

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND EIGHTY FOUR

JUNE 21, 2018

A regular meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Thursday, June 21, 2018 in the Board Room at 200 Corporate Place, Suite 202, Rocky Hill, CT 06067. Those present were:

Directors:

Chairman Don Stein
John Adams
Jim Hayden
Scott Shanley
Patricia Widlitz
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
Kanchan Arora, General Accountant/Board Administrator

Public Present:

Sean Duffy, Vice President of Recycling Operations, Republic Services
Tony Camilleri, Republic Services
Peggy Diaz, DEEP
Ron Van Winkle, City of Hartford
Luke Bronin, Mayor, City of Hartford
Ann Catino, Esq.,

Chairman Stein called the meeting officially to order at 9:33 a.m. and said that 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.

Mr. Duffy, Vice President of Recycling Operations from Republic Services addressed the board about the impacts of China's National Sword initiative on the recycling industry. He informed the Board that all fiber grades are under serious scrutiny and, for the most part, shipments have ceased. We have been shipping materials to different outlets, but can't handle this on a sustained basis -- unfortunately, we have to pay to remove the materials at a cost of \$50/ton to move newspaper, which affects our contract with MIRA. Mr. Duffy said that he sent out a request for a change to our contract, including an option for a buyout and other ways to deal with

the contract to make it sustainable for Republic. Since the new regime started, about 74% of the products we take in we are paying to get rid of, which is unsustainable for our company.

Mr. Duffy said he provided his proposals to the staff of MIRA as well as the Board, so if MIRA can review the contract and let him know if there is any resolution and/ or any help, it would be much appreciated. Republic looks forward to working together with MIRA as partners to work up a solution.

Chairman Stein informed the public that the Board does not negotiate; MIRA staff will review the materials he provided and will let Mr. Duffy know once we have reached a resolution.

Luke Bronin, Mayor of City of Hartford, addressed the board. Mr. Bronin said, as we all know, there is an agreement between MIRA and the City of Hartford for a \$1.5 million Pilot Payment which was included in the budget for fiscal year 2018. We had a long standing effort to get the Connecticut REC law changed so that trash-to-energy power could be treated as Class 1 renewable which allows for economic advantage for MIRA. Our informal conversation has always been about working together to get the change made, and that has now been successful. Additionally, MIRA and the City of Hartford always discussed splitting the revenue from improved REC value, and that \$1 million would come to the City of Hartford. The clear intent was that \$1 million would be added on top of the \$1.5 million in MIRA’s budget, and the City is counting on the additional \$1 million in FY ‘18. It’s only a one-time payment, but MIRA will have an ongoing benefit. He said he understands MIRA’s financial situation; MIRA and the City have similar challenges.

Mr. Kirk said we are ready to make the remaining portion of our \$1.5 million payment today. With regard to the \$1 million PILOT required in the 2017 Implementer, the Board thought it was not in addition to the \$1.5 million but rather, included in that total amount.

APPROVAL OF THE MAY 9, 2018 BOARD MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the May 9, 2018, Board meeting. Director Adams made the motion which was seconded by Director Hayden.

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

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

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APPROVAL OF THE MAY 23, 2018 BOARD MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the May 23, 2018, Board meeting. Director Adams made the motion which was seconded by Director Hayden.

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

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

REVIEW AND APPROVE RESOLUTION REGARDING CASUALTY INSURANCE PROGRAM FOR FY 2019.

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

WHEREAS, MIRA purchases the insurance coverages for Auto, General Liability, Property, Public Officials, Umbrella Liability, and Workers Compensation annually in June for the upcoming fiscal year; and

WHEREAS, the Property insurance coverage for the next fiscal year is being reviewed and will be addressed at a subsequent Board of Directors’ meeting.

NOW THEREFORE, be it

RESOLVED: That MIRA purchase the insurance coverages for Auto, General Liability, Public Officials, Umbrella Liability, and Workers Compensation according to the recommended options from its broker Beecher Carlson as presented and discussed in this meeting; and

FURTHER RESOLVED: That MIRA finance its casualty insurance renewal premiums over a ten month period through Premium assignment Corporation at the financing rate of 2.79%; and

FURTHER RESOLVED: That MIRA will finance its property insurance renewal premiums in October once the extension period expires.

Mr. Kirk said Beecher Carlson provided a detailed presentation in the Finance meeting of the coverages that MIRA is proposing to renew for FY '19, except for property coverage, which will be delayed due to an outstanding claim. The presentation is very thorough and complete with all the details and pricing is favorable with very little turn over. We recommend the adoption of the resolution which will finance the premiums and select all the policies with the exception of Property policies, which will come to the board on a later date.

Director Shanley said the Finance Committee was fully satisfied.

Director Hayden asked Mr. Daley to explain the 2.97% to the Board.

Mr. Daley informed the Board the lowest interest rate from our premiums is 2.79% which is from our current financier, Premium Assignment Corporation. We will finance the casualty program now, and they have committed that that rate of 2.79% will remain in place thru mid-October; we will finance the new property insurance as well, but will not finance the stub piece of the property coverage from July thru October.

REVIEW AND APPROVE RESOLUTION REGARDING FY 2019 PROJECTED LEGAL EXPENDITURES.

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

WHEREAS, MIRA has negotiated three-year Legal Services Agreements with various law firms for the provision of legal services beginning July 1, 2017; and

WHEREAS, MIRA now seeks Board authorization for projected legal expenditures pursuant to said Agreements during Fiscal Year 2019; and

WHEREAS, The Board of Directors has approved Fiscal Year 2019 budgeted legal expenditures in the Authority Budget operating account, the CSWS operating account, the Property Division operating account, and the Landfill Division operating account; and

WHEREAS, MIRA has not previously established a budget, nor identified a funding source, for legal fees and expenses which may be incurred in connection with the redevelopment of the Connecticut Solid Waste System, and now finds funding necessary; and

WHEREAS, MIRA wishes to engage its General Counsel, Halloran & Sage, to provide legal services, including assistance with drafting and negotiation of term sheets and comprehensive development agreements with DEEP's selected developer, Sacyr Rooney Recovery Team, LLC, and to identify moneys available in MIRA's Landfill Division as the source of funds for payment for such services; and

WHEREAS, Funding is requested at this time from Mid-Connecticut Project reserves not approved through the budget process;

NOW THEREFORE, it is

RESOLVED: That the following amounts be authorized for projected legal fees to be incurred during FY '19:

Firm:	Amount:
Cohn Birnbaum & Shea	20,000
Day Pitney	15,000
Halloran & Sage	300,000
Kainen, Escalera & McHale	25,000

Further RESOLVED: That the President be authorized to expend up to \$20,000 from the Mid-Connecticut Post Project Closure Reserve for payment of legal fees incurred in fiscal year 2019 in connection with continuing Mid-Connecticut Project obligations; and

Further RESOLVED: That a budget of \$250,000 be established for payment of FY 19 legal fees and expenses incurred in connection with the DEEP initiative known as Resource Rediscovery; that \$250,000 from the Landfill Division be available as the funding source for such budget; and that the President be authorized to expend up to that budgeted amount for payment of such legal costs; and

Further RESOLVED: That Management shall report the legal expenditures monthly on an accrual basis reconciled to the Authority's general ledger.

Mr. Kirk said this is our routine assignment for legal expenditures which are budgeted and approved. They are maximum authorized amounts to spend; if we need to spend more we would come back to the board, if not spent in FY 19, it goes back to the Surplus.

REVIEW AND APPROVE RESOLUTION REGARDING AGREEMENT FOR ON CALL TRANSPORTATION SERVICES FOR DIVERSION OF MUNICIPAL SOLID WASTE.

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

RESOLVED: That the President is hereby authorized to enter into an agreement with the following firm for On-Call Municipal Solid Waste Diversion Transportation Work, substantially as discussed and presented at this meeting:

- CWPM, LLC

Mr. Kirk said this is pretty standard, there was only one bidder on this RPF for Diversion, prices for various diversion sites and prices for transportations are stated in the bid from CWPM. CWPM is a long time contractor and operates two of our transfer stations. MIRA is satisfied with the quality of their work. Pricing went up from last year for numerous reasons.

REVIEW AND APPROVE RESOLUTION REGARDING AGREEMENTS WITH CLASS 2 RENEWABLE ENERGY CREDIT BROKERAGE FIRMS

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

WHEREAS, MIRA owns and operates the CSWS Waste to Energy Facility (“Facility”), which generates certain power products including Connecticut Class II Renewable Energy Certificates (“RECs”); and

WHEREAS, in order to optimize REC revenue within sometimes volatile REC markets, from time to time MIRA requires the services of a qualified firm to perform brokerage services on MIRA’s behalf; and

WHEREAS, MIRA further desires to establish a process that will allow it to move competitively, quickly and efficiently into the REC market at times when prices are considered optimal and supportive of the need to provide budget certainty and financial stability; and

WHEREAS, MIRA has undertaken the “Competitive Process” required under its Procurement Policies and Procedures and has negotiated a contractual structure with Trident Brokerage Services, LLC that will provide for the required brokerage services.

NOW, THEREFORE, BE IT:

RESOLVED, that the President is hereby authorized to execute agreements with Trident Brokerage Services, LLC for the provision of brokerage services for the RECs generated by the Facility, substantially as presented and discussed at this meeting.

Mr. Kirk said MIRA had elected to try to create a stable of brokers to give us an option for selling the newly created enhanced Class 2 credits. We plan to add two or more additional brokers. The business tends to work on 1 to 3% commission rate which MIRA expects to pay. MIRA is not certain that we will sell our credits thru the brokerage firms; it is a very thin market. There are only 5 generators in the market and only a few consumers of these credits. Without the volume, we might not get the price we are expecting to get due to the lesser demand. The key is to maximize our value.

TABLED MATTERS

Chairman Stein noted that we do not have the requisite number of board members present to approve the items discussed, and requested a motion to table the four matters until a later meeting date. The motion was made by Director Adams and seconded by Director Shanley.

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

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Bob Painter	X		
Scott Shanley	X		
Pat Widlitz	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 April 30, 2018, Mr. Kirk said our operating revenue was \$5.21 million, about 19% favorable to budget. Year to date our revenue is 2% below budget. Mr. Kirk said the total operating expense was 6% unfavorable to the budget at \$4.85 million. He said MIRA’s operating income year to date is \$3.07 million, which is 1% favorable to the budget.

Our production challenges continue to revolve around pressure parts, equipment failures and backend problems, which are all age-related issues. He said the total boiler outages were 487 hours, that’s 20 boiler days, primarily as a result of turbine thrust bearing failure, age-related issues and the risk of dealing with causalities. Electricity pricing is a bright spot for April; total average energy price including hedged and wholesale prices were stabilized at \$0.04 per kWh. Year to date energy price is 12% above budget.

Mr. Kirk said recycling revenues are favorable to budget in April, 58% above budget due to higher disposal residue and surplus CSWS-sourced single stream deliveries. The volumes of recycling material continue to be strong. Prices are trending very low but remain favorable for fiber OCC. Mr. Kirk discussed the recent Cold Iron outage.

EXECUTIVE SESSION

Chairman Stein 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 Adams.

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

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

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

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

The Executive Session began at 10:46 a.m. and concluded at 11:43 a.m. Chairman Stein noted that no votes were taken in Executive Session.

The meeting was reconvened at 11:44 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

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

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

Directors	Aye	Nay	Abstain
Chairman Stein	X		
John Adams	X		
Jim Hayden	X		
Bob Painter	X		

Pat Widlitz	X		
Scott Shanley	X		

There being no other business to discuss, the meeting adjourned at 11:45 a.m.

Respectfully Submitted,

Kanchan Arora
General Accountant/Board Administrator