

WASHINGTON MATERIALS MANAGEMENT AND FINANCING AUTHORITY

Minutes Regular Meeting of the Board of Directors September 16, 2010

The Board of Directors (“Board”) of the Washington Materials Management and Financing Authority (the “Authority”) held a regular meeting at 9:30 a.m. pacific time on Thursday, September 16, 2010 at the offices of Van Ness Feldman in Seattle, Washington.

Directors Present:

Mark Dabek, RE-PC
Gregg Chason, P & F USA, Inc.
Kristyn Rankin, Dell
Nick Ammann, Apple
Erik Stromquist, CTL
Patricia Hervieux, Department of Ecology

Also Present Were:

John Friedrich, WMMFA Executive Director
Bill Taraday, President – Tote Vision (present through item 3 of agenda)
Craig Lorch, Total Reclaim

Directors Absent:

Mary Jacques, Lenovo
Meggan Ehret, Thomson Inc.
Susan St. Germain, Dept. of Community, Trade & Economic Development

1. **Call to Order.**

Gregg Chason called the meeting to order at 9:34am

2. **Approve Minutes of the Regular board meeting held July 15, 2010.**

There was not a quorum available at the start of the meeting. The minutes could not be approved. John Friedrich introduced Patricia Hervieux as the new representative on the board from the Department of Ecology replacing Jay Shepard - retired. John advised the board that Talal El Husseini had resigned from the board earlier in the week. John informed the board that voting Board members now numbered 7, with 4 necessary for a quorum and an affirmative vote of 3 required to approve any actions. At 9:39 am Erik Stromquist and Nick Amman joined the meeting, a quorum was present and the minutes of the July 15 meeting were approved on a motion by Kristyn Rankin, approved unanimously by a vote of 5-0

3. Member Manufacturer request to address the Board – Bill Taraday, President – Tote Vision

Bill Taraday, President of Tote Vision was invited to address the board to propose a change in financing methodology by Laurie Davies – Department of Ecology. Bill addressed the Board and explained that other States were using market share as a financing model for manufacturer accountability for recycling costs. Bill requested that the board revise Tote Vision's share responsibility to zero for plan year 2010 based on the fact that Tote Vision only sold a few units in all of 2010 and the brand name they were being held responsible for was a purchased out of a bankruptcy in 1990. Based on the circumstances, described by Bill, he did not feel it was fair that Tote Vision be responsible for the share as represented via sampling for these older units. Bill did indicate that he felt Tote Vision should be registered in case of future market share, and the associated recycling responsibility. Board members asked questions of Bill and of the Ecology representative on the Board and of John Friedrich, the Executive Director of the WMMFA. Discussions surrounding the origin of the Tote Vision brand name ensued. It was pointed out by John Friedrich that Ecology has represented to the WMMFA that the brand name is and was the responsibility of Tote Vision and not orphaned. Since the brand name was not orphaned an invoice is automatically issue to the brand owner as represented to the WMMFA by Ecology. Bill was informed that Ecology is responsible for determining manufacturer and brand name responsibilities and had Ecology determined that the brand Tote Vision was an orphan, based on discussions or evidence as provided by Tote Vision then the Authority would not have invoiced. John advised the group that not invoicing Tote Vision according to this methodology would be a departure from the approved finance policy as submitted by the WMMFA and approved by Ecology. After further discussion it was agreed that John Friedrich would discuss the issue with The Dept. of Ecology further and then report back to the board in order for the board be informed and choose a course of action.

4. Market Share

A. Review of progress on 2011 share determination and associated detail and expense

B. Market share determination– 2012 and beyond - John Friedrich

John informed the Board that Market share data was purchased for plan year 2011 and is expensive. He told the board that he would be proposing at an upcoming regular board meeting that the WMMFA stop purchasing market share information for plan year 2012 and use publicly available data, if practical, likely already financed by electronics manufacturers via requirements in other states, in order to save the expense.

5. MRM Independent Plan 2011– update and general impact forecast– John Friedrich

John advised the board that he did not have any material information on the progress of the independent plan approval process to date. He provided a timeline that was laid out for the Independent plan approval process by Ecology. Patricia Hervieux was asked about the October 1 deadline referenced as the last date that updates to the submitted independent plan, including site locations, would be accepted. Patricia advised that it was her understanding that no additional sites could be presented after that date by the independent plan – as an initial plan submitted for approval.

6. **Report on current financial and operating position - John Friedrich**

A. August and 2010 YTD pounds and expenses

B. Actual 2010 expenses to comparable 2009 time period

C. Unpaid manufacturer's invoices to date

John discussed, in summary, financial reports YTD 2010 as provided in several attachments to the Board in earlier written correspondence. John noted that paid invoices totals collected were over 98% for YTD 2010.

7. **2011 1st quarter budget concerns and considerations and timing of Q1 2011 invoice– John Friedrich**

A. Market share data purchase for 2012 plan year

B. WMMFA financial audit schedule and expense

C. Collector agreements 2011 and the state's electronic product recycling account

D. Manufacturer's invoice issue dates for plan year 2011

E. Current Board members – update

John advised the Board that he would propose to the board at a future meeting that we have independent financial audits every other year as opposed to annually in order to save on expenses shared with our members. John was not sure the State would allow such but said he would present it for a vote at the next meeting. On a suggestion by Erik Stromquist John agreed to look into the cost of a "financial review" as opposed to a full audit to provide some interim (bi-annual) accounting/financial oversight and accountability. The Authority did have a full financial audit on its 2009 statements and a review of its internal controls. John informed the Board of the fact that Ecology was seeking replacement Board members for those Board members that recently departed. The Board now consists of 9 members (7 voting). John advised the Board that based on the time line for Ecology approval or denial of the proposed independent plan that Q1 2011 invoices would not be issued until approximately December 1, 2010 so that the correct share responsibilities could be determined. John also reminded the Board that based on the proposed membership of the independent plan that all of the Standard Plan's invoices would increase considerably based on differing finance responsibilities. John noted that the Executive Committee and full Board had spent considerable time discussing equitable share allocation and that for 2010 the Board agreed to the 60/40 split as presented to all manufacturers within its standard and operating plans prior to start up. John discussed the potential impact on Authority expenses should the independent plan, if approved, be unable to maintain its pounds goal in the state.

8. **WMMFA mission statement - purpose and goals– John Friedrich**

John asked for feedback, discussion, and support of the proposed mission statement:

"The mission of the WMMFA is to provide responsible end of life recycling for the citizens of Washington State in compliance with state law and Department of Ecology direction, and in the most cost-effective manner for our members. The WMMFA is committed to being the lowest cost plan provider for mandated electronics recycling in Washington State, to provide fair and equitable expense allocation to our members, and to treat all stakeholders and service providers fairly and reasonably."

On a motion by Kristyn Rankin it was approved by a vote of 5-0 to adopt the mission statement.

9. Matters to address at future meetings:

Tote Vision analysis, discussion, and response
Market Share determination – plan year 2012
Financial Accounting plans – 2010

The meeting was adjourned at 10:24 a.m.