



Memorandum

DATE: October 12, 2017

TO: Chairman and Members of the Board

FROM: Kevin H. Roche, CEO/General Manager

SUBJECT: **Agenda for the Board of Directors Meeting**

There is an **ecomaine** Board of Directors Meeting scheduled for **Thursday, October 19, 2017 @ 4PM**. The agenda for this meeting is as follows:

1. Approval of the Minutes (*Attachment A*)
2. Audit Committee Report – Erik Street, Chair
 - Clean Audit Report for FY 17
3. Finance Committee Report – Mike Shaw, Chair
 - Letter from the Chair of the Finance Committee - Review possible amendment to the Cash Reserve & Investment Policy (*Attachment B*)
Note: All board members are encouraged to attend the Finance Committee Meeting on November 16, 2017 @ 3PM
 - Discussion on merging Audit & Finance Committees into one Committee scheduled for January 18, 2017 @ 3pm
4. Executive Committee Recommendations:
 - Approval of Rates for FY 19 (No changes in tip fee and no assessment)
 - Amendment to the Cash Reserve Policy (*Attachment C*)
 - Approval of Landfill Discretionary Reserve Funding – Increase reserve by \$850,000
 - Approval to Amend the Capital Budget to proceed with Improvements to the WTE Facility including addressing leaks and water damage, siding, plumbing and remodeling (estimated at \$3MM).
5. Outreach & Recycling Committee Report – Caleb Hemphill, Chair
6. **Presentation of Annual Report** – Kevin Roche
7. Other Business:

Future Meetings:

Finance Committee	November 16, 2017 @ 3PM	Full Board Meeting	March 15, 2018 @ 4PM
Executive Committee	November 16, 2017 @ 4PM	Finance/Budget Workshop	March 22, 2018 @ 4PM
Executive Committee	December 21, 2017 @ 4PM	Audit Committee	April 26, 2018 @ 3PM
Joint Audit/Finance Comm.	January 18, 2018 @ 3PM	Full Board Meeting	April 26, 2018 @ 4PM
Full Board Meeting	January 18, 2018 @ 4PM	Finance Committee	May 17, 2018 @ 3PM
Recycling Committee	January 25, 2018 @ 4PM	Executive Committee	May 17, 2018 @ 4PM
Executive Committee	February 15, 2018 @ 4PM	Recycling Committee	May 24, 2018 @ 4PM
Recycling Committee	March 1, 2018 @ 4PM	Annual Board Meeting	June 14, 2018 @ 11:30AM

The Board of Directors may wish to go into Executive Session for any of the above items under Section 405 of Title 1 of the Maine Revised Statutes ([per the following legislative website: http://janus.state.me.us/legis/statutes/1/title1ch13sec0.html](http://janus.state.me.us/legis/statutes/1/title1ch13sec0.html).)

Memorandum

DATE: June 29, 2017
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Minutes – Annual Meeting of the Directors – June 15, 2017

The Annual Meeting of the Board of Directors was held on the date noted above. The meeting was called to order by Troy Moon, Chairman.

Welcome

Chairman Moon provided a brief introduction and welcomed board members and guests. He recognized staff from Maine Department of Environmental Protection, Senator Collins & King's office and our guest speaker Ted Siegler, Resource Economist, DSM Environmental Services, Windsor VT.

Chairman Moon acknowledged departing members of the board for their service at ecomaine. They were as follows:

Shawn Babine	Town of Scarborough
Dave Cole	Town of Gorham
Suzanne Knight	City of Portland
Michael McGovern	Town of Cape Elizabeth
Ed Suslovic	City of Portland
Travis Wagner	University of Southern Maine

In addition, Chairman Moon recognized the board of directors for the important role they served in fiscal year 2017.

Item #1 - Minutes

Tony Plante motioned to accept the minutes as written. The motion was second by Dave Morton. All in favor.

Item #2 – Audit Committee Report – Erik Street – Chair

Erik Street provided highlights of the work of the committee in FY 2017. He noted that **ecomaine** received a “clean opinion” from the auditors. He mentioned the work of the Joint Audit and Finance Committee and the FY 17 Audit which will begin mid-summer with a final report in September.

He thanked each of the members for their participation in the Audit Committee.

The Audit Committee will meet in September of 2017

Item #3 – Finance Committee Report – Mike Shaw - Chair

Mike Shaw reported out a summary of the accomplishments of the Finance Committee over the past year.

Mike thanked each of the committee members for their participation on the Finance Committee.

The Finance Committee will meet again in September of 2017.

Item #4 - Outreach & Recycling Committee Report – Caleb Hemphill, Chair

Caleb Hemphill provided highlights on the Outreach & Recycling Committee accomplishments of this year.

Caleb thanked the committee members for their roles in the success of the outreach & recycling program.

The Outreach & Recycling Committee will meet in September of 2017.

Item #5 - Nominating Committee Report – Dave Morton, Chair

Dave Morton provided a summation of the nominating committee recommendations to the board for Officers and Chairs for the upcoming fiscal year 18. The Committee recommended that the Officers and Committee Chairs continue in their current role for a 2nd year. (Attachment B).

Dave thanked the committee for their on-going support.

Item #6 - Vote on the Officer and Committee Appointments

Troy Moon asked for nominations from the floor. Seeing none, the chairman asked for a motion from the floor to accept the recommendations of the nominating committee for Officers and Committees for FY 18. Dave Morton motioned to accept the Officers and Committees for FY 18 as written on Attachment B. The motion was second by Len Van Gaasbeek. All in favor.

Troy Moon introduced Kevin Roche to the podium for his remarks.

Item #7 - Remarks from Kevin Roche, CEO

Kevin Roche provided a summary of accomplishments over the past year.

Kevin introduced our guest speaker, Ted Siegler, Economist, DSM Environmental, Windsor VT.

Item #7 - Guest Speaker – Ted Siegler, Economist, DSM Environmental, Windsor VT

Ted provided a presentation on different areas of waste characterization and provided insight on his analysis of his findings on waste composition, recovery and improving collection efficiency.

Kevin Roche thanked our speaker and Troy Moon, Chairman of the Board of Directors.

Item #8 - Closing remarks Chairman Moon

Troy Moon thanked our guest speaker Ted Siegler and acknowledged our eco-excellence winner Don Morris from Wayside Food and Grant Smith the developer of our new Re-Collect and Wicked Smart Recyclopeda application on our website.

Len Van Gaasbeek motioned to adjourn. The motion was second by Linda Boudreau. All in favor. Adjourned.

Present:

Dennis Abbott, Maxine Beecher, Sherri Benner, Anne Bilodeau, Linda Boudreau, Alan Bradstreet, Christopher Branch, Deborah Cabana, Bill Donovan, Matthew Frank, Caleb Hemphill, Maureen McDevitt, Troy Moon, Dave Morton, Tony Plante, Bob Randall, Bill Shane, Mike Shaw, Erik Street, Len Van Gaasbeek & Rob Wood

Staff:

Denise Mungen, Kevin Roche



ATTACHMENT B

Owner Communities

- Bridgton
- Cape Elizabeth
- Casco
- Cumberland
- Falmouth
- Freeport
- Gorham
- Gray
- Harrison
- Hollis
- Limington
- Lyman
- North Yarmouth
- Portland
- Pownal
- Scarborough
- South Portland
- Waterboro
- Windham
- Yarmouth

Associate Members

- Baldwin
- Hiram
- Naples
- Parsonsfield
- Porter
- Saco
- Standish

Contract Members

- Andover
- Augusta
- Brownfield
- Carmel
- Chebeague Island
- Cornish
- Eliot
- Etna
- Fryeburg
- Fayette
- Glenburn
- Greenland, NH
- Jay
- Kittery
- Limerick
- Livermore Falls
- Manchester
- Monmouth
- Newburgh
- Newington, NH
- North Haven
- Old Orchard Beach
- Poland
- Readfield
- Sanford
- Shapleigh
- Stetson
- Stockton Springs
- Swan's Island
- Waterville
- Wayne
- Woolwich

Date: September, 21, 2017

To: All board Members

From: Mike Shaw – ecomaine Finance Committee Chairperson

Subject: Cash Reserve and Investment Policy

The Executive Committee has accepted the Finance Committee recommendation that the board have discussions involving the share of total fund balances that are permitted to be invested in equities vs fixed income (currently 1/3 equity and 2/3 fixed income) as established under the current Cash Reserve and Investment Policy.

All board members are invited to the Finance Committee meeting to be held on November 16th at 3 PM for discussions on this subject which will include HM Payson (our outside investment advisors).

The first reading of any proposed changes to the Cash Reserve and Investment Policy will take place at the January 18, 2018 Board meeting with the second reading and vote (if appropriate) to take place at the March 15, 2018 Board meeting.

CASH RESERVE & INVESTMENT POLICY

RESERVES

As part of strengthening **ecomaine's** financial position, we will establish and fund the reserves outlined below with the knowledge that general economic conditions and other **ecomaine** needs may impact on the timing of the funding of these reserves. There may also be conditions that arise requiring the **ecomaine** board to authorize the use of a reserve in a manner not originally intended for unanticipated financial issues. Therefore, with Board approval, funds from a reserve (with the exception of the Required Landfill Closure / Post Closure Reserve) could be used to cover other areas.

FAVORABLE CASH FLOW

Objective: To provide financial relief to owner communities when the financial position of **ecomaine** permits it.

OPERATING CASH RESERVE

Objective: To provide routine operating cash and financial security for extraordinary events that could cause a significant decrease in operating revenues or increase in operating expenses. These would be used to fund operations until any necessary adjustments can be made to provide sufficient cash flow to maintain operations.

Goal: We will build and maintain a balance of six months of cash operating expenses.

~~**RECYCLING REVENUE AND COST SHARING RESERVE**~~

~~**Objective:** To reserve funds that will provide relief to owner member communities in the event of weak recycling markets. Monies in this fund will be used to partially or fully offset amounts due from owner member communities under our Recycling Revenue and Cost Sharing Policy.~~

~~**Goal:** We will establish a reserve totaling \$500,000 for this purpose. [Reserve Balance transferred to Discretionary Landfill](#)~~

SHORT TERM CAPITAL RESERVE

Objective: To reserve funds for routine capital projects in the event of unanticipated circumstances.

Goal: We will establish a reserve equal to approximately 12 months of short term capital spending.

LONG TERM CAPITAL RESERVE

Objective: To reserve funds for new capital projects which have not been provided for in the annual capital plan. New capital projects are large projects in which the necessity and timing is not known at the present time. These could be projects to upgrade the current facilities or add additional capacity or functionality. It is our intent to fund these projects with internal cash flow to the extent possible but economic conditions and necessity may dictate that we issue some long term debt.

Goal: We will establish a reserve equal to the greater of \$3 million or the next year's long term capital spending.

DISCRETIONARY LANDFILL CLOSURE / POST CLOSURE RESERVE

Objective: To fund from internal cash flow a discretionary amount periodically for the landfill closure and post closure care costs during the remaining useful life of the landfill. Regulation, technology and other factors will impact the cost and life but as of June 30, 2015, this liability is estimated to be \$22.24 million in today's dollars and it is expected that the landfill will need to be closed in steps with final closing in ~~2036~~2044 and continued maintenance for 30 years thereafter.

Goal: We will establish a reserve that will fully fund this liability by the time the landfill is closed.

REQUIRED LANDFILL CLOSURE / POST CLOSURE RESERVE

Objective: To provide funding for a Landfill Closure / Post Closure Reserve account as required by section 8 of the Interlocal Solid Waste Agreement dated December 1, 2005.

Goal: We will immediately establish a reserve for \$300,000 to meet the terms of this agreement.

INCOME EARNED

Income earned on reserve accounts shall accrue to the respective reserve account.

RECORD KEEPING

These funded reserves may be maintained in separate accounts at financial institutions or may simply be reported separately in the **ecomaine** financial statements whatever is most efficient for **ecomaine**.

PERIODIC REVIEW

Five year cash flow projections and reserve funding requirements will be reviewed annually with the **ecomaine** board.

INVESTMENTS

SCOPE

This policy shall apply to the investment management of all **ecomaine** cash accounts including demand deposits and any reserve funds that are established under this policy. At all times, investments will be managed in accordance with Title 30-A, Sections 5706 through 5719 of the Maine Revised Statutes (see attached) and any revisions to these Statutes will become part of this policy immediately upon being enacted. Board responsibilities as identified in this policy may be delegated to the appropriate committee or staff member.

OBJECTIVES

The principal investment objectives for **ecomaine** are:

- **Safety** – to avoid unreasonable risk while preserving both the capital and the purchasing power of that capital. It is understood that no investment is totally free of risk, and occasional measured losses are inevitable in a diversified portfolio. Risk may include the quality of the investment, the qualifications of the institutions and advisors we deal with, the diversification of the portfolio, the movement of interest rates, inflation and the general state of the economy.
- **Liquidity** – to maintain sufficient liquidity to meet all operating requirements as may reasonably be anticipated by structuring the portfolio with investments that mature as the need for cash occurs.
- **Returns** – to generate a long-term rate of return in the portfolios that is commensurate with the appropriate blended benchmark returns that coincide with the asset allocation for each portfolio over an economic cycle, taking into account risk and liquidity needs.

Each of these factors will be weighted depending on the objective and goal for each reserve account.

PRUDENCE & RESPONSIBILITIES

The standard of prudence to be used for managing our investments shall be Title 30-A, Section 5718 of the Maine Revised Statutes which, in general, states that investments shall be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment, considering safety, income and maintenance of liquidity.

Authorized **ecomaine** employees acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion.

ETHICS AND CONFLICTS OF INTEREST

ecomaine personnel involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair or create the appearance of an impairment of their ability to make impartial investment decisions. These individuals shall disclose to **ecomaine** any material financial interests they have in financial institutions that conduct business with **ecomaine** and they shall subordinate their personal investment transactions to those of **ecomaine**.

DELEGATION OF AUTHORITY & INTERNAL CONTROLS

Under the Maine Revised Statutes and the **ecomaine** bylaws, responsibility for the investment of **ecomaine** funds covered by this Policy resides with **ecomaine**. Staff will assist the Board in developing policies and procedures and will implement these policies and procedures after approval by the **ecomaine** board. No person may engage in an investment transaction except as expressly provided under the terms of this Policy.

Staff will develop written procedures designed to prevent losses of **ecomaine** funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by **ecomaine** employees. Proper documentation for all investment transactions shall be prepared and maintained for an appropriate amount of time.

Staff may engage the support services of outside professionals in regard to its investment program, so long as it can be demonstrated that these services are advantageous or that they provide necessary financial protection of **ecomaine's** financial resources.

SELECTION OF ADVISORS

Management will, at least every five years, issue an RFP seeking investment services for **ecomaine** pursuant to 30-A M.R.S.A. § 5706(4). Services are to consist of advice, the safekeeping of the funds, collection of interest and dividends, and any other fiscal service that is normally covered in an advisory agreement. Other than Demand Deposit amounts (see below) all **ecomaine** investment activities as addressed in this Policy are to be provided by the selected firm. The Board will approve this selected firm.

All Advisors who desire to become qualified for **ecomaine** investment management must meet all requirements set forth in Section 5706(4) and supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of FINRA (Financial Industry Regulatory Authority) certification (not applicable to certificate of deposit counterparties)
- Proof of registration to buy and sell securities in the State of Maine
- Certification of having read understood and agreed to comply with **ecomaine's** Cash Reserve and Investment Policy.
- Evidence of adequate insurance coverage (FDIC, SIPC, or other appropriate collateral)

When selecting Advisors, consideration will be given to local or regional firms as long as they meet the standards set forth in this policy. The selection of Advisors will be on the basis of their expertise in institutional cash management and their ability to provide services for **ecomaine** along with their fee structure.

Once selected the firm shall be required to resubmit the above on an annual basis and **ecomaine** may review the financial condition and registration annually for the selected firm.

AUTHORIZED SECURITIES AND TRANSACTIONS FOR ALL INVESTMENTS FAVORING LOWER RISK AND HIGHER LIQUIDITY

Monies to be invested under this investment philosophy (of lower risk and higher liquidity) include any cash in excess of the reserves as defined above, 100% of the Operating Reserve, 100% of the Short Term Capital Reserve, 100% of the Required Landfill Closure / Post Closure Reserve, 100% of the Recycling Revenue & Cost Sharing Reserve, and any Fixed Income Investments associated with the remaining reserves (see below).

As noted above the investment philosophy for these funds favors lower risk and higher liquidity. The need for the funds will be "near term" and the asset allocation in the portfolio should be flexible depending upon the outlook for the economy, the securities markets, and the anticipated cash flow needs. Income received from these funds is to be re-invested in these reserves. The investment of these funds will be in the types of securities and transactions listed below and all are to be guaranteed by the Federal Government or one of its agencies backed by the Federal Government.

1. Demand Accounts & Time Certificates of Deposit: To be provided by institutions insured by the Federal Deposit Insurance Corporation (FDIC), The National Credit Union Share Insurance Fund (NCUSIF), or the successors to these federal agencies. If the amount deposited exceeds the insurable levels the excess must be collateralized by securities authorized by the Federal Home Loan Bank (FHLB). Time Certificates of Deposit will have maturities not exceeding three years.
2. U.S. Treasury Obligations: Treasury Bills, Treasury Notes and Treasury Bonds with maturities not exceeding three years from the date of trade settlement.
3. Federal Instrumentality Securities: Debentures, discount notes and callable securities, with maturities not exceeding three years from the date of trade settlement, issued by the following only: Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Home Loan Mortgage Corporation (FHLMC) and Student Loan Marketing Association (SLMA).
4. Money Market Mutual Funds: registered under the Investment Company Act of 1940 which (1) are “no-load” (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant daily net asset value per share of \$1.00; (3) limit assets of the fund to U.S. Treasury Obligations, Federal Instrumentality or Agency Securities or repurchase agreements collateralized by such securities; and (4) have a maximum stated maturity and weighted average maturity in accordance with Federal Securities Regulation 2a-7.

It is the intent of the **ecomaine** board that the foregoing list of authorized securities be strictly interpreted. Any deviation from this list must be preapproved by the Board.

ecomaine investment performance will be reviewed periodically by management with the Board. Fixed income investments will be compared to the appropriate bond index (e.g. Barclays Aggregate, Barclays U.S. Treasury, etc.) based upon bond maturity length. The goal of the fund will be to maintain over a normal market cycle (5 years) an annual rate of return on a comparable aforementioned index portfolio.

AUTHORIZED SECURITIES AND TRANSACTIONS FOR INVESTMENTS FAVORING REDUCED LIQUIDITY, AND GREATER RETURNS.

As detailed in this policy, **ecomaine** maintains reserves for Long Term Capital needs and for the funding of the Discretionary Landfill Closure / Post Closure Reserve. A portion of these “longer term funds”, due to their nature, are invested under a longer-term investment perspective to include a conservative and balanced portfolio of equity and fixed income investments. There is less interest in liquidity and more interest in returns with safety as the primary focus. Income received from these funds is to be re-invested in these reserves.

The Long Term Capital Reserve and the Discretionary Landfill Closure / Post Closure Reserves are to hold no less than 50% nor more than 80% of each accounts value in equities while the total value of equities held in these two accounts is not to exceed 1/3 of the total value of investments in all reserve funds managed under this policy without consent of the **ecomaine** board. To the extent the Reserve Funds listed in this paragraph are managed by a financial institution or investment advisor pursuant to Section 5706(4), “Equities” shall include, but not be limited to, individual equities, equity mutual funds, bond mutual funds, or other investments

that 1) may risk loss of principal, and 2) are subject to Maine law and the Prudent Investor Rule. No single fixed income security will comprise more than 10% of the total value of each of the reserves, unless fully backed by the federal government or its agencies and instrumentalities.

The balance of each of these reserves (non equity portion) will be in investments as described under **AUTHORIZED SECURITIES AND TRANSACTIONS FOR ALL INVESTMENTS FAVORING LOWER RISK AND HIGHER LIQUIDITY.**

All reserve funds must be invested in accordance with 30-A M.R.S.A. §§ 5706-5719 or managed by a qualified financial institution or investment advisor pursuant to Section 5706(4).

ecomaine investment performance will be reviewed periodically by management with the Board. Equity investments are to be measured against the asset class bench mark (e.g. S&P 500 Index, Russell Midcap Index, MSCI Emerging Markets Index, etc.). The goal of the fund will be to maintain over a normal market cycle (5 years) an annual rate of return on a comparable aforementioned index portfolio.

POLICY REVISIONS

This policy shall be reviewed periodically by the Board and may be amended as conditions warrant. Any amendment to this policy that would have the effect of changing the overall allocation of all reserve funds managed under this policy from 1/3 equities and 2/3 fixed income shall not be passed until it has been read on two separate days by the **ecomaine** Board prior to voting.