

MATERIALS INNOVATION AND RECYCLING AUTHORITY

March 27, 2023

The March 8, 2023 regular meeting of the Board of Directors of the Materials Innovation and Recycling Authority was reconvened via Zoom on Monday, March 27, 2023 to continue to address the agenda items. The business of the Board was continued and taken up on March 27, 2023. Present via audio or video conferencing were:

Appointed Directors:

Vice Chairman Jim Hayden
Carl Fortuna
Bert Hunter
Susan Weisselberg
Ed Mone
Leonard Assard
Dave Steuber
Rich Soderman

Ad Hoc Members:

Luke Bronin

Present from MIRA:

Mark Daley, President & CFO
Tom Gaffey, Director of Recycling and Enforcement
Cheryl Kaminsky, Comptroller
Roger Guzowski, Supply Chain Manager
Dave Bodendorf, Manager of Engineering, Construction and Power Assets
Chris Sheppard, Environmental Compliance Manager

Others Present:

Ann Catino, Halloran & Sage

Vice Chairman Hayden called the meeting officially to order at 9:31 a.m. and said that a quorum was present.

PUBLIC PORTION

Vice Chairman Hayden 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. Ed Spinella spoke in favor of a proposed Omnibus Amendment Agreement with MIRA as resolving a potential dispute over termination provisions included in MIRA's Transfer Agreement for the Connecticut Solid Waste System Recycling Facility with Murphy Road Recycling, LLC. He said this would also address other MIRA concerns over Murphy Road Recycling's ancillary uses of MIRA's Recycling Facility at 211 Murphy Road.

1. REVIEW AND APPROVE DRAFT RESOLUTION APPROVING THE FISCAL YEAR 2023 AND FISCAL YEAR 2024 HARTFORD PILOT AGREEMENT

Vice Chairman Hayden requested a motion on the foregoing resolution. The motion was made by Director Mone second by Director Weisselberg.

WHEREAS, The Materials Innovation and Recycling Authority (Authority) has adopted its Fiscal Year 2023 Operating and Capital Budget for the Connecticut Solid Waste System (FY 2023 CSWS Budget); and

WHEREAS, Such FY 2023 CSWS Budget contemplated operation of its Waste to Energy Facility located in Hartford for a period of one month prior to its closure and included a Hartford PILOT payment in the amount of one million five hundred thousand dollars (\$1,500,000); and

WHEREAS, The Authority has adopted its Fiscal Year 2024 Operating and Capital Budgets for its Connecticut Solid Waste System and Property Division which budgets transferred the Waste to Energy Facility from the CSWS to the Property Division for preservation and maintenance funding pending policy decisions concerning its future use, which budgets did not include a PILOT Payment but contemplated subsequent action to approve a use of Property Division reserves funding a Hartford PILOT Payment; and

WHEREAS, Pursuant to a certain multi-year Agreement for Payments in Lieu of Taxes between the City of Hartford and the Authority dated November 27, 2013 and providing PILOT payments for the five fiscal years ending with fiscal year 2018 the Authority's PILOT Payment obligation is contingent on continued operation of the CSWS Waste to Energy Facility; and

WHEREAS, Such multi-year PILOT Agreement was followed by a series of one year agreements providing for a PILOT payment each fiscal year that the Waste to Energy Facility remained in operation; and

WHEREAS, Irrespective of the terms of the multi-year PILOT Agreement the Authority desires to establish and pay the City of Hartford a fiscal year 2024 PILOT in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) from available Property Division Reserves.

NOW THEREFORE, be it

RESOLVED: The President is authorized to enter into a PILOT Agreement with the CITY of Hartford providing for payment of the fiscal year 2023 PILOT as adopted in the FY 2023 CSWS Budget which agreement may further provide for payment of a fiscal year 2024 PILOT in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000).

FURTHER RESOLVED: That management is authorized to draw One Million Five Hundred Thousand Dollars (\$1,500,000) from the Property Division General Fund for payment of such fiscal year 2024 PILOT.

Mr. Daley stated that this is the additional resolution we discussed last month as needed to address the Hartford PILOT which is now independent of the annual budget and the CSWS. We are dealing with two issues in the resolution. First is authority to contract for payment of the FY 2023 PILOT which was included in the adopted budget for FY 2023 in the amount of \$1.5 million when the plant operated for one month prior to shut down. Second is establishment of the amount of PILOT payment for FY 2024 and authority to contract for payment of that amount.

Mr. Daley stated we put together benchmarks for a possible PILOT payment which we reviewed at the March 1st Finance Committee meeting. We also had Director Steuber in attendance at the Finance Committee meeting and he shared his views and benchmarks for a possible PILOT. Committee Chairman Hunter subsequently requested we put together a summary presentation of the benchmarks and historical data reviewed, the recommendations going into Finance Committee as well as the discussions and additional information Director Steuber shared. Mr. Daley screen shared a presentation summarizing previous PILOT payments, benchmarks reviewed at the March 1st Finance Committee meeting, subsequent corrections to those benchmarks, the City of Hartford Benchmarks and a synopsis of prior discussions.

Mr. Daley stated that management recommended a PILOT of \$300,000 for FY 2024 at Finance Committee. This relied mostly on the PILOT payment rate of the neighboring Brainard Airport and also the land values and assessments for other private facilities in the area. He said Director Steuber correctly noted that the tax base value is 70% of market not 70% of assessed value so we made the necessary corrections there. He said at the end of the day a motion was made at Finance Committee to increase the PILOT from the \$300,000 recommendation to the historical level of \$1.5 million which is reflected in the resolution put forward to the full Board.

The directors held a comprehensive discussion of the PILOT. The directors discussed the rationale to continue the PILOT after the Waste to Energy Facility was shut down irrespective of a prior agreement that it be discontinued at that time. The directors also discussed the PILOT payment was being made from reserves that otherwise would be available for maintenance or remediation of closed facilities including the Waste to Energy Facility. The directors and Ann Catino discussed the legal basis for the PILOT payment. The directors further discussed the loss of tax revenue that would have to be borne by other Hartford tax payers if the PILOT was eliminated or reduced, including the benefits enjoyed by many municipalities over a period of years through the site's prior use as a Waste to Energy Facility, and the burden that tax exempt properties place on municipalities. The PILOT that would be paid if the site was owned by the State was also discussed. The directors discussed MIRA's PILOT relative to no PILOTs paid by MDC and lower PILOT rates paid for Brainard Airport. The voting requirements for budget adoption versus PILOT payment contracting were also discussed. Further discussions addressed

potential changes to the composition of the Authority and its Board and how that may factor into decision making. Motions to amend the proposed resolution to provide contingencies for future legislative actions or future Boards were discussed but not advanced.

Following the comprehensive discussion of the PILOT, Vice Chairman Hayden called for a vote on the resolution as originally included in the Board of Director's package for the March 8, 2023 meeting as stated above. The motion previously made and seconded was approved by roll call vote as follows.

Directors	Aye	Nay	Abstain
Vice Chairman Jim Hayden	X		
Carl Fortuna	X		
Bert Hunter	X		
Sue Weisselberg	X		
Ed Mone	X		
Leonard Assard	X		
Dave Steuber	X		
Rich Soderman	X		
Ad Hoc Members	Aye	Nay	Abstain
Luke Bronin	X		

2. CHAIRMAN'S AND PRESIDENT'S REPORT

Vice Chairman Hayden requested that Mr. Daley provide the President's report.

Mr. Daley stated at March 8th meeting he mentioned we sent our tip fee notice to the towns on February 28th. He said that notice prompted a call from the town of DEEP River which is one of our two Tier 1 Long Term customers. This is because we did not have a record of them sending back the MSA Amendment. The town was calling to advise MIRA they had intended to sign and thought they were all set. Mr. Daley stated he took a look back at the resolution adopted December 20, 2021 for the MSA Amendment and it authorized the President to sign amendments with all CSWS Participating Municipalities. He said since DEEP River remains a participating municipality he plans on signing the amendment for them based on the existing authority but felt this should be noted this for the record. There were no comments or questions.

Mr. Daley added that we have had several follow up calls on the testimony Vice Chairman Hayden and he provided on HB 6664. First was on March 16th with Senator Lopes and Representative Gresko and the second was on March 20th with Senator Harding. He said in each of those meetings we discussed the topics addressed at the Speaker's Summit and our town meeting outlining areas where MIRA was aligned with the bill and areas we would like to discuss further. He added that we then followed up on those meetings with proposed written changes to the bill that would resolve MIRA concerns over treatment of MIRA reserves. The changes would also reestablish MIRA's statutory authority to partner with DEEP rather than provide DEEP with additional conflicting roles in the development, operation and financing of waste management projects it also regulates. MIRA's changes would also maintain continuity on the Board and not establish DAS as the successor to the new waste authority. Vice Chairman Hayden stated the participation in the legislative process has been exhilarating and our points have been made.

3. EXECUTIVE SESSION

Vice Chairman Hayden stated the next item on the agenda is to enter Executive Session to discuss pending RFPs and feasibility estimates and evaluations relative to prospective public supply contracts, including MIRA RFP's and prospective contracts for Connecticut Solid Waste System Recycling Services and the impact of same upon MIRA's FY2024 operating and capital budgets which would also include discussion of MRR contracts. The motion to enter Executive Session was made by Director Weisselberg and seconded by Director Hunter. Mr. Daley requested that Ann Catino, Tom Gaffey and Roger Guzowski attend the Executive Session in addition to himself and the directors. Vice Chairman Hayden stated a vote is anticipated following the Executive Session.

The foregoing motion was approved by roll call vote as follows:

Directors	Aye	Nay	Abstain
Vice Chairman Hayden	X		
Carl Fortuna	X		
Bert Hunter	X		
Sue Weisselberg	X		
Ed Mone	X		
Leonard Assard	X		
Dave Steuber	X		
Rich Soderman	X		
Ad Hoc Members	Aye	Nay	Abstain

Luke Bronin (No longer in attendance)			
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The Executive Session commenced at 10:30 and concluded at 11:09

4. RESOLUTION REGARDING CSWS RECYCLING SERVICES

Vice Chairman Hayden requested a motion on the aforementioned item. The motion was made by Director Mone and seconded by Director Assard.

Mr. Daley noted we have had discussions with MRR concerning the recycling transfer agreement as well as the scale use and rail car storage agreements mentioned by Ed Spinella at the beginning of the meeting. Management is prepared to recommend and proceed with their revision as described in the Omnibus Amendment Agreement. Those changes are in MIRA's best interests and result in the most competitive total cost relative to the recycling RFP we just went through.

Mr. Daley inquired of Ann Catino if the proposed resolution being screen shared should be read into the record. Ms. Catino agreed it should. The proposed resolution was read into the record as follows:

WHEREAS, The Materials Innovation and Recycling Authority (Authority) issued a Request for Proposals for Connecticut Solid Waste System Recycling Services ("Recycling RFP") on January 19, 2023; and

WHEREAS, Such Recycling RFP stated that the Authority is assessing the economic viability of its current recycling operation and desires to achieve efficiencies by soliciting and re-designating a facility or facilities for the processing of single stream recycling; and

WHEREAS, Pursuant to the terms of the Recycling RFP, the Authority received three initial alternative proposals to its current recycling operation which are being evaluated and discussed further with such Proposers; and

WHEREAS, The President has previously been authorized by this Board to provide notice by April 1, 2023 that its current recycling operation is no longer viable pursuant to the terms of Section 4.2 of the Authority's Transfer Agreement for Connecticut Solid Waste System Recycling Facility with Murphy Road Recycling ("Recycling Transfer Agreement") provided the Authority determines efficiencies will be achieved by contracting with alternative Proposers; and

WHEREAS, Murphy Road Recycling has proposed and consented to a series of modifications to such Recycling Transfer Agreement including i) vacating and unencumbering the Authority's Recycling Facility at 211 Murphy Road in Hartford so that it may be put to a future productive use, ii) reducing the Fixed Fee paid under such Recycling Transfer Agreement, iii) additional termination and assignment provisions that would provide certain conveniences to the Authority to allow it to transition, and to orderly evolve its roles, responsibilities and properties, and iv) incorporation and modification of termination provisions associated with Murphy Road Recycling's ancillary use agreements affecting 211 and 171 Murphy Road that will complete

unencumbering the Recycling Facility so that it may be put to a future productive use (the “Omnibus Amendment Agreement”) attached hereto as Exhibit A; and

WHEREAS, the Authority hereby determines, that relative to such Omnibus Amendment Agreement, efficiencies will not be achieved by contracting with alternative Proposers at this time.

NOW THEREFORE, be it

RESOLVED: The President is authorized to enter into the Omnibus Amendment Agreement with Murphy Road Recycling as discussed and presented in this meeting.

Vice Chairman Hayden inquired if there was any further discussion on this item. Hearing none the motion was approved by roll call as follows:

Directors	Aye	Nay	Abstain
Vice Chairman Hayden	X		
Carl Fortuna	X		
Bert Hunter	X		
Sue Weisselberg	X		
Ed Mone	X		
Leonard Assard	X		
Dave Steuber	X		
Rich Soderman	X		
Ad Hoc Members	Aye	Nay	Abstain
Luke Bronin (No longer in attendance)			

5. ADJOURNMENT

Vice Chairman Hayden requested a motion to adjourn the meeting at 11:15. The motion was made by Director Assard and seconded by Director Weisselberg. The motion was approved unanimously: