



**Regular Meeting of the Board of Directors
Thursday, July 20, 2023 - 9:30 am PST**

Conference call number: (857) 357-0254 Access code: 755212#

MINUTES

Board Members Present:

Jane Kang for Jenni Chun, Samsung
Madeline Smith, LG
Luis Vargas, HP
Mark Dabek, RE-PC
Kim Fox, Lenovo
Melissa Mallory, Dell
Gregg Chason, Funai Corp. Inc.
Blake Nelson, Dept. of Ecology

Also Present Were:

Peter Thermos, Executive Director, WMMFA

Board Members Absent:

Cintia Gates, Microsoft
Eric Gilbert, Acer America
Joyce Thung, VIZIO
Kristyn Rankin, Apple
Radi Simeonova, Department of Commerce

1. Call to order – *Luis Vargas*

Luis Vargas called the meeting to order at 9:34 am.

2. Approve minutes of the May 18, 2023, regular meeting of the Board (**Board vote**) – *Luis Vargas*

Luis addressed the board regarding the minutes of the May board meeting, asking if there was a motion to approve the minutes which were provided in the July 20, 2023, board meeting reference documents. On a motion by Melissa Mallory, seconded by Madeline Smith, the minutes of the May meeting were approved unanimously.

3. Report on June operational and financial results – *Peter Thermos*

- A. Pounds by CEP totals
- B. Financial reports
- C. Unpaid past due manufacturer's invoices to date
- D. Restitution account balance and future expenditures

The Director referred to the board reference documents that provided YTD June pound and financial information and stated that June had been the largest month so far this year in terms of collection at 1.26 million pounds. Total collection in June was up 16% from May and down 2% from June 2022.

June expenses were about 2% over budget. The cost per pound in June was \$0.334 which was a decrease of 31% from May and 2% below June 2022. The large decrease was mainly a function of the calendar and timing of invoices and was not due to any changes in cost structure. Year-to-Date cost per pound at the end of June was \$0.390. Financial reserves decreased to \$353K.

Thermos stated that past due invoices were minimal, and that Ecology was engaged with two companies about past due invoices.

The Director also stated that no restitution funds were used in June.

4. Design for Recycling, processor input – Peter Thermos
 - a. Paul Olson, Metro Metals
 - b. Sam Kim, E-waste
 - c. Bryan Catello and Ray Zielke, URT

Thermos stated that the next item on the agenda was Design for Recycling and would feature a panel of the registered processors. He noted that the program was required by law to gather input on design for recycling from processors and provide it to product manufacturers and that this section of the meeting was part of meeting that requirement. Thermos introduced the four people listed on the agenda and invited Paul Olsen of Metro Metals to address the board.

Paul thanked the board and stated that the trend of reduced CRT products had continued. The use of lithium batteries in products has increased and finding them in products and managing them safely was becoming more difficult and resulting in increased time to break down products. Processors facing rising fuel and labor costs and less valuable materials in products being recycled and fewer laptops coming in for recycling. As a result, Paul expects their prices to continue to rise.

The Director thanked Paul and invited Sam Kim of E-waste to speak. Sam thanked the board and stated that he agreed with Paul Olsen's remarks. Sam stated that the smaller lighter products were a double-edged sword in the sense that they yielded less valuable materials but in some cases were easier to handle when being broken down. Board member Melissa Mallory asked Sam to elaborate on what he saw as a drawback of the lighter products. Sam stated that they were seeing products with fewer or smaller circuit boards and less wiring which was great for consumers but generated less revenue for processors compared to 5-10 years ago.

Thermos thanked Sam and invited Bryan Catello and Ray Zielke of URT to address the board. Bryan thanked the board and said he echoed Paul and Sam's remarks. Bryan stated the the easiest products to recycle were flat panel products that can be shredded. He said that lithium batteries had become more difficult to find in products and to manage. Bryan said that since lithium batteries pose a fire risk to the shred system, making them easier to find and manage would make it easier to recycle products that contained them. Ray Zeilke of URT added that the company has faced double digit increases in insurance premiums partly due to the risk of managing lithium batteries. Insurance carriers were treating processors like MRFs or [waste] haulers since they have batteries on their premises. Ray continued that if lithium batteries were easier to remove, costs would be decreased in both insurance and labor. Ray asked the board if any efforts to deal with the battery issue was being considered in the design process. When no board members responded, Thermos noted to the panel that the board members were primarily involved with governmental and environmental issues and were not necessarily involved in product development.

Paul Olsen stated that he concurred with Ray's comments on increases in the cost of insurance, noting that increases in the last three years had been "shocking".

5. Q4 2023 budget and annual projections (Board vote) – *Peter Thermos*

The Director asked the board to turn to page 10 of the board reference documents, the 2023 budget, and to the highlighted column for Q4 2023. He noted that the financial reserves had decreased to about \$353K and a reduction of \$300K had been made to the Q3 budget. Based on projected expenses, he recommended that the board vote to approve the Q4 budget at current or lower levels. He added that the Q4 budget was very unlikely to be reduced, given that invoices would be issued on or around August 15th. After asking if there were questions and hearing none, Thermos asked if there was a motion to approve the proposed Q4 budget. On a motion by Madeline Smith and seconded by Mark Dabek, the Q4 2023 budget was approved unanimously.

6. Outreach – *Peter Thermos*

Thermos stated that fall outreach programs were planned to begin in late August and continuing for approximately 8 weeks. Internet display ads would be used in all areas of Washington State. Small-market billboards would be used as they are required, at least every other year, in our program plan and were not run last year. Finally, streaming ads, similar to television commercials, are being planned for Eastern Washington.

7. State Accountability Audit – *Peter Thermos*

The Director stated that the State Accountability (SAO) Audit had been completed with the exit conference taking place on July 19th and was attended by Thermos and Chairperson Smith. The meeting was very short. The SAO made no formal recommendations for the public report and found that “Authority operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.”

8. Standard Plan, 5-year update – *Peter Thermos*

Thermos stated that WMMFA is required to update the Standard plan every five years and a draft of this update is due to Ecology by September 1, 2023. The Standard Plan functions as the program plan for E-Cycle Washington. The Director has been working on the plan for several weeks and is in the process of getting feedback from local government, Ecology, collectors, processors and manufacturers. Parts of the plan will be left as-is if no changes are needed and the plan content has already been approved by Ecology in a prior year. He is expecting recommendations from local government policy managers. Thermos has had some conversations about the plan with board members and will be having more but will initially limit the conversations to five board members in this phase of the plan development.

9. Annual in-person board meeting, September 28, 2023 – *Peter Thermos*

The Director asked board members to turn to page 11 of the reference documents with information about the annual in-person board meeting in September. The hotel will be The Edgewater Hotel in Seattle, which is a mid-priced hotel, similar to an Embassy Suites. Dinner will be on September 27th, the evening before the meeting, at a restaurant within walking distance of the hotel. The board meeting will be at 9:30 the following morning in a conference room at the hotel, and a continental breakfast will be available. Board members can stay at the hotel one or two nights and adjustments can be made at any time, nearly to the date of the meeting. WMMFA will reimburse board members for expenses, as required by law, and members are free to send in one or more expense reports at any time before or after the meeting.

10. Matters to discuss at future meetings – *Peter Thermos*

a. Annual Report (submitted March 1, 2023)

Thermos stated that the annual report was approved by Ecology on July 18.

b. Standard Plan, 5-year update

Thermos stated that work on the 5-year update to the Standard Plan is likely to be ongoing over the balance of the year and the board would be advised on progress at the September board meeting.

Adjourn meeting – the meeting was adjourned at 10:10 am