

Minutes Regular Meeting of the Board of Directors Thursday, July 21st, 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 9:32 a.m. pacific time on Thursday, July 21st, 2016 at the offices of Van Ness Feldman PC, 719 2nd Avenue, Suite 1150, Seattle, WA 98104

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
Jane Kang, LG

Also Present Were:

John Friedrick, WMMFA Executive Director Miles Kuntz, Department of Ecology Scott Barker, 3R Technology

Directors Absent:

John Yeider, Apple Susan St. Germain, Dept. of Community, Trade & Economic Development Chipper Hervieux, Department of Ecology

- **1.** Call to order *Yadira Terrones*The meeting was called to order by Yadira Terrones at 9:32 am
- **2. Approve minutes of the:** May 19, 2016 regular meeting of the Board (Board vote) *Yadira Terrones* Yadira asked if all board members had reviewed the minutes and asked those in attendance if there were any edits or changes necessary. A change regarding an incorrect reference to Ecology instead of a processor was identified by John Friedrick (item 3) as a typo regarding the time of September 29 meeting (item 7.a.) were

corrected. These changes were made and the minutes as corrected were approved by unanimous vote on a motion by Gregg Chason seconded by Beth Johnson.

- **3.** WMMFA 2015 Financial statements review (pending completion) *TBD Moss Adams LLP, CPA's* The executive director informed the board that the financial statements were complete however the final review by Moss Adams was not yet finished. John Friedrick said that he would get the finalized statements to each as soon as they were ready.
- 4. 2016 Q4 budget discussion and revised annual projections (Board vote) John Friedrick

 The executive director had provided the board members with a proposed budget for the 4th quarter of 2016.

 John explained that he budgeted for a drop in volume of approximately 8% from 2015 levels for 2016 annual.

 He also stated that reserves were still quite high and the Q4 budget was meant to try and adjust the reserves downward to around 9%. John also explained that based on the depressed commodities markets, uncertainty regarding processing capacity and uncertainty surrounding registration for processors going forward a greater than normal reserve as a "just in case" strategy developed. There was a discussion about the volatility of the WMMFA cost per pound projections and the reserve amounts for Q4. The 4th quarter budget as presented was approved unanimously on a motion by Mary Jacques seconded by Gregg Chason.
- 5. Update status on WMMFA, E-Cycle-WA, and processor options John Friedrick and Miles Kuntz The executive director presented a review of the BAN tracker project that identified actual and potential processing and contractual violations by some of the E-cycle Washington approved processors. John said that, with the exception of the Total Reclaim violation, he thought that each of the newly released tracker observations created the appearance of a violation. Additional questions remained about conclusions to be drawn about what the tracker data meant specifically John said. John also expressed a curiosity about those processors which a tracker did not pass through, and, information about trackers that may have proceeded to approved destinations via the WMMFA processing network. John Friedrick said that he would like to wait and see the final conclusions and penalties that would be implemented by the Department of Ecology before looking at WMMFA contract changes. Miles Kuntz (Department of Ecology) told the group that based on the evidence available Ecology did not believe that the tracker results identified by BAN warranted de-registration of the processors or the one collector implicated. He said that at this time, penalties to any of the group identified in the second tracker information release were doubtful. He did say that there would be a determination on penalties and actions against Total Reclaim for the export of flat screens by the department. Miles expected the announcement of these actions to be released within the next few weeks. Miles then announced that he would be retiring on September 19th, 2016. Board members and management thanked Miles for his efforts with the E-Cycle program and wished him well. Miles stated that Christine Haun would be the interim replacement and that his position would be filled permanently at some point in the future. The possibility of additional processors desiring to participate in the E-Cycle plan via contract with the WMMFA going forward was discussed.
- **6.** Review and discussion of processing standard options minimum vs. preferred John Friedrick and board members

The executive director provided the board members with a complete copy of the "Environmentally Sound Management and Performance Standards for Direct Processors". John explained that there were two tiers within the standard, minimum and preferred, either of which offer compliance to our processors and therefore compliance for the WMMFA Standard Plan. This written standard, chosen by Ecology and mandated by them for WMMFA compliance is based on the R2 standard. After pointing out some of the differences between the minimum and preferred standards John explained that the recycling vs. landfilling requirements under the preferred standard were more stringent than the e-stewards processing standards in regards to landfill volume of non-materials of concern. John Friedrick explained that there were significant economic differences for maintaining compliance with the minimum vs. the preferred standard for WMMFA approved processors. The director explained that the WMMFA board could choose either the preferred or minimum standard and that the minimum standard, while less stringent, especially in the area of recycling verses landfilling of non-hazardous materials, would yield a lower overall cost per pound for members in the short term. John Friedrick

stated that he knew that some WMMFA member organizations had internal environmental processing goals (separate from that of the WMMFA and/or Ecology mandates) of zero landfilling.

7. Report on 2016 YTD June operational and financial results – John Friedrick

- Pounds by CEP totals
- Financial reports
- Unpaid past due manufacturer's invoices to date

John Friedrick provided the board with detailed financial results year to date through June. He explained that television, monitor, and computer collected volumes were down however processing costs continued to increase based on capacity constraints and glass / flat screen processing options. He pointed out that a very small percentage of collections to date were products containing precious metals. There were a few questions and a brief discussion regarding the year to date cost.

8. Matters to discuss at future meetings

a. Annual "in person" meeting dates and location - update and discussion

The Executive Director went over the scheduling and logistics details for the next regularly scheduled board meeting to be held in Portland, OR September 29th, 2016

Adjourn meeting at 10:07 am