

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND FORTY-SEVENTH

SEPT. 24, 2014

A regular meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Thurs. Sept. 24, 2014, in the Board Room at 211 Murphy Rd., Hartford, CT. Those present were:

Directors: Chairman Don Stein
Vice-Chairman Barlow
John Adams
Ralph Eno
Joel Freedman
Jim Hayden
Andy Nunn
Scott Shanley
Bob Painter

Present from CRRA in Hartford:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Jeff Duvall, Director of Budgets and Forecasting
Thomas Edstrom, Interim Risk Manager
Peter Egan, Director of Environmental Affairs and Operations
Roger Guzowski, Contracts and Procurement Manager
Laurie Hunt, Director of Legal Service
Deepa Krishna, Manager of Accounting and Financial Reporting
Moira Kenney, HR Specialist/Board Administrator

Others: Russ Lallier, All Waste Inc.; Steve Changaris, CT Chapter, NEW/RA; Jean Davis, River COG, Deputy Commissioner Mack McCleary, CT DEEP; Yvonne Bolton, CT DEEP; Robert Isner, CT DEEP; Chris Nelson, CT DEEP, Lee Sawyer, CT DEEP; Laura Francis, Town of Durham; Catherine Ino, Town of Killingworth; Mike Paine, Paine's Inc.; Barbara Henry, Town of Roxbury; Mike Johnson, Sullivan & LeShane; Ed Mone, Town of Thomaston; John Pizzimenti and Ed Spinella, Esq. USA Hauling.

Chairman Stein called the meeting to order at 9:30 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.

As there were no members of the public present wishing to speak, Chairman Stein proceeded with the meeting agenda.

APPROVAL OF THE REGULAR JULY 24, 2014, BOARD MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the Regular July 24, 2014, Board Meeting. Director Eno made the motion which was seconded by Director Shanley.

The motion to approve the minutes was approved unanimously by roll call. Chairman Stein, Director Adams, Director Eno, Director Freedman, Director Hayden, Director Nunn, Director Painter, and Director Shanley voted yes. Vice-Chairman Barlow abstained.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow			X
John Adams	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

APPROVAL OF THE SPECIAL TELEPHONIC JULY 30, 2014 BOARD MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the Special Telephonic July 30, 2014, Board Meeting. Director Freedman made the motion which was seconded by Director Shanley.

The motion to approve the minutes was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Freedman, Director Hayden, Director Nunn, and Director Shanley voted yes. Director Painter abstained.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project			X

RESOLUTION REGARDING A SUBORDINATION AGREEMENT WITH CONNECTICUT NATURAL GAS CORPORATION ASSOCIATED WITH A REAL PROPERTY EASEMENT AT THE SOUTH MEADOWS STATION SITE

Chairman Stein requested a motion on the above referenced item. Director Eno made the motion which was seconded by Vice-Chairman Barlow.

RESOLVED: That the President is hereby authorized to execute a subordination agreement with Connecticut Natural Gas Corporation (CNG) to subordinate an existing CNG easement on the South Meadow Station site to an Environmental Land Use Restriction (ELUR), substantially as presented and discussed at this meeting.

Mr. Kirk said this resolution is associated with South Meadows facility, and issues concerning completion of remediation activities and returning of the site to industrial standards. He said there are a number of different easements and right of way issues which need to be resolved and this resolution will provide authority to resolve one specific issue with Connecticut Natural Gas.

Mr. Egan said MIRA needs to execute an agreement with Connecticut Natural Gas whereby CNG subordinates its real estate interest to the Department of Energy and Environmental Protection (hereinafter referred to as “CT DEEP”) for an environmental land use restriction on the South Meadows property when the site is verified to meet remediation standards required by the Connecticut Transfer Act. He said the remediation project has been going on for thirteen years. Mr. Egan said CNG has agreed to subordinate its interest and in return will receive a one-time \$ 7,500 payment from MIRA. He said in the event that CNG needs to return to the property to undertake work within their easement they will need to work with the CT DEEP.

The motion previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Freedman, 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		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

RESOLUTION REGARDING USE OF RESERVES TO PAY CERTAIN FY'15 LEGAL COSTS

Chairman Stein requested a motion on the above referenced item. Director Eno made the motion which was seconded by Vice-Chairman Barlow.

RESOLVED: That the President is authorized to expend up to \$75,000 from the Hartford Landfill Closure Reserve (or, in the event that closure has been completed and the Closure Reserve closed, the Landfill Operating Account), for payment of legal costs incurred in fiscal year 2015 in connection with the MIRA's continued operation of the solar electricity generating facility located at the Hartford landfill and the potential sale of electricity from the facility to the City for use at its public works complex.

Mr. Kirk said this resolution was thoroughly reviewed at the Policies and Procurement Committee meeting. Ms. Hunt stated this resolution provides authority for MIRA to incur up to \$75,000 in legal costs. She said Halloran & Sage is doing the associated work however the agreement with Halloran & Sage was approved back in May and this resolution provides Board approval to take that funding out of the reserve.

Director Painter asked what the status of the landfill reserve fund is. Mr. Daley said the resolution is to use funds from the Hartford closure reserve which as of today has a balance of \$1.2 million. Mr. Daley said the closure reserve was set up specifically for the funding to close the Hartford landfill. He said there is a separate reserve which was established for post-closure care activities.

Mr. Daley said the post-closure care activities will be paid for under the transfer of funds to the State of Connecticut. He said the closure account was not affected by the recent legislation which was passed and does not affect MIRA's obligations to finish the closure of the landfill. Mr. Daley said after that closure activity is complete, through a resolution previously adopted by the Board, any remaining funds would go to the Hartford post-closure reserve and any remaining funds from that account would then be folded into the landfill operating account.

Director Painter asked who owns the solar array. Mr. Daley said ownership of the solar panels is with MIRA under the lease agreement with the City of Hartford. He said the lease remains effective until the closure is certified. Mr. Daley said use of that equipment and sharing of the revenue are being worked on and the access agreement is part of that discussion. Director Painter asked for a copy of the lease.

Mr. Daley said the lease has a specific provision which addresses equipment and infrastructure installed by MIRA which is separate from materials (such as contaminated soil) which are deposited into the landfill.

Director Shanley said he feels this is an appropriate use of the reserve.

The motion previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Freedman, 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		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

RESOLUTION REGARDING CONCERNING CASUALTY PROGRAM RENEWALS

Chairman Stein requested a motion on the above referenced item. Director Freedman made the motion which was seconded by Director Nunn.

RESOLVED: That MIRA’s Commercial General Liability insurance be purchased from ACE American Insurance Company (Rating A+) with a \$1,000,000 limit, \$25,000 deductible, for the period 10/1/14 – 10/1/15 for a premium of \$215,430 as discussed at this meeting; and

FURTHER RESOLVED: That MIRA’s Commercial Automobile Liability insurance be purchased from ACE American Insurance Company (Rating A+) with a \$1 million limit, liability coverage on all vehicles and comprehensive and collision coverage on twelve (12) passenger vehicles and light trucks with a \$1,000 deductible, for the period 10/1/14 – 10/1/15 for a premium of \$47,038 as discussed at this meeting; and

FURTHER RESOLVED: That MIRA’s Umbrella Liability insurance be purchased from ACE Property & Casualty Insurance Company (Rating A+) with a \$25 million limit, \$10,000 retention, for the period 10/1/14 – 10/1/15 for a premium of \$153,130

MIRA Coverage	2013 Renewal Premium Including Landfills	2014 Renewal Premium Including Landfills	<i>Premium Difference Over Expiring</i>
General Liability	\$215,000	\$215,430	\$430
Commercial Automobile	\$60,115	\$47,038	-\$13,077
Umbrella	\$157,500	\$153,130	-\$4,370
Grand Total:	\$432,615	\$415,598	-\$17,017

Exposure Basis:			
Tons of Municipal Solid Waste Received	Expiring Estimate: 1,008,000	Renewal Estimate: 1,010,000	0.20%
Rate Per 1,000 Tons of Municipal Solid Waste Received	Expiring Rate: 213.294	Renewal Rate: 213.297	0.00%

Mr. Kirk said there have been some final reductions in pricing which can be seen in the handout provided to the Board. He said the Finance Committee reviewed the renewals and options in the market thoroughly. Mr. Kirk said as a result of a request from the Finance Committee management will be bringing the insurance renewals to the Committee earlier in the year to allow for more review and discussion time. He said there is some push back from MIRA's broker and market participants in providing earlier quotes and management continues to work on those efforts.

Mr. Kirk said during these renewals management took the advice of its broker and did not go out to bid for certain components. Director Shanley said the Committee feels confident that the process which was followed was completely within MIRA's policies and recognizes what occurred in the market the year prior.

Director Freedman asked where the \$5,000 in savings came from. Mr. Daley said the reduction was as a result of a continuing dialogue with AON and the carriers to attempt to further reduce premiums. Mr. Edstrom said the lower price was as a result of the reduction in use of the heavier vehicles at the plant which allowed for reduced umbrella pricing.

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

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project			

RESOLUTION REGARDING 2014 YEAR END AUDIT

Chairman Stein requested a motion on the above referenced item. Director Freedman made the motion which was seconded by Director Nunn.

RESOLVED: That the Board hereby accepts the Annual Financial Report for the Fiscal Year Ending June 30, 2014, substantially as discussed and presented at this meeting.

Mr. Kirk distributed a revised copy of the report as the copy provided in the package was reduced by several pages and now includes an updated note #12. Mr. Daley provided an overview of the summary sheet distributed to the Board a copy of which is attached as “Exhibit A”.

Mr. Roude of BST addressed the Board concerning the audit. He said BST met with the Finance Committee the prior week and presented the financial statements while reviewing several required auditor communications. He said those transmissions included: no proposed adjustments to the audit, no material journal entries, discussion on the creation of MIRA from CRRA, public acts regarding the transfer of the funds and post-closure liabilities to the CT DEEP, and a prior period adjustment for the financials.

Mr. Roude said BST had a substantial discussion with management concerning GASB 69, which is a pronouncement from the Government Auditing Standards Board concerning government combinations and disposals of government operations. He said a determination as to whether MIRA’s succession to CRRA was a merger, acquisition or transfer was made. Mr. Roude said this is important as certain circumstances would require a combination financial statement for the entire year or a stub period audit for the short year. He said ultimately it was concluded that MIRA’s formation was an actual merger with CRRA (which ceased to exist) which allowed for one financial statement for the year which combined both periods.

Mr. Roude said BST discussed the transfer of the assets and liabilities under the public acts. He said although the Hartford Landfill is not certified as closed it will be soon and as a result the associated \$35 million was taken off the books. Mr. Roude said the difference between the assets and liabilities was picked up on the financial statement as non-operating revenue.

Mr. Roude said a prior period adjustment was also addressed. He explained due to declining waste CRRA’s contract with FCR was terminated which resulted in an early termination fee of \$2.9 million. Mr. Roude said the audit for the prior year picked that up as an accrued expense liability and took a loss on the financial statements.

Mr. Roude said the next year CRRA made a dollar payment for the purchase of the equipment which became CRRA’s and as a result the termination fee was classified as an acquisition of assets and not an early termination fee. He said BST went back and re-stated last year’s financial statement, increased profits and booked the assets for MIRA.

Mr. Roude said BST intends to wrap up the audit, make some minor edits, and submit the audit to the State of Connecticut next week.

The Board discussed the financial report. Director Shanley said the establishment of a tip fee stabilization fund is in large part where the additional funds earned from electricity will go in order to mitigate any future issues which may affect the tip fee.

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

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project			

PRESENTATION BY CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

Deputy Commissioner Macky McCleary of the CT DEEP provided a presentation (attached as “Exhibit B”) to the MIRA Board, management team and MIRA customers present at the meeting. Following the presentation a question and answer period was undertaken.

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP’s, and feasibility estimates and

evaluations. The motion, made by Director Eno and seconded by Director Freedman, was approved unanimously. Chairman Stein asked the following people join the Directors in the Executive Session:

Tom Kirk
 Mark Daley
 Peter Egan
 Laurie Hunt

The Executive Session began at 12:31 p.m. and concluded at 1:26 p.m. Chairman Stein noted that no votes were taken in Executive Session.

The motion to go into Executive Session was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Freedman, 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		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

ADJOURNMENT

Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Director Adams and seconded by Vice-Chairman Barlow and was approved unanimously.

There being no other business to discuss, the meeting adjourned at 1:26 p.m.

Respectfully Submitted,

Moira Kenney
 HR Specialist/Board Administrator