



Minutes
Regular Meeting of the Board of Directors
September 7, 2017

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, September 7, 2017 at:

Courtyard Seattle Downtown / Lake Union
925 Westlake Avenue North
Seattle, WA 98109
**** PUGET SOUND MEETING ROOM ****

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

Directors Present:

Beth Johnson, Dell
Mary Jacques, Lenovo
Yadira Terrones, HP
Ken Lowe, VIZIO
Eric Gilbert, Acer America
Chipper Hervieux, Dept. of Ecology
Radi Simeonova, Department of Commerce – WA State
Dinah Rhee, Samsung
Mark Dabek, RE-PC
Dan Phillips, 4th Dimension Computers and Technology

Also Present Were:

John Friedrich, Executive Director, WMMFA
Marlys Palumbo, WMMFA Counsel, Van Ness Feldman
Heather Trim, Zero Waste Washington (at start)
Craig Lorch, Total Reclaim
James Yoo, Ace Metals
Unidentified (1)
Lisa Sepanski, Northwest Product Stewardship Council, Washington Chair
Suellen Mele
Sean O’Sullivan, Pacific NW Strategies
Craig Lorch, Total Reclaim
John Poterack, HP

Directors Absent:

Gregg Chason, P & F USA, Inc.
Jane Kang, LG
Eduardo Molina, Apple

1. Call to order – *Yadira Terrones*

The meeting was called to order by Yadira Terrones at 9:32 AM

2. Approve minutes of the: July 20, 2017 regular meeting of the Board (Board vote) – *Yadira Terrones*

Yadira asked board members present if they had reviewed the draft minutes provided in a handout of reference materials and asked for suggested changes or edits. There were none suggested. On a motion by Mary Jacques, seconded by Ken Lowe the minutes of the July 20, 2017 minutes were approved unanimously.

3. WMMFA 2016 Reviewed Financial Statements – *John Friedrich*

John Friedrich advised the board members that a bound copy of the WMMFA's most recent 2016 reviewed financial statements were within the materials provided them prior to the meeting. John asked the board members to turn to the pages of the recent state accountability audit results also provided. Director Friedrich explained that the WMMFA was now on an accountability audit schedule with the state of every 4 years and a financial review/audit schedule with independent auditors annually. Friedrich stated that in the history of the WMMFA there has never been any audit "recommendations" by either the state or by the independent CPA firm conducting financial audits. Friedrich said that based on the experience of undergoing two audits in one year that he had suggestions for a more efficient and less costly audit schedule for the years ahead. Friedrich stated he would advise the board at the next meeting his recommendations.

4. Legislative Review (2017-2018) and update – *John Friedrich*

Director Friedrich provided a summary of the major changes proposed to the RCW within 2017 via proposed HB 1824 and HB 1226. Friedrich summarized the original bills as presented in early 2017. He then described the final version of HB 1824 as passed by the house but not by the Senate. He stated that the 2 bills were held in their present status for the upcoming 2018 session. There was no discussion of the pros and cons of the bills as Friedrich said that the perceived impacts of these bills were thoroughly discussed over the prior two years in public testimony by many interested parties.

5. Product Stewardship and E-Cycle WA - Northwest Product Stewardship Counsel – *Lisa Sepanski*

John Friedrich introduced Lisa Sepanski, Washington Chair, Northwest Product Stewardship Council. Lisa made a brief presentation describing the history of the NWPSC and its role in helping author the E-Cycle Washington program and helping support it to passage in the legislature (2006-2008). Lisa stated that the NWPSC was conducting interviews with multiple stakeholders to the program based on recently proposed legislation in 2017, the processing standards violation by Total Reclaim, and the results of BAN's (Basel Action Network) tracker project uncovering multiple processor exports of potentially hazardous materials to non-OECD countries – specifically Hong Kong. The purpose of the NWPSC research now was to determine if there were elements of the law, rules, or program that weren't working and to uncover suggestions for improvement. Lisa explained that they thought the E-Cycle program operations were working at this time but that they had not completed or summarized their findings for suggested improvements yet as there were some pending interviews scheduled. Lisa took some general questions from those present and said that she anticipated finalizing their results before the next legislative session.

6. 2018 Volume and Budget Projections – *John Friedrich*

The Director began describing operational results YTD 2017. Friedrich stated that volume YTD was down by 18% from 2016 same point YTD. He stated that he expected volume to be down by 12% for annual 2017 and about the same year over year decline 2017 to 2018. He said that flat panel products were increasing in volume however CRT TV and computers were also staying at levels, on a percentage basis, about the same as prior years. Flat Panel devices will increase in volume steadily, according to Friedrich, but will not replace the volume lost over the next few years for CRT devices. Friedrich said that he anticipated the cost of processing flat panel devices would increase somewhat and that recycling plastic would also become more expensive. Friedrich said that cost per pound YTD was approximately 28 cents per pound, about 1 cent more than in 2016. He said that the WMMFA would likely approach 30 cents per pound for plan year 2018 based on projected increases in transportation and processing expenses.

7. Report on year to date 2017 operational and financial results – John Friedrich

- Pounds by CEP totals
- Financial reports
- Cost trends
- Unpaid past due manufacturer’s invoices to date
- Invoice collection process

The director presented the board with a written summary of operational and financial results for 2017 YTD. Volume August YTD was down by 18%. Expenses were down nearly the same percentage amount except for a slight increase in processing cost overall. Friedrich explained that in early August a major transporter, Oak Harbor Freight Lines, decided that they did not want to handle the WMMFA truck load business out of Eastern Washington any longer – effective immediately. It was explained that this action, by, at that time, the WMMFA’s largest carrier - by pick up location, would impact cost and volumes for the next month or two but no detrimental long-term effects should be realized. John stated that there was only 1 outstanding member manufacturer’s brand with several past due invoices totaling approximately \$78,000. That brand was identified as RCA and the director explained that there was difficulty, for the WMMFA, and Ecology, in getting agreement from the various historical owners of this brand name as to whom was responsible. Beth Johnson asked the director when enforcement actions against the responsible parties would begin. Friedrich said that he understood that Ecology’s formal enforcement process was to begin September 1 if payment had not been received. Friedrich said that he would get with Ecology and provide some additional details next week. John also stated that Ecology had been doing an excellent job in collection efforts to date.

8. Proposed short term amendments to WMMFA Standard Plan and Processor Contracts– John Friedrich

The executive director identified 2 areas for suggested amendments to the WMMFA Standard Plan prior to 2018 including the providing of a graphic and more detailed depiction of processor volume allocation – decision making protocol, and defining, in writing, a “minimum” charge for manufacturer invoices based on market share data availability and accuracy – as well as invoice collectability by small manufacturers. The director also read a proposed change to all processor contracts that would allow for rate changes within a given contract year without requiring the cancellation and/or renewal of the contract within that contract year. Friedrich explained that since commodity markets and labor/volume conditions change that the WMMFA needs to be responsive to those changes so that the program is sustainable. Friedrich explained that suggested increases or decreases in processor rates would need to be reasonably justified, in writing, to the WMMFA, and, that the changes would have to be jointly approved. Friedrich said that these items would be formalized and presented for vote at the next board meeting. There were questions and discussion about these suggested changes and the director stated that he would formalize these changes based on the input received from stakeholders or board members before the next board meeting and ask for approval by board vote.

9. Local Government Satisfaction Survey update – John Friedrich

The Director asked the board members present to reference the “Local Government Satisfaction Survey” document that was included in materials provided to them. Friedrich referenced several items of concern as referenced by each local government that responded to the survey and he highlighted those areas within the document that the authority addressed and those areas that were unaddressed or pending. Friedrich stated that none of the concerns or issues listed pushed the authority into non-compliance but instead were viewed as area where joint effort by the government entity and the WMMFA could work together to improve the program.

10. Matters to discuss at future meetings

- Financial Statements – Review or Audit – selection of accounting firm
- Annual election of authority officers from sitting board members
- WMMFA Standard Plan 5-year revision for 2019-2023
- Legislative and Government Satisfaction Survey updates

The executive director provided a brief summary of what would be included in discussion for these items to be discussed at future meetings.

Prior to meeting adjournment, the Executive Director (stated at start) stated that Gregg Chason, WMMFA Chairperson, was unable attend this meeting (short notice) due to an unforeseen family emergency. The director explained that the board requested an Executive session to discuss legal implications of proposed recent legislation in regards to the legal status of the WMMFA per RCW 70.95N.280 RCW.

Adjourn meeting 10:42AM

Executive Session (closed to public) called to order at 10:48 AM. WMMFA Board, Legal Counsel, and Executive Director to discuss legal enforcement specific to 70.95N.280 RCW – Materials Management and Financing Authority. All board members present at the regular meeting, Marlys Palumbo (legal counsel) and Director Friedrich were present.