makes them subject to a delivery commitment each quarter. Large haulers who fail to deliver their contracted commitments are subject to a penalty of \$25/ton in the summer or \$45/ton in the winter for committed but undelivered tons.

Mr. Kirk added that the penalty associated with our deliveries is a system MIRA has developed to encourage predictability in our waste flow. We work closely with our haulers, letting them know if they are above or below their committed deliveries in the hopes that we will not be assessing them for a penalty for missing a target. MIRA very rarely assesses the penalty.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		

John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

REVIEW AND RECOMMEND RESOLUTION REGARDING A CONTRACT FOR ANNUAL AIR EMISSIONS TESTING AT THE CSWS POWER BLOCK FACILITY.

Vice-Chairman Barlow requested a motion on the above referenced item. The motion was made by Director Widlitz and seconded by Director Painter.

RESOLVED: That the President is hereby authorized to enter into a contract with TRC Environmental Corporation for performance of the annual air emissions testing at the CSWS Power Block Facility for calendar years 2018, 2019, and 2020, substantially as discussed and presented at this meeting.

Mr. Kirk said this is our annual stack testing contract and we selected the lowest bidder, TRC. We had good participation in the bid and TRC has performed this service for us in the past and MIRA has confidence in their abilities. The contract is essentially a year to year agreement. If something were to occur such that MIRA is not doing stack testing the second or third year of the contract, MIRA is not obligated to continue to employ TRC.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

CHAIRMAN'S AND PRESIDENT'S REPORTS

Mr. Kirk said all of MIRA's facilities operated throughout the reporting period without environmental, public safety, or health impacts. Reporting results through January 31, 2018, Mr. Kirk said the total operating expense was 4% favorable to the budget at \$4.67 million. He said this variance is primarily associated with reduced throughput and of course, is due to the performance issues of the plant. He said MIRA's operating income year to date is \$2.22 million which is \$350,000 favorable to the budget. He said variances in the year-to-date are partially offset due to additional waste transportation expenses and diversions, and due to age related performance issues. The plant struggled through this period.

Mr. Kirk provided a copy of the set of production metrics. The graph which will help the Board understand the condition of the plant and impact of its availability due to scheduled versus unscheduled outages and production.

Our production challenges continue to revolve around pressure parts and backend problems, which are all age-related issues. He said the total unscheduled boiler outages were 793 hours, that's 33 boiler days. Once again, boiler pressure part failures and reduced capacity were due to backend issues, primarily fabric filter related.

Mr. Kirk said power production was 33% below budget. The price for energy was above average and that is a function of the calendar and the weather more than any change in the stability of pricing moving forward. It was 6.7 cents, about 10% above budget. Pricing reflects expected seasonal increases; generally, pricing has stabilized at the historical low levels, which will be challenging for us moving forward. He said there were no sufficient changes in market pricing as we are protected to a large extent by our long term hedging, locked in for 20 of our megawatts thru March of 2019.

Mr. Kirk said recycling revenues are significantly favorable to budget in January, which has to do with residue collected and deposited at our standard gate rate and paid by ReCommunity. Metal prices, residential containers, and OCC continue to be strong. Mixed plastic, aseptic containers, and other less desirable commodities are very difficult to manage. MIRA gets paid for all of them by our contractors, but our contractors are struggling. All of this is due to the Chinese government's National Sword Initiative. Mr. Kirk said that the perception of trash-to-energy needs to change. Ideally it should be seen as a means of recycling, recovering the energy that would otherwise be wasted, For example: if mixed plastics cannot be recycled economically, then they should be converted to recovered energy. If glass cannot be recycled with a beneficial economic and environmental impact balance it should be minimized and managed as a waste. Vice-chairman Barlow agreed, and suggested that MIRA send a letter to Commissioner Klee and the Chair of the Environment Committee explaining the problem and the necessary relief.

MOTION TO ADD ADDITIONAL ITEM TO AGENDA.

Vice-Chairman Barlow requested a motion to add an item regarding correspondence to State of Connecticut officials regarding recycling issues to the meeting agenda. The motion was made by Director Hayden and seconded by Director Widlitz.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

MOTION TO INFORM THE STATE OF CONNECTICUT OFFICIALS REGARDING RECYCLING ISSUES.

Vice-Chairman Barlow requested a motion on the above referenced item. The motion was made by Director Painter and seconded by Director Hayden.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

EXECUTIVE SESSION

Vice-Chairman Barlow requested a motion to enter into Executive Session to discuss pending litigation, pending RFP'S, and feasibility estimates and evaluations. The motion was made by Director Shanley and seconded by Director Widlitz.

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

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

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

The Executive Session began at 10:16 a.m. and concluded at 11:26 a.m. Chairman Stein noted that no votes were taken in Executive Session.

The meeting was reconvened at 11:26 a.m. The door was opened, and the Board Secretary and all members of the public were invited back in for the continuation of the public session.

ADJOURNMENT

Vice-Chairman Barlow requested a motion on the above referenced item. The motion was made by Director Painter and seconded by Director Hayden.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

There being no other business to discuss, the meeting adjourned at 11:27 a.m.

Respectfully Submitted,



Kanchan Arora
General Accountant/Board Administrator

Tab 2

**RESOLUTION REGARDING 3-YEAR AGREEMENT FOR
INDEPENDENT AUDITING SERVICES.**

RESOLVED: That the President is hereby authorized to execute an agreement with **Mahoney Sabol & Company LLP** for Independent Auditing Services, the scope of work for which will include both the fixed fee Annual Independent Audit for fiscal years 2018, 2019, and 2020; and additional on-call auditing work, substantially as presented and discussed at this meeting.

Materials Innovation and Recycling Authority

Agreement Summary

Independent Auditing Services

Presented to the MIRA Board on: April 11, 2018

Vendor/Contractor(s): Mahoney Sabol & Company LLP

Effective Date: Upon Issuance of executed agreement (expected late-April)

Contract Type/Subject Matter: Independent Auditing Services

Facility(ies) Affected: Not Applicable

Fixed-Fee Contract Dollar Value:

- For the FY2018 Audit: \$42,000
- For the FY2019 Audit: \$42,500
- For the FY2020 Audit: \$43,000

Additional On-Call Tasks: MIRA makes no financial commitment to any firm or individual for the additional on-call tasks during the three year services Agreements. The selection of a firm for the additional on-call tasks simply qualifies a firm or individual as eligible to undertake work for MIRA at a later date, when a specific need is actually identified. Any such future work would be procured through an RFS, and any RFS for more than \$50,000 per fiscal year would require prior approval by the MIRA Board of Directors.

Term: Through March 31, 2021

Amendment(s): Not applicable

Term Extensions: Not applicable

Scope of Work: Includes two items in Scope of Work:

1. The Fixed-Fee Independent Annual Audit for FY2018, FY2019, and FY2020
2. Additional on-call auditing services as needed

Materials Innovation and Recycling Authority

Agreement Summary

Independent Auditing Services

Executive Summary

This is to request that the Board of Directors authorize the President to enter into an agreement with Mahoney, Sabol & Company LLP to provide Independent Auditing Services, the scope of work for which will include both the fixed fee Annual Independent Audit for fiscal years 2018, 2019, and 2020; and additional on-call auditing work as discussed herein.

Discussion

In accordance with Section 5.3 of MIRA's Procurement Policies and Procedures, MIRA solicits proposals at least once every three years for professional services, including auditing services.

The current agreements for Independent Auditing Services (for FY2015, FY2016, and FY2017) expire on March 31, 2018.

MIRA issued an RFP for Independent Auditing Services on December 18, 2017. The scope of work for this RFP was divided into two items:

1. Fixed fee services to conduct annual independent audits of MIRA's financial statements for the fiscal years ending June 30, 2018, June 30, 2019 and June 30, 2020. Via this RFP MIRA contemplates awarding this annual audit work to only 1 firm.
2. Additional on-call work provided as needed pursuant to a request for services (e.g. procedures reviews and/or other financial reports). Via this RFP, MIRA reserves the right to award these additional services to more than one firm.

Overview of RFP

MIRA issued an RFP for Independent Auditing Services on December 18, 2017. The availability of the RFPs was advertised on the Department of Administrative Services State Contracting Portal website and on the MIRA website.

In addition:

- A notice regarding the availability of the RFP was sent to any firm who submitted a notice of interest form to MIRA 3 years ago when the authority last issued an RFP for these services. This included representatives from:
 - Blum Shapiro & Company P.C.
 - Mahoney Sabol & Company LLP
 - Marcum LLP
 - O'Connor and Drew PC

- Ron L Beaulieu & Company
- Sax BST
- Whittlesey & Hadley

Responses to the RFP for Independent Auditing Services were initially due by February 1, 2018.

MIRA received proposals from the following four (4) firms:

- Blum, Shapiro & Company, P.C.
- Mahoney Sabol & Company LLP
- Marcum LLP
- UHY LLP

None of the proposals conflicts with Section 1-127 of the Connecticut General Statutes which states that “no quasi-public agency, as defined in section 1-120, shall contract with the same person, firm or corporation to conduct financial audits of such agency for more than six consecutive fiscal years of the agency”

Evaluation of Proposals

At the March 2018 Finance Committee meeting, the Committee assigned a committee of MIRA staff to evaluate the proposals (hereafter the “Evaluation Committee”). This committee included Jeff Duvall, Director of Budgets and Forecasting; Cheryl Kaminsky, Senior Financial Accountant. The Evaluation Committee was assisted by Roger Guzowski, Contract and Procurement Manager.

Proposal submitters were evaluated through a two-step process:

The first step in the evaluation was a price review of the submitted proposal information. In this initial step, proposals were evaluated based on their proposed price, the administrative review of their proposal (including completeness, conflicts of interest and SBE/MBE considerations), and an initial screen of their qualifications and experience.

The prices proposed to conduct the Annual Independent Audit are summarized in Table 1 below

<i>Table 1:</i>	FY18 audit	FY19 audit	FY20 audit	3- year Total
Blum Shapiro	\$60,000	\$61,000	\$62,000	\$183,000
Mahoney Sabol	\$42,000	\$42,500	\$43,000	\$127,500
Marcum	\$46,000	\$47,500	\$49,000	\$142,500
UHY LLP	\$41,000	\$42,000	\$43,000	\$126,000

After the initial review of proposals, the proposals were further reviewed based on a more comprehensive look at their qualifications. The results of that review are shown in Table 2 below:

Table 2:

EVALUATION SCALE Excellent 10 Very Good 8 Good 6 Fair 4 Poor 2 Unacceptable 0	Weighing value	Blum, Shapiro & Company, P.C.		Mahoney Sabol & Company LLP		Marcum LLP		UHY LLP	
		Rating	Score	Rating	Score	Rating	Score	Rating	Score
Key strengths and qualifications of the firm	25%	10	2.50	10	2.50	10	2.50	9	2.25
Firm's sector-specific experience (with public authorities, waste industry and energy industry)	25%	10	2.50	10	2.50	9	2.25	9	2.25
Background of staff	25%	10	2.50	10	2.50	9	2.25	10	2.50
Responses to Issues and Questions (Form 2)	25%	10	2.50	10	2.50	10	2.50	8	2.00
Subtotal	100%		10		10		9.50		9

Table 2:

After an analysis of both the first and second steps in the evaluation process, the Evaluation Committee recommends that the Board of Directors authorize the President to enter into an Independent Auditing Services Agreement with Mahoney Sabol & Company LLP, the scope of work of which includes both the Fixed Fee Annual Independent Audit services contemplated in Item 1 of the Scope and the additional on-call work as needed contemplated in Item 2 of the Scope.

Financial Summary

For the Independent Auditing Services Agreement with Mahoney Sabol & Company LLP, the scope of work of which includes the Annual Independent Audit for FY2018, FY2019, and FY2020, the annual compensation owed by MIRA to Mahoney Sabol & Company LLP would be as follows:

- For the FY2018 Audit: \$42,000
- For the FY2019 Audit: \$42,500
- For the FY2020 Audit: \$43,000