

GREATER NEW BEDFORD REGIONAL REFUSE MANAGEMENT DISTRICT

Minutes - March 6, 2019

The Greater New Bedford Regional Refuse Management District Committee held a publicly posted meeting on **Wednesday, March 6, 2019 at 8:00 AM** at the Dartmouth Town Hall, Room 305, 400 Slocum Road, Dartmouth, MA.

District Committee Members in attendance: John Beauregard, Chairperson; Nathalie Dias, Vice-Chairperson; Daniel Patten, Christine LeBlanc, Ken Blanchard.

Kathleen Towers was not in attendance.

Also present: Scott Alfonse, Executive Director; Lee Ferreira, Secretary; Attorney Matthew J. Thomas, District Counsel; Alexander Bartholomew and Michelle Newcomb, Bartholomew & Company, Inc. representatives.

1. Call to order

The meeting was called to order at 8:00 a.m.

2. Salute to the Flag

All in attendance stood to salute the flag.

3. Legal notices

Mr. Beauregard read the notice advising the Board that the meeting may be recorded by audio and/or video.

4. Warrants Reports and Ratification - (January 15, 2019; February 5, 2019; and February 15, 2019).

Motion to approve reports and ratify warrants on January 15, 2019; February 5, 2019; and February 15, 2018 made by Ms. LeBlanc, seconded by Mr. Blanchard. Voted 5-0.

5. Approval of Minutes (January 17, 2019)

Motion to approve minutes of meetings on January 17, 2019 made by Mr. Patten, seconded by Ms. LeBlanc. Voted 5-0.

6. New Business

A. Reserve investments update

Motion to receive an update on reserve investments from representatives of Bartholomew & Company, Inc. made by Ms. LeBlanc, seconded by Mr. Patten. Vote 5-0.

Michelle Newcomb thanked the District for its business. Michelle handed out the Portfolio Review dated Thursday, February 28, 2019. Alexander C. Bartholomew provided a status update and detailed summary

of the investments on the Closure, Post Closure, OPEB, and Reserve Funds, as of February 28, 2019.

Attorney Thomas asked if Alexander could provide an explanation as to why the District is receiving a better investment on a shorter term instead of a longer term. Alexander said that the main reason is because the market is more concerned with GDP growth with the next 2-3 years but not within the next year. This signifies a possible recession within 2 years.

Mr. Beauregard asked that if Bartholomew believed there would be a recession in a year, should the District be doing anything to prepare for it. Alexander said that most of District's assets are 90% fixed income, and are basically recession proof.

Mr. Patten referred to page 4 of the 2/28/2019 Historical Market Value and Performance Summary, Inception to Prior Month and 07/01/2018 to 02/28/2019 section, and asked why the realized and unrealized gain / loss numbers were not the same, since both had the same ending date of 2/28/2019. Alexander said that the system calculates the realized and unrealized gains and losses. It is not reported from an accounting perspective and is more of a performance perspective. Unrealized is a balance sheet, and the changed in unrealized is the difference over that period. It shows whether the value appreciated or depreciated.

Alexander noted the Westinghouse Air Brake Technologies Corp asset on page 10 under the Portfolio Holdings is not on the legal list, but will be moved out by the end of the year or sooner.

Mr. Beauregard asked if Bartholomew was concerned with General Electric Co. stock. Alexander said that it is a concern. Bartholomew is methodically working out the portfolios. General Electric stock has plummeted. He discussed the ways General Electric Co. is trying to correct change in the company's management and debt.

Michelle Newcomb noted that Chris Davies also wanted to know about any cash needs from the reserves.

Mr. Patten asked if Bartholomew invested in MMDT (Massachusetts Municipal Depository Trust) in any of its portfolios. Alexander said that MMDT is a separate entity, and if the District was considering investing in MMDT, it would be a separate relationship. Mr. Patten said that he questioned it because he noticed that Bartholomew typically goes long term on certificate of deposits (CD) and he was looking for more recent purchases. Alexander stated that the District would see more purchases throughout the year. A lot of the purchases on the fixed income thrive more than on the corporate treasuries, as the agency exposure is worked out.

Mr. Beauregard asked who at Bartholomew decided which banks to invest in. Alexander stated that it was the Bond Trader, Chris Davies, and it was based on which banks were paying the better rate on that particular day. He noted that Bartholomew & Company can purchase any CD across the country under the FDIC insurance.

Ms. LeBlanc asked if there was a rating system on the banks Bartholomew & Company invested in. Alexander said there is a separate rating system for certificate of deposits, but it's not really followed because exposure is only to the credit quality of the bank if more than \$250,000 is purchased; otherwise it's

federally insured. Should the banking institution fail on the certificate of deposit, it will also fail on the deposits.

Mr. Beauregard noted that investment rates are low and questioned if it was that significant between any banks. Alexander said it was. Mr. Beauregard stated his preference would be for the District to invest in community banks instead of big outside banks. He noted that the District would serve local communities better by investing in community banks. He noted that this was his personal opinion only but the Board seemed to agree with Mr. Beauregard's concern. Alexander said that the District should not consider purchasing certificate of deposits from the same bank it does deposits with because then it would be over the \$250,000 limit. He will ask Chris Davies to put a snapshot of local banking investments for the Board's review. Alexander also noted that if the CD is purchased directly at a bank it becomes a different relationship. If the District needs liquidity on the portfolio, Bartholomew has the ability to sell the certificate of deposits. Mr. Blanchard commented that just because a certificate of deposit is purchased from a local bank, it doesn't necessarily mean it's investing in a community bank. The Board discussed the possibilities of investing certificate of deposits in community banks.

Alexander referred to the OPEB Portfolio and noted that investments are now limited to those on the Massachusetts legal list of investments. Bartholomew will probably be taking more of an interest rate risk to counteract for the higher equity balance. He noted the balance on the account as of 2/28/2019, and also noted that the Portfolio Holdings on page 6 and 7 have been liquidated due to switching to the Legal List.

Attorney Thomas stated that the District is one of the few entities which Bartholomew has business with that has a fully funded OPEB. Mr. Alfonse noted that it is "believed" to be almost fully funded. Alexander noted that he would be interested in the results of the actuarial analysis, and asked if the District had an actuary company named. Mr. Alfonse stated that the District will be soliciting bids from a list of potential actuaries provided to the District.

Mr. Alfonse noted that a while ago, he provided a cash flow projection as to what the District's needs would be over time. Last year the District looked at where the District would be in terms of revenue vs long term capital needs to determine whether or not the District was receiving an adequate amount of solid waste. That might help inform a better prediction of cash flow over the long term; obviously things can change but that might be something Mr. Alfonse could provide to Bartholomew again. Mr. Alfonse does not foresee significant capital needs for several years. Recent cell construction is complete and the cell will last at least 9 years. The District is funding the equipment purchases through the Operating Budget, and less through reserves. Toward the end of the life of the landfill, cash flow needs will be unpredictable. Alexander said that it will be helpful to start the conversation soon so that cash flow can be lined up with the requested availability. Portfolios are currently very liquid.

Mr. Beauregard questioned benchmarking, and asked how the return on the District's portfolio looks with respect to other portfolios. Alexander said that the OPEB fund is on target. There's performance data because the District has been invested for a long time. The OPEB fund, in time will get to be more conservative. Alexander said that he would be interested to know when the District is 100% funded, and when it will start using the funds to supplement its budget. There's no obligation to do that, but there's an opportunity. Mr. Alfonse said that the District has always funded the District's portion of retiree contribution from its operating budget. There are three retired employees, one will soon retire, and their spouses. The

policy has always been that it's funded out of the operating budget. At some point the District may choose to tap into OPEB.

Attorney Thomas asked if Bartholomew's cost was 20 basis points, and noted that he asked the question for transparency purposes should the question arise of how much the District is paying for investments with Bartholomew & Company. Alexander noted that the District is paying an underlying expense ratio upwards of 1% on the OPEB portfolio, but when purchasing individual common stock there's no additional costs. The cost is just 20 basis points. Mr. Alfonse asked to get them "all in" cost. Alexander said that there weren't any other costs.

Ms. LeBlanc questioned when the mutual funds were liquidated. Alexander said they were liquidated 2 days ago. Attorney Thomas noted that it was due to the change to the Investment Policy. Mr. Patten clarified to the Board that the up to 1 basis point was paid to the Mutual Fund, not Bartholomew. Ms. LeBlanc asked if the cost was typically 1%, and Alexander said that the portfolio was typically 1% cost.

Alexander said that there are funds on the Legal List that the District could consider investing in such as ETF's and other mutual funds. An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds and generally operates with an arbitrage mechanism designed to keep it trading close to its net asset value, although deviations can occasionally occur. Bartholomew has used them in small accounts where it's difficult to purchase individual bonds. The District is not in that situation.

Attorney Thomas noted that the Investment Policy now requires a contract with the investment advisor. Alexander said that the account forms with the District are considered contracts. Attorney Thomas stated that the District can go up to a 5 year contract with extensions. Mr. Patten asked if Bartholomew was investing in government agencies. Alexander responded yes because it was on the Legal List. Mr. Patten noted that investment in government agencies is not allowed under the Investment Policy. Mr. Alfonse said that if it is on Legal the List, but not allowed in the IPS, it may have been an oversight. Attorney Thomas said he would review it.

Representatives from Bartholomew & Company left at 8:55 a.m.

b. Commercial / municipal customer update

Motion to receive an update on commercial and municipal customer accounts made by Ms. LeBlanc, seconded by Mr. Blanchard. Voted 5-0.

Mr. Alfonse noted that the District's collection policy is working well. One major customer has paid the balance on the promissory note in full, and another customer is current on payments on the promissory note and invoices.

In response to Mr. Blanchard's question regarding what was a customer's account balance, Mr. Alfonse noted that it was approximately \$30,000 due on the promissory note with a 30 day term.

Mr. Alfonse stated that the District is trying to reduce the amount of solid waste collected from the Town of Tisbury and Oak Bluffs to the amount allowed under the contract. A meeting was held on March 4, 2019 with representatives of Tisbury, Oak Bluffs, and their hauler. They propose the District accept up to 10,000 tons per year. When the contract was negotiated, it was estimated that 8,000 tons per year would be

delivered under the contract. Mr. Alfonse said that this may have been underestimated, since in the first year of the contract they delivered approximately 10,000 tons.

Ms. LeBlanc asked if the District would accept solid waste from Bruno's, as the operator of the transfer station. Mr. Alfonse and Mr. Thomas clarified that eventually it would be limited to solid waste from Oak Bluffs and Tisbury. Mr. Blanchard reiterated that the amount of solid waste received would be limited to 10,000 tons per year. Attorney Thomas agreed and noted there would be a provision in the contract to prevent the hauler from hauling only "difficult to manage" material to the landfill.

Attorney Thomas noted there would be an amendment to the contracts with Oak Bluffs and Tisbury clarifying the type of solid waste the District would be able to receive. The tonnage limit would be 10,000 tons per year, with 100 tons daily limit. Should customer need to exceed the daily limit, prior approval from the Executive Director would be required. The agreement is with Oak Bluffs and Town of Tisbury, not Carroll Trucking. Carroll Trucking has also been delivering 4,000 additional tons that that the District believes it is not required to accept under the Town of Tisbury and Oak Bluffs contracts. Carroll Trucking asked if the District would accept the extra tonnage at the gate rate.

Mr. Alfonse noted that the District's revenue from solid waste is sufficient to meet the District's capital needs. The sense of the Board was that the District does not need the extra tonnage. Attorney Thomas noted that contracts with Tisbury and Oak Bluffs would continue. The concern was with the extra 4,000 tons not under contract. Mr. Alfonse stated that because there aren't too many options for solid waste disposal, the District could provide three months to bring in the 4,000 tons per year while Bruno's finds another option. A letter was sent stating that as of November 1, 2018 the District would not be able to accept any additional solid waste that wasn't deliverable under the contract. In January 2019, the Town of Tisbury was billed for the extra tonnage for the November 2018. It was billed to the Town of Tisbury because that's who the District has a contract with. Mr. Alfonse said that if the District agreed on a rate, that rate should be no less than the highest rate that is paid by any one of the District's commercial customers, which is \$76 per ton (actual number to be confirmed). Does the District go back and adjust the November and December invoice to \$13 per ton? Attorney Thomas stated that Mr. Alfonse's suggestion to adjust the November rate for the next three months, and the changes to the contracts are better negotiation terms.

Ms. LeBlanc stated that May 3, 2019 would be the deadline for the extra tonnage to be accepted by the District at the adjusted rate of the highest rate paid by a commercial customer (approximately \$76 per ton).

Mr. Blanchard asked if it was 4,000 tons per month or per year. Mr. Alfonse said it was per year. Mr. Blanchard noted that the District has no obligation to accept commercial solid waste from Bruno's.

Mr. Patten asked how the tonnage and billing rate was determined for the November 2018 invoice. Mr. Alfonse said the amount allowable under the contract (solid waste collected by the communities from its residents) was subtracted from the total amount delivered by Bruno's, and billed at \$18 per ton (the difference between the gate rate (\$81 per ton) and the contract rate (\$63 per ton).

The Board discussed the rate for the extra tonnage hauled to the Crapo Hill landfill in the three month phase out period, and it was concluded that the rate should be the highest rate charged to a commercial hauler for that period (approximately \$76 per ton) over a three month phase-out period.

Motion to authorize the Scott Alfonse, Executive Director, and Attorney Matt Thomas to negotiate the contract amendment with the Town of Oak Bluffs and Town of Tisbury, that amends the language of the solid waste accepted, and caps it at 10,000 tons per year. Of those 10,000 tons per year, allow 100 tons per day unless Scott Alfonse, Executive Director, gives prior approval. Motion made by Mr. Patten, seconded by Ms. Leblanc. Vote 5-0.

Motion to authorize Scott Alfonse, Executive Director, to adjust down the November invoice that was sent to the Town of Tisbury to reduce the upcharge on the non-contract waste from \$81 per ton down to that number that is the same amount as the highest commercial contractor we currently have under contract which we believe is \$76 per ton, and to continue to allow that non-contract waste to come in until May 31, 2019. Motion made by Ms. LeBlanc, seconded by Mr. Blanchard. Vote 5-0.

c. Brown & Caldwell Cell 6 design, bidding and construction quality assurance contract

Motion to amend the contract with Brown and Caldwell for cell 6 design, bidding and construction quality assurance by increasing the budget \$19,000 for a total not to exceed cost of \$218,880; and further, to authorize the transfer of an additional \$19,000 from Phase 2 Design and Construction reserve for the additional costs made by Mr. Patten, seconded by Mrs. Dias. Vote 5-0

Ms. LeBlanc questioned if Brown and Caldwell was overrunning because of extra personnel needed. Mr. Alfonse noted that there was an issue with the primary liner due to wet weather conditions. He described the process for installing the layers of landfill liner. He noted it was installed during wet periods. This resulted in excessive water in the secondary sump, which looked as if there was a leak in the primary liner. Extra Brown and Caldwell personnel were brought in to recheck all the seams that were already checked, and 3 hydrostatic tests were run when normally only one is needed. Usually there are 2 CQA personnel for a brief period, but the second person was there much longer. There's no language in the contract that holds the contractor to guarantee dry weather before primary liner installation. The contractor will also return to the site to install loam. Ms. LeBlanc asked if there was an added cost for the contractor to come back, and Mr. Alfonse said that the added cost would be for oversight by Brown and Caldwell, not the contractor.

Mr. Blanchard asked how long it took to install the primary liner. Mr. Alfonse said that it was weather dependent and took about 8 days. He explained the liner installation process. Mr. Blanchard suggested that the contractor could have anticipated the weather by viewing future forecast and delay the installation until there was dry weather forecasted. Mr. Alfonse said that weather forecasts during the installation were inaccurate.

d. Invitation for Bids / Request for Proposals authorization

Motion to authorize the executive director to advertise Invitation for Bids and Requests for proposals for goods, services and the lease of real estate made by Ms. LeBlanc, seconded by Mr. Patten. Vote 5-0. (Goods, services and real estate authorized by this vote are listed in the memo on this topic)

Mr. Alfonse referred to the table which listed all goods and the real estate leases that were going out to bid. Hague, Sahady & Co. has been the District's auditing firm for a number of years, and their prices are reasonable. Bids are not required for auditing services, but Mr. Alfonse turned it over to the committee for their comments and/or suggestions. Mr. Blanchard noted it would be good practice to have different firms for auditing services and deferred to Mr. Patten for comment. Mr. Patten noted it may be convenient to have the same auditing firm each year because they are familiar with the District's history and practices. However, it is also good practice to have different auditing firms which do not have all of the District's information, because it may look at something which could have been overlooked by the previous auditing firm. Mr. Patten said the current auditing firm's prices have been increasing yearly, and that there may be another auditing firm which can provide more services at a better price. The Board suggested soliciting auditing services from other firms for FY 21.

Mr. Blanchard said that considering the success of the investments and their fee, he would not change business with Bartholomew & Company. Attorney Thomas referred to investment policy where it stated that

the District need to sign a contract with an investment advisor. Mr. Beauregard said that Bartholomew is a very responsible investment company. Ms. LeBlanc noted that the District should consider soliciting other proposals for transparency.

The Board discussed the procurement process under Chapter 30B. Once the procurement process has begun the District cannot withdraw from it. Attorney Thomas explained the procurement process under Chapter 30B. Bids have a technical and a price proposal.

Ms. LeBlanc asked how long Hague & Sahady has been auditing the District. Mr. Alfonse said that they have been auditing the District since 1995, and that they audit other municipalities, towns and cities.

Attorney Thomas noted if the District intends to keep Bartholomew as its investment company, a contract should be signed as soon as possible.

Mr. Patten questioned if the solid waste compactor would be paid for out of the Operating Budget, and Mr. Alfonse said it would be paid for from reserves. Mr. Patten also asked if the tenants at the 612 Quanapoag Rd property were the long standing tenants, and which tenants were at the 74 Quanapoag Rd property. Mr. Alfonse noted that the tenants at the 612 Quanapoag Rd property have been leasing the property since it was purchased, and the tenant at the 74 Quanapoag Rd has been there since 2014. The lease had several extensions, and this year was the last extension.

Mr. Blanchard questioned if those two properties were owned by a separate entity or the District. Attorney Thomas noted that it was owned by the District. The Board discussed the possibility of having the rental properties under an LLC.

Motion to allow the Scott Alfonse, Executive Director, to negotiate the contract per the investment policy with Bartholomew made by Ms. LeBlanc, seconded by Mr. Blanchard. Vote 5-0.

e. Request from Town of Marion

Motion to discuss request from Town of Marion to dispose of solid waste at Crapo Hill beginning in July 2021 made by Mr. Patten, seconded by Mr. Blanchard. Vote 4-0. Ms. LeBlanc recused herself. Vote 4-0.

Mr. Thomas recused himself from the discussion. Mr. Alfonse noted that the Town of Marion is interested in delivering solid waste to Crapo Hill landfill. They are seeking 1,600 tons per year of capacity. Mr. Alfonse explained to representatives of the Town of Marion that the District was not seeking additional solid waste at this time.

Motion to take no action on the Town of Marion's request made by Mr. Blanchard, seconded by Mr. Patten. Voted 4-0.

f. Director's report

Mr. Beauregard asked for a motion to receive the Director's report. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Vote 5-0.

Landfill Operations

Mr. Alfonse noted that there were a couple of incidents of vandalism at the landfill. There was an issue with ATV's on the landfill site which led to the installation of surveillance security at the landfill. Because

Personnel Changes

George Maciel, Equipment Operator, is retiring March 16, 2019. Mr. Maciel began his employment at the District in 1994. The Board agreed to give Mr. Maciel a \$100 gift card as a token of the District's appreciation for his years of service. The District plans to advertise to replace the Equipment Operator.

SWANA Conference Update

The SWANA conference was well represented. Ms. LeBlanc, Ms. Towers, and Marissa Perez-Dormitzer, Recycling Coordinator, Mr. Alfonse, Shawn Peckham, and Jim Fillion attended the conference.

Computer Network Update

The computer network for installation of internet service to the garage and scale is complete.

New Facility in Business Park

A new solid waste facility, Parallel Products of New England, is proposed in the New Bedford Business Park. Mr. Blanchard suggested the District consider having a financial impact study done to determine how the project might impact the District and then present it to the town and city. Mr. Alfonse said that he contacted City representatives to get input on the proposal, but he has not received any responses. Mr. Alfonse disclosed that he has a family member employed at Parallel Products. The new facility would be located at the old Polaroid location in the Industrial Park.

6. Set date for Next Meeting

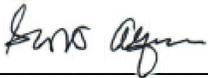
Next meeting is scheduled for April 17, 2019 at 8:00 a.m.

7. Adjourn

Chairperson Beauregard asked for a motion to adjourn meeting. Motion made by Mr. Patten, seconded by Ms. LeBlanc. Vote 5-0.

Meeting adjourned at 9:56 a.m.

Approved by vote of District Committee on Wednesday, April 17, 2019.



Scott Alfonse, Executive Director