

**GREATER NEW BEDFORD REGIONAL REFUSE MANAGEMENT DISTRICT
DISTRICT MEETING – March 20, 2020**

Minutes

The Greater New Bedford Regional Refuse Management District Committee held a publicly posted meeting on **Friday, March 20, 2020, at 8:00 AM** at the Greater New Bedford Regional Refuse Management District Administration Office, 600 Quanaoag Road, Dartmouth, MA 02747.

(District Committee members participated remotely via conference call)

1. Call to order

Chairperson Beauregard called the conference call meeting to order at 8:00 AM.

2. The roll call of members

**Chairperson, John Beauregard; aye
Daniel Patten, aye
Christine LeBlanc, aye
Ken Blanchard, aye
Michael Gagne, aye
Kathleen Towers, not in attendance.**

Also present: Scott Alfonse, Executive Director; Leonor Ferreira, Secretary; Attorney Matthew J. Thomas, District Counsel; Cynthia Cammarata, District Account; and Bartholomew & Co., Michelle Newcomb & Alex Bartholomew.

3. Legal notices

Mr. Beauregard read the notice advising the Board that the meeting was being recorded remotely by audio and/or video, and noted that the legal notices of the meeting were posted more than 48 hours before the meeting.

Attorney Thomas noted that the meeting was being recorded and by participating members consented to being recorded.

4. Warrant Report and Ratification – Warrants dated February 21 & March 6, 2020

Chairperson Beauregard asked for a motion to ratify the warrants dated February 21, 2020, and March 6, 2020. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll Call vote: John Beauregard; yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Michael Gagne, yes; Kathleen Towers, not in attendance.

5. Approval of Minutes – February 13, 2020

Chairperson Beauregard asked for a motion to approve the February 13, 2020 minutes. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll Call vote: John Beauregard; yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Mike Gagne, abstained due to not being present at the February 13, 2020 meeting; Kathleen Towers, not in attendance.

6. New Business

a. Presentation by Bartholomew & Co.

Chairperson Beauregard asked for a motion to receive an update from Bartholomew & Co. Motion made by Ms. LeBlanc, seconded by Mr. Patten.

Chair welcomed Michelle Newcomb and Alex Bartholomew. Mr. Bartholomew noted that handouts have been distributed to the District Committee. He then noted the difficult period we are facing as a result of the COVID-19 pandemic (rising unemployment, decreased corporate revenues and GDP). He surmised that one of the reasons there have been big market swings is that no one can predict how much of a reduction there will be in GDP. There is significant uncertainty over this serious economic issue. He expects it will have a lasting impact on unemployment, GDP growth, and the balance sheet of the Federal Reserve and Treasury. Both have taken unprecedented steps, and corporate bailouts have not yet even begun.

He noted the benefit of having gone through this in 2008 and 2009, and how corporations that received bailouts had acted over the last 10 years. He described lessons learned from 2008 and 2009 bailouts, which should improve how bailouts are handled.

Alex noted the actions of the Federal Reserve, specifically the support of liquidity in the bond market, which impacts the District's portfolio. Outside of OPEB Trust, the District's other assets are 90% invested in fixed income. Those portfolios are down about 3% YTD. Most of the exposure is a result of the 10% in equities holdings.

There are also issues in corporate bonds, as liquidity has dried up. If the District were to look to sell bonds that it holds for the price that the bond should be worth based off Treasury rates and the statement, it would be difficult to find a buyer to pay that. Buyers have dried up. The Federal Reserve and Treasury are stepping in to provide liquidity in the bond market. That is a concern, but there is also a significant buying opportunity. Alex noted that of all of the assets that they manage, this is faring best. Accounts with low equities exposure and significant cash flow from maturities and calls are better positioned. The District has several agencies that are being called by end of month and more liquidity in April. Bartholomew will be able to access prices and yields to maturities in corporate bonds that shouldn't otherwise exist under normal circumstances. Mr. Bartholomew used the OPEB Trust as an example and noted the yield to maturity in Treasury allocation is 33-basis points. He said that most people would ask "why invest in bonds?" The yields are dropping and are negative or close to zero in treasuries and agencies. CDs are attractive for short-term investment. Treasury for 3 or 5 years is 60 or 70 basis points. But corporate bonds are 3, 4, and 5% yield to maturity. The yield to maturity on the corporate bond allocation, which is about 9.5 million of everything managed, is about 3.5%.

Bartholomew is allocating capital by buying things like ATT - a 3-year bond at almost a 5% to maturity.

He reported that equities are not a buy yet, but the bond market is, especially in high grade corporate credit. As soon as liquidity comes back to bond market, prices in corporate bonds will rebound faster than the equities market. He noted an example from 2008. It took 5 years for the S and P to go back to its "high water mark", but fixed income took less than 1 year. He predicted investment grade corporate bonds are probably 6 to 12 months from their "high water mark". Buying high-grade, short-term (3 to 5 years) bonds, represents an opportunity. When liquidity comes back to bond market, we will see the buying opportunity dissipate faster than equity market will rebound.

Alex referred to Closure Account handout and noted the 39% holdings in corporate bonds and predicted it will rebound faster. For government and treasuries to rebound, interest rates will need to rise.

Mr. Alfonse asked if here was anything District should be thinking about any modifications that he recommends the District make to its IPS. Alex noted that any additional flexibility would be off legal list. However, he feels there is plenty of buying opportunity on the legal list and that there is more than enough opportunity to put cash to work in a meaningful way. He did not recommend increasing the equity target.

Alex Bartholomew referred to the trust documents recently developed by the District and noted that "commercial paper" is not usually on the legal list. Attorney Thomas later clarified that this reference to the commercial paper is only through the Massachusetts Municipal Depository Trust (MMDT) as allowed by MGL c. 29 s. 38.

Alex Bartholomew summarized that at this time, the economy is of grave concern and there is uncertainty over how long the economic shutdown will last. The equities market has more negative performance ahead. There won't be any meaningful rebound until some economic uncertainties (GDP, unemployment, corporate earnings, bailouts, etc.) become clear. The bond market will realize liquidity sooner and prices will recover sooner. He noted that "...of the \$3 billion that we manage, the billion that we manage in the legal list is in the best situation of all of our clients' investment portfolios because they are the most conservative. And because we have so much cash flow in securities and bond calls coming due, we are having a tremendous buying opportunity in this fixed income market that should not have existed if there was liquidity in the bond market."

He acknowledged the economic challenges facing today's economy, but he assured the board that the District's portfolios are not responding negatively to the same degree as many others because of how conservative they are.

Mr. Beauregard asked Alex Bartholomew and Michelle Newcomb to provide another update in 6 months. Michelle Newcomb noted that quarterly reporting could be provided to the board with the status on the portfolios. Mr. Patten noted that he periodically checks on the portfolios. He summarized that over time, the performance over time on the closure account (as an example) has been positive, despite recent losses. While the last 30 to 60 days have been problematic, performance over the last 15 months has been good. Because of economic uncertainties, he suggested meeting with Bartholomew sometime in July for an update. Mr. Beauregard stated

that should an emergency arise with the District's portfolios; Bartholomew should reach out to District staff to schedule an emergency meeting with the board.

Alex Bartholomew recommended expanding the universe on the equities side on the OPEB Trust in individual names instead of legal list. He explained that there is about \$2 million invested in 21 equities on the legal list (about 40% of the portfolio). He suggested the District include exposures to the sectors that the it doesn't have access to right now in order to add to the diversification of the portfolio. Mr. Alfonse noted that he, Attorney Thomas and Mr. Patten will work on it.

Mr. Patten asked if Alex Bartholomew could provide a sample portfolio, for reference only, that shows what equities Bartholomew has been historically been investing in. Alex noted that the information would be provided to the board, but that it could change by the time equities are purchased. He also noted that the legal list allows investing for utilities, healthcare, consumer staples, but it does not allow the ability to buy into most of the 11 sectors such as technologies (communications services).

With no further questions or comments from the board, Alex Bartholomew and Michelle Newcomb left the call at 8:40 a.m.

b. FY 20 budget update/ proposed revision

Chairperson Beauregard asked for a motion to discuss revisions to the FY 2020 budget. Motion made by Mr. Patten, seconded by Ms. LeBlanc.

Mr. Alfonse referred to the memo outlining the proposed revisions to specific line items "Buildings & Site Maintenance" of the FY 20 budget. He noted the summary table showing the "original FY 20 budget", the "Revised 10/19/19" budget, and the "Proposed 3/20/2020" budget line items with the recommended increases. He also noted that the FY 20 revenue is tracking above projections. There should be sufficient funds available from the FY 20 reconciliation in November for deposits to reserves.

Mr. Beauregard questioned if there was a decrease in traffic into the landfill in the last few weeks. Mr. Alfonse noted that during the winter there is a decrease in solid waste volume at the landfill and that a large percentage of volume is from commercial customers. Commercial markets are being impacted due to the current economic uncertainties. Most businesses are closed, and retail has decreased. Some commercial haulers have a "put or pay" provision in their contracts. One commercial hauler has said that they may have difficulty meeting their minimums for this fiscal year of the contract. Attorney Thomas noted that the current situation is the definition of "force majeure". It is reasonable to expect that customers who have the "put or pay" provision that can't satisfy the minimums, will be reaching out to the District because the event described by the legal term is an act of God, and/or government regulations. The District may not have much of an input at this time.

Motion to accept the recommendation of the Executive Director as outlined in memo 6b proposed revisions to FY 20 "Buildings & site Maintenance" & "Deposits to Reservices" Budget Categories. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll call

vote: John Beauregard, yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Mike Gagne, yes; Kathleen Towers, not in attendance.

c. Request to use District property for equipment staging

Chairperson Beauregard asked for a motion to consider the request to use District property. Motion made by Mr. Patten, seconded by Ms. LeBlanc.

Mr. Alfonse described the request as outlined in the memo and suggested that the board authorize Attorney Thomas and Mr. Alfonse to work with Borrego Solar to reach an agreement for the use of temporary storage space at the District's parking lot. Mr. Beauregard noted that the District obtain a certificate of insurance naming the Refuse District as an additional insured.

Attorney Thomas questioned when Borrego solar was planning to go forward with request. Mr. Alfonse noted that it wasn't for another year, and that Borrego did not have the interconnection permit yet.

Motion to authorize the Executive Director, Scott Alfonse, and Attorney Thomas enter into negotiations. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll call vote: John Beauregard, yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Mike Gagne, yes; Kathleen Towers, not in attendance.

d. COVID-19 planning update

Chairperson asked for a motion to hear and discuss the District's COVID-19 preparedness. Motion made by Ms. LeBlanc, seconded by Mr. Patten.

Mr. Alfonse reviewed the memo outlining the steps the District is taking to protect its employees and ensure there is a continuity of operations. He noted that administration staff is working remotely. He also noted the challenges with obtaining necessary sanitary supplies such as hand sanitizer to keep employees safe.

Mr. Beauregard questioned if the economic uncertainty continued, if Mr. Alfonse anticipated that curbside pickup could be stopped. Mr. Alfonse noted that he's had conversations with New Bedford and Dartmouth, and noted that they don't have any plans to curtail any programs unless there is a widespread labor shortage due to illness.

He reviewed the "Proposed changes to sick leave policy". He noted that the District does not need to adopt any sick leave policy because of changes to federal law which will provide emergency paid sick leave for employees who are not able to telework. He noted the list of employees and number of sick days / hours each employee had accrued to date. The District's plan is to follow the federal law. He recommended that for those employees with less than 2 weeks or 10 days of sick leave, the District grant them an extra 2 sick days, up to 10 days of leave. Any employee that runs into a deficit of sick days for any reason, should use the FY 21 sick days awarded on July 1, 2020.

Attorney Thomas noted that the District encourage the use of the emergency sick leave instead of the regular sick time. Any sick time paid by the emergency sick leave is reimbursable by the federal government. The policy that will be effective April 2, 2020 will provide more details.

Motion to authorize the Executive Director, in his discretion, to allow employees to borrow from FY 2021 allocation as he deems necessary to achieve 10 sick days. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll call vote: John Beauregard, yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Mike Gagne, yes; Kathleen Towers, not in attendance.

Mr. Alfonse reviewed the "Compliance with Open Meeting Law" outlined in the memo. Mr. Alfonse also noted that he's been working with Dartmouth and New Bedford on an informal labor sharing arrangement in the event of widespread absenteeism.. It was also recommended that the District Committee consider delegating a Committee member to act on its behalf to approve advertisements for solicitations or awards of contracts if the committee is unable to meet for reasons related to the COVID19 outbreak. Mr. Beauregard volunteered.

Motion to authorize the Chairperson of the District to execute documents, approve solicitations and awards, and have that action ratified at the next scheduled meeting of the District Committee. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll call vote: John Beauregard, yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Mike Gagne, yes; Kathleen Towers, not in attendance.

e. Director's Report

Chairperson Beauregard asked for a motion to receive the Director's report. Motion made by Ms. LeBlanc, seconded by Mr. Blanchard.

Mr. Alfonse referred to the memo and noted that there was one vendor which had not yet paid their promissory note in full but is ahead of schedule. He noted that Mayflower Municipal Health Group voted to increase the FY 21 health insurance rate by 2% over current rates. The recommendation and decision were prior to COVID19 outbreak. Given what's happened with the outbreak, there could be a significant rate increase in the future.

Mr. Beauregard noted that Dartmouth Board of Health asked for Committee members to appear before the Dartmouth Selectboard on April 13th. However, due to the COVID outbreak the meeting may be rescheduled, postponed or it may be a via conference call. He will keep the board updated. Mr. Gagne recommended that an agenda be provided by Dartmouth for review prior to the meeting. Ms. LeBlanc noted that the Selectboard may want to do a site visit prior to the meeting; however, that may not occur.

Mr. Alfonse noted that at the last meeting there was discussion of preparing a scope of work to engage a consultant to provide a long-range plan for strategic services. He will have the scope completed for discussion at the next meeting.

f. Items which could not have been reasonably anticipated 48 hours in advance

None

7. Old Business

a. Financial audit services update

Chairperson Beauregard asked for a motion to discuss the proposal for financial audit services. Motion made by Mr. Patten, seconded by Ms. LeBlanc.

Mr. Alfonse reviewed the information provided by Hague & Sahady addressing the concerns of the board. Hague & Sahady provided the number of hours spent on District engagement, and fee going forward. He noted that they would hold their fee at \$18,000 for FY 20, FY 21, and FY 22 (3-year contract, total \$54,000). Most of the hours are spent preparing the investment schedule and will offer credit if the District's Accountant (Cindy Cammarata) is able to prepare the information for audit.

Mrs. Cammarata noted that she will review the schedule and advise. There is an opportunity to save money if she can prepare the investment schedules.

Mr. Gagne noted that it was a reasonable fee for the amount of work performed. It was the consensus that the board agreed with the fee of \$18,000 (per year) for a 3-year contract.

Motion to authorize Scott Alfonse, Executive Director, to enter into contract with Hague & Sahady for audit services for FY 20, FY 21, and FY 22. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll call vote: John Beauregard, yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Mike Gagne, yes; Kathleen Towers, not in attendance.

b. RFP to License Operation of Cranberry Bogs

Chairperson Beauregard asked for a motion to discuss the result of RFP to license the operation of cranberry bogs. Motion made by Mr. Patten, seconded by Ms. LeBlanc.

Mr. Alfonse reported that the District received a technical and price proposal from only one proposer – S.K. Wainio. The technical proposal was ranked responsive and highly advantageous. The High Hill Bog is an organic bog and generates more fruit than the non-organic Quanapoag Road Bog. Fruit from both bogs is marketed as fresh fruit which is sold fresh or water picked, which is usually used for sweetened dried cranberries or juice.

For the High Hill Bog, the proposer proposes to pay the District:

- 20 percent of the Gross Revenue from the sale of any fresh fruit at \$70 per barrel or higher
- 10 percent of the Gross Revenue from the sale of any fresh fruit at less than \$70 per barrel
- 20 percent of the Gross Revenue from the sale of any water picked fruit at \$50 per barrel or higher
- 10 percent of the Gross Revenue from the sale of any water picked fruit at less than \$50 per barrel

For the Quanapoag Road Bog, the proposer proposes to pay the District:

- 20 percent of the Gross Revenue from the sale of any fresh fruit at \$70 per barrel or higher
- 10 percent of the Gross Revenue from the sale of any fresh fruit at less than \$70 per barrel
- 20 percent of the Gross Revenue from the sale of any water picked fruit at \$50 per barrel or higher
- 10 percent of the Gross Revenue from the sale of any water picked fruit at less than \$50 per barrel.

S.K. Wainio is committed to and will begin conversion of the Quanapoag Road Bog to organic.

Motion to award the contract to S.K. Wainio to begin immediately with a 3-year contract, with 3 options to renew for 3 additional years for each option, for a total of 9 years.

Motion made by Mr. Patten, seconded by Ms. LeBlanc. Roll call vote: John Beauregard, aye; Daniel Patten, aye; Christine LeBlanc, aye; Ken Blanchard, aye; Mike Gagne, aye; Kathleen Towers, not in attendance.

c. Set Date for Next Meeting

Next meeting is scheduled for Thursday, April 23, 2020, at 8:00 a.m.

d. Adjourn

Chairperson asked for a motion to adjourn the meeting. Motion made by Mr. Patten, seconded by Ms. LeBlanc.

Roll call vote: John Beauregard, yes; Daniel Patten, yes; Christine LeBlanc, yes; Ken Blanchard, yes; Mike Gagne, yes; Kathleen Towers, not in attendance.

Meeting adjourned at 9:27 a.m.

MEMOS

- 6a. Presentation by Bartholomew & Co.
- 6b. FY 20 budget update/ proposed revision
- 6c. Request to use District property for equipment staging
- 6d. Coronavirus planning update
- 6e. Director's Report
- 7a. Financial audit services update
- 7.b RFP to License Operation of Cranberry Bogs

Approved by vote of District Committee on Thursday, April 23, 2020.

Scott Alfonse, Executive Director