



Minutes
Regular Meeting of the Board of Directors
Thursday, September 29, 2016 - 9:30 am PST

The Board of Directors (“Board”) of the Washington Materials Management and Financing Authority (the “Authority”) held a regular meeting at 9:31 a.m. pacific time on Thursday, September 29, 2016 at the Hotel Lucia, Lovejoy room, 400 SW Broadway, Portland, OR 97205

Conference call number: 1-563-999-2090 Access code: 755212 #

Directors Present:

Gregg Chason, P & F USA, Inc.
Mary Jacques, Lenovo
Ken Lowe, VIZIO
Eric Gilbert, Acer America
Beth Johnson, Dell
Yadira Terrones, HP
Mark Dabek, RE-PC
Dan Phillips, 4th Dimension Computers and Technology
Dinah Rhee, Samsung
Chipper Hervieux, Department of Ecology
John Yeider, Apple

Also Present Were:

John Friedrich, WMMFA Executive Director
Scott Barker, 3R Technology
Hilary Tanneberg, Moss Adams LLP, CPA’s (through item 3)
Josh Estes, Ace Metal Co.
Paul Olsen, Simon Metals

Directors Absent:

Susan St. Germain, Dept. of Community, Trade & Economic Development
Jane Kang, LG

1. **Call to order – Yadira Terrones**
The meeting was called to order by Yadira Terrones at 9:31am
2. **Approve minutes of the: July 21, 2016 regular meeting of the Board (Board vote) – Yadira Terrones**
Yadira asked board members present if they had a chance to review the draft minutes provided. All board members present responded they had and Yadira then asked for any edits or corrections. None provided. On a motion by Mary Jacques seconded by Ken Lowe the draft minutes were approved unanimously as written.
3. **WMMFA 2015 Financial statements review – Hilary Tanneberg – Moss Adams LLP, CPA's**
Hillary Tanneberg, CPA from accounting firm Moss Adams presented a brief summary of 2015 annual financial statements as prepared by the Executive Director and reviewed by Moss Adams. Hilary explained the difference between a financial review and an audit. Hilary pointed out a few of the differences between 2014 account ending balances and 2015 balances and directed the board members to the management discussions of the financial statements as provided by Director Friedrich. There were no questions from board members for Hilary. John explained the relative strength of the WMMFA's reserve position at year end 2015 and described how the reserve balance had been managed going into 2016. John Friedrich commented that he believed that the next year's financial statements would likely be audited as opposed to reviewed based on board discussions at a previous meeting.
4. **Report on 2016 YTD August operational and financial results – John Friedrich**
 - Pounds by CEP totals
 - Financial reports
 - Unpaid past due manufacturer's invoices to date

The executive director provided the Board with monthly and year to date summaries of collected pounds and financial data for the WMMFA. Volume and expenses year to date were compared with prior years and the director explained cost data for collections and processing with the associated reasons for increases or decreases. John explained the strategies that he implemented in 2015 in regards to collection and processing expenses and options for addressing collection costs, with likely and potential outcomes going forward. John then referenced the listing of manufacturers that were not participating in the E-cycling plan as required due to non-payment of past due invoices. The efforts surrounding collection efforts by Ecology and the WMMFA were briefly discussed in regards to the past due manufacturer invoices. John explained the potential actions that the WMMFA and Ecology would and could take against a manufacturer if the invoices were left unpaid. Beth Johnson suggested it would be helpful for the WMMFA to track volume by item (flat screen vs. CRT technology) in addition to volume by weight in order to track and compare the number of citizens using the program. There was a comment that tracking weight only was skewing the success of the program as the products being turned in now are much lighter than prior years. The executive director told the board he would work on integrating unit and pound information via estimates of product weights over the next few months' reports.

5. **Review and discussion of processing standard options – minimum vs. preferred - John Friedrich and board members**
The executive director provided the board with the definition within RCW of the legislatures intent with the creation of the original e-waste legislation and explained the history and foundation of the environmental standards as provided by Ecology that the WMMFA members must subscribe to in order to participate in the E-Cycle WA recycling program. John pointed out a few differences in the "preferred" verses "minimum" standards as outlined in the standards and provided his thoughts as to how they varied from his understanding of the e-stewards and R2 standards. There was a discussion about recycling verses waste and export definitions among the standards.

6. **Update status on WMMFA, E-Cycle-WA, and processor compliance strategies - *John Friedrich***

The executive director described a survey that he sent to 6 WMMFA approved processors to the E-Cycle plan. John explained that based on the recent concerns within the E-cycle stakeholder community about the potentially legal and ethical standards violations surrounding exports of materials of concern by participating processors he was exploring ideas -shared with ecology and manufacturers- about suggesting or requiring some type of financial audit in addition to the required environmental audits that processors are required to undergo annually. John explained that one proposed solution to export violations was to ensure that processors were adequately compensated for responsible recycling. John explained that without information from processors about their income, expenses, profits and capital investments it would be difficult to define a “correct” compensation level for each processor. The board and the director discussed the fact that traditionally the WMMFA, per contract and the rules, have treated processors as independent business owners / experts in recycling which it was assumed would quote competitive but sustainable rates. John indicated that the results of the survey returned by 5 of the 6 processors indicated a general reluctance (with the exception of 1) to release detailed financial information for proprietary and competitive reasons. There was some discussion about the unintended and potentially negative consequences of the WMMFA attempting to interpret and compare the financial statements of competing processors.

7. **2017 Financial and Environmental Goals - *John Friedrich, TBD***

The executive director began discussion of this item by providing a listing of titles from several recent on line and published reports detailing concerns within the industry about improper or illegal exports of e-waste. The articles referenced BAN, SERI, ISRI, CRT glass disposal, flat panel exporting, environmental standards and related topics. John told the board that the WMMFA and Ecology, as well as manufacturers should be concerned about the exports. Although the data is not statistically strong (resulting in definite culpability) (BAN e-tracker) the information is of value. John said that the WMMFA would work with ecology and would continue to use processors approved to the state’s “Environmentally Sound Management and Performance Standards for Direct Processors” as required by law. There was a discussion among members, ecology, and the executive director about legislative verses rules solutions for potential edits to the current standards. John then concluded by stating that he would continue to focus on the collection, transport, and recycling system and would seek out additional local or regional processing capacity, available at competitive and reasonable cost, to increase participation and ensure continued legal compliance with the Electronic product recycling act.

8. **Legislative Update – *TBD***

John Friedrich asked Chipper Hervieux if she was aware of any pending legislative proposals for the next legislative session. Chipper indicated that she was not aware of any. John said that some of the stakeholders and interested parties had suggested that there should be some action in regards to the revelations about improper or illegal exports of covered devices.

9. **Matters to discuss at future meetings**

The executive director referenced a document provided to board members in regards to toxic substances and potential manufacturer implications. John suggested that the topic may or may not be a topic at a future meeting. John also reminded the board that the 1st quarterly budget for 2017 would be presented at the next board meeting.

Adjourned meeting at 10:44 am