

**Finance Committee
June 6, 2018
Regular Draft Minutes**

Members Present: Committee Chairman Shanley
 Bob Painter
 Jim Hayden
 Lizz Milardo

MIRA Staff Present: Tom Kirk, President
 Mark Daley, Chief Financial Officer
 Peter Egan, Director of Operations and Environmental
 Affairs
 Laurie Hunt, Director of Legal Services
 Jeff Duvall, Director of Budgets & Forecasting
 Deepa Krishna, Manager of Accounting and Financial
 Reporting
 Thomas Gaffey, Director of Recycling & Enforcement
 Kanchan Arora, General Accountant/Board Administrator

Public Present: John Pizzimenti, USA Hauling
 Susan Garrard, Managing Director Beecher Carlson
 Mary Leighton, Senior Vice President, Beecher Carlson

PUBLIC COMMENT

Committee Chairman Shanley called the meeting to order at 9:35 a.m. He said there were no members of the public who wished to comment and proceeded with the agenda.

1. Approval of the Minutes of the May 2, 2018, Finance Committee Meeting.

Committee Chairman Shanley requested a motion to accept the minutes of the May 2, 2018 Finance Committee meeting. The motion to approve the minutes was made by Director Milardo and seconded by Director Hayden.

The motion to accept the minutes was approved.

2. Review and Approve Draft Resolution Regarding Casualty Insurance Program for FY 2019.

Committee Chairman Shanley requested a motion on the above referenced item. The motion to approve was made by Director Milardo and seconded by Director Hayden.

WHEREAS, MIRA purchases the insurance coverages for Auto, General Liability, Property, Public Officials, Umbrella Liability, and Workers Compensation annually in June for the upcoming fiscal year; and

WHEREAS, the Property insurance coverage for the next fiscal year is being reviewed and will be addressed at a subsequent Board of Directors' meeting.

NOW THEREFORE, be it

RESOLVED: That MIRA purchase the insurance coverages for Auto, General Liability, Public Officials, Umbrella Liability, and Workers Compensation according to the recommended options from its broker Beecher Carlson as presented and discussed in this meeting.

Mr. Daley said Thomas Edstrom & Beecher Carlson has been working on our Insurance Renewals since early this year and today they have recommendations for renewal of the Casualty Program.

Mary Leighton, Senior Vice President from Beecher Carlson said the current Property coverage will be extended for 120 days, through September 30, 2018. Zurich, the main carrier, requires a 6% increase to be applied to the extension premium. Each of the four carriers will issue an endorsement to the current policy extending the policy period; once we know more about the claim for damage to Turbine 5, they will issue a quote. She then reviewed the casualty renewal proposal in detail, explaining the General Liability, Automobile Liability and Physical Damage, Workers Compensation and Employers Liability, Umbrella Liability, Excess Liability, Public Officials Liability, Fiduciary Liability, Commercial Crime, and 2018-2019 Casualty & Executive Liability Renewal comparison and the Disclaimer statement.

The motion previously made and seconded was approved.

3. Review and Approve Draft Resolution Regarding FY 2019 Projected Legal Expenditures.

Committee Chairman Shanley requested a motion on the above referenced item. The motion to approve was made by Director Milardo and seconded by Director Hayden.

WHEREAS, MIRA has negotiated three-year Legal Services Agreements with various law firms for the provision of legal services beginning July 1, 2017; and

WHEREAS, MIRA now seeks Board authorization for projected legal expenditures pursuant to said Agreements during Fiscal Year 2019; and

WHEREAS, The Board of Directors has approved Fiscal Year 2019 budgeted legal expenditures in the Authority Budget operating account, the CSWS operating account, the Property Division operating account, and the Landfill Division operating account; and

WHEREAS, MIRA has not previously established a budget, nor identified a funding source, for legal fees and expenses which may be incurred in connection with the redevelopment of the Connecticut Solid Waste System, and now finds funding necessary; and

WHEREAS, MIRA wishes to engage its General Counsel, Halloran & Sage, to provide legal services, including assistance with drafting and negotiation of term sheets and comprehensive development agreements with DEEP's selected developer, Sacyr Rooney Recovery Team, LLC, and to identify moneys available in MIRA's Landfill Division as the source of funds for payment for such services; and

WHEREAS, Funding is requested at this time from Mid-Connecticut Project reserves not approved through the budget process;

NOW THEREFORE, it is

RESOLVED: That the following amounts be authorized for projected legal fees to be incurred during FY '19:

Firm:	Amount:
Cohn Birnbaum & Shea	20,000
Day Pitney	15,000
Halloran & Sage	300,000
Kainen, Escalera & McHale	25,000

Further RESOLVED: That the President be authorized to expend up to \$20,000 from the Mid-Connecticut Post Project Closure Reserve for payment of legal fees incurred in fiscal year 2019 in connection with continuing Mid-Connecticut Project obligations; and

Further RESOLVED: That a budget of \$250,000 be established for payment of FY 19 legal fees and expenses incurred in connection with the DEEP initiative known as Resource Rediscovery; that \$250,000 from the Landfill Division be available as the funding source for such budget; and that the President be authorized to expend up to that budgeted amount for payment of such legal costs; and

Further RESOLVED: That Management shall report the legal expenditures monthly on an accrual basis reconciled to the Authority's general ledger.

Mr. Daley said during the fiscal year 2019 budget development, the Committee and the Board approved Legal budgets totaling \$272,500 for the Property Division, CSWS, Landfill Division and Authority Budget. The Committee and Board did not approve budgets for the MIDCT project or Resource Rediscovery, Furthermore; It also did not approve a level of

spending by firm under contract to MIRA. This resolution serves those two purposes mentioned above.

There is a request in this resolution for \$20,000 from MIDCT and \$250,000 from Landfill Division for Resource Rediscovery. This brings total budgets to \$542,500 and allocated spending is \$360,000 for fiscal year 2019.

The funding for Resource Rediscovery is very high level estimate of what may or may not be needed with term sheets and a comprehensive development agreement.

Director Shanley asked how much obligation for legal fees is there and can we do this without affecting the current bidders. It is important to be very clear with DEEP.

Mr. Daley said at some point presuming the budget is exceeded, both parties will make an assessment. Mrs. Hunt said although approval of the budgeted amount is requested today, this is not a request for permission to spend it all; the \$300,000 requested to pay Halloran and Sageis intended to cover a wide range of issues, including CSWS, Authority, Property Division, and Landfill Division matters, as well as Resource Rediscovery.

The motion previously made and seconded was approved.

4. Discussion-Informational

Mr. Daley reviewed the informational reports through April 30, 2018 with the Committee. Mr. Daley said MIRA's total Personnel Services are currently 11.3% (\$373,000) under budget and the Authority Budget has a favorable variance of about 18% year-to-date.

Mr. Daley said that the Property Division generated operating income of \$1.05 million total income for the month of April, which is 18% better than budget. Year-to-date income is \$10.08 million, which is also 18% above than budget.

CSWS budget for the month of April reflected a planned major outage on Unit 11 and a cold iron outage to repair the common stack, both of which were deferred. CSWS revenues were 19% above budget while operating expenses were 6% below budget. CSWS operating income is at \$360,000 for the month of April and year-to-date income at \$3.1 million (1% above budget).

The Plant ran at full capacity for 8 out of 30 days in the month of April. Overall boiler availability was 77.4%, and overall turbine availability was 80.5%. MIRA generated 28.3mm Kwh energy which was 3.8 mm Kwh above budget. Pricing came in strong at .0419 per kWh hours, which was 37% above budget. Energy revenue came in 58.4% above budget.

Recycling sales rebounded from March and came in at \$58,000 above budget, while Metal Sales continued strong performance due to increasing prices. Metal sales were 24% above budget in April.

Mr. Daley said that in terms of cash flow, Property Division distributed \$732,000 to the Tip Fee Stabilization Fund in April while CSWS drew \$2.8 million complexity distribution of all

fiscal year 2018 budgets. MIRA transferred \$450,000 from Property Division GF to MidCT. This funds MidCT obligation to refund \$425,000 from last settlement, plus 45% of net proceeds from Final payment of settlement of \$500,000

Mr. Daley reviewed the FY 2019 monthly budget spreads which have been included in the informational package in final form. Mr. Daley noted that the budget spreads form the basis for MIRA's monthly cash flow distribution to CSWS and Property Division operating, capital and other reserve accounts, and for the monthly budget versus actual reporting to the Committee and Board. He also noted that the budget spreads include planned outage work in the boilers and turbines and explained how the work plan, together with an allowance for unplanned work, forms the basis for FY 2019 budgeted boiler and turbine availability. He said budget versus actual boiler and turbine availability is reported in narrative form in the monthly Board of Directors report. The Committee discussed the challenges of a fluid major maintenance program and alternative methods of graphic presentation of availability that may also be developed.

EXECUTIVE SESSION

Committee Chairman Shanley requested a motion to go into Executive Session to discuss pending litigation and pending RFP responses, trade secrets, personnel matters, security matters and feasibility estimates and evaluations.

The motion was made by Director Hayden and seconded by Director Milardo. The motion was approved. Committee Chairman Shanley requested that the following people remain for the Executive Session in addition to the Committee members:

Tom Kirk
Peter Egan
Laurie Hunt
Mark Daley

The Executive Session commenced at 10:14 a.m. and concluded at 11:00 a.m.

The meeting was reconvened at 11:00 a.m. The door was opened, and the Board Secretary and all members of the public were invited back in for the continuation of public session.

ADJOURNMENT

Committee Chairman Shanley requested a motion to adjourn the meeting, which was made by Director Hayden and seconded by Director Milardo.

The meeting was adjourned at 11:00 a.m.

Respectfully submitted,

Kanchan Arora

Board Administrator/General Accountant