

**Finance Committee  
May 19, 2016  
Regular Draft Minutes**

- Members Present by Telephone: Board Chairman Don Stein (present by telephone)  
Committee Chairman Shanley  
Jim Hayden  
Andy Nunn  
Bob Painter
- MIRA Staff Present: Tom Kirk, President  
Mark Daley, Chief Financial Officer  
Jeffrey Duvall, Director of Budgets and Forecasting  
Peter Egan, Director of Operations and Environmental Affairs  
Thomas Edstrom, Risk Manager  
Deepa Krishna, Manager of Accounting and Financial Reporting  
Laurie Hunt, Director of Legal Services  
Moira Kenney, Assistant HR Manager/Board Administrator
- Others Present: Susan Garrard, Senior Vice President; Mary Leighton, Assistant Vice President; and Fredrick Wass, Senior Vice President; from Beecher Carlson

**PUBLIC COMMENT**

Committee Chairman Shanley called the meeting to order at 10:30 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 April 21, 2016, Finance Committee Minutes**

Committee Chairman Shanley requested a motion to accept the minutes of the April 21, 2016, Finance Committee meeting. The motion to approve the minutes was made by Director Hayden and seconded by Committee Chairman Shanley.

The motion to approve the minutes was approved by roll call. Director Painter abstained.

**2. Review and Recommend – Resolution Concerning Proposed July 1 Insurance Renewals**

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

**RESOLVED**, That the Authority is authorized to purchase and bind Auto, General Liability, Public Officials, Property, Umbrella and Workers Comp. insurance coverage from the carriers and with the coverage limits, deductibles and premiums as recommended in the Proposed July 1 Insurance Renewals attached hereto as Exhibit A.

Mr. Daley said Mr. Edstrom and MIRA's broker Beecher Carlson have been at work marketing July 1, 2016, insurance quotes. He said the proposed renewals are very close to the current program with a few minor changes, one to the deductible and one on a participant in the property coverage. He said overall there is a reduction in premium of roughly \$40,000. Mr. Daley said the Committee may wish to discuss whether or not to maintain its terrorism coverage.

The Representatives from Beecher Carlson reviewed this year's efforts at marketing and reviewed the Executive Summary. Items of note included a property loss of the Terminator Mobile Shredder which resulted in a loss ratio of 81%. Ms. Leighton said in view of this loss the representatives expected a 10-15% rate increase. She said ultimately three carriers provided a small rate reduction due to a soft market with a 15% rate increase from MIRA's incumbent AIG. Ms. Leighton said Zurich increased its share to get the premium down however; the deductible was increased from \$100,000 to \$250,000 which was expected.

Ms. Leighton said Zurich, who has the largest percentage of the property program has requested they take over engineering from GAPS for \$8,000. This is a reduction from the incumbent cost of \$11,000. She noted however that there will be a \$4,200 cost assessed by Zurich for jurisdictional inspections. Ms. Leighton said the inspections involve in depth reviews at the plants to insure that the equipment is running optimally.

Ms. Leighton said concerning the casualty program there was a substantial premium decrease last year. She said a decrease was also obtained this year but not at the same level due to exposure decreases, as tonnage and megawatt hours went down. Ms. Leighton said she was also able to find a new carrier for the excess liability and with it a slightly more competitive premium.

Ms. Leighton said concerning public official's liability the incumbent has offered a flat renewal. She said the market has grown increasingly hard and rate increases are being seen on many accounts. Ms. Leighton summarized that the only change in terms and conditions was with that deductible change.

Ms. Leighton said she recommends replacing AIG completely but the option is the Committee's to determine. Committee Chairman Shanley asked if there are logistical issues with changing carriers. Ms. Leighton replied no. Mr. Kirk asked if the same engineering consultant would be used. Ms. Leighton said the option was given to Zurich to review the engineering as well as the consultant for GAPS. She said the same contractor can be kept on board with AIG's small fee. Mr. Egan said the value of continuing with GAPS and the incumbent engineer exceeds the cost. The Committee agreed.

The Committee undertook a discussion on the value of terrorism coverage, a \$43,000 expense with MIRA currently has. After much debate the Committee agreed to leave the included coverage in and send the recommendation to the full Board for further debate.

Mr. Daley noted that the Property premium has been reduced further since this resolution was drafted and the most up to date numbers would be included in the Board resolution.

The motion previously made and seconded was approved unanimously by roll call.

**3. Review and Recommend – Resolution Concerning Consolidation of Mid Connecticut Project Reserve Accounts**

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

**WHEREAS**, the Materials Innovation and Recycling Authority (“MIRA”) currently maintains cash associated with its Mid-Connecticut Project Operating account and cash associated with its Authority Budget Operating account in one Short Term Investment Fund (“STIF”) reserve entitled the Materials Innovation and Recycling Authority reserve (“Authority Reserve”); and

**WHEREAS**, MIRA previously maintained cash associated with all project operating accounts within its Authority Reserve, and in practice transferred such cash and any associated liabilities into new individual STIF Reserve accounts as the projects ended or earlier; and

**WHEREAS**, the Mid-Connecticut Project officially ended on November 15, 2012, and several reserves were established and funded or maintained prior to the ending of the Project to complete Project related liabilities, but cash and liabilities associated with the Mid-Connecticut Project Operating account have not yet been transferred out of the Authority Reserve, which MIRA now desires to so transfer; and

**WHEREAS**, in addition to the Mid Connecticut Project Operating account, the Mid-Connecticut Project currently maintains segregated STIF Reserve accounts including the Risk Fund Reserve, Landfill Development Reserve, Recycling Education Reserve, Jets South Meadows Remediation Reserve, Mid-Connecticut Litigation Reserve, and Mid-Connecticut Post Project Closure Reserve to fund Project legacy liabilities; and

**WHEREAS**, many of these legacy liabilities have been effectively resolved but the segregated STIF Reserve accounts have funds remaining; and

**WHEREAS**, the Mid-Connecticut Project currently records active liabilities in the Recycling Education Reserve, Mid-Connecticut Litigation Reserve, and Mid-Connecticut Post Project Closure Reserve, for which segregated STIF Reserve accounts will be maintained; and

**WHEREAS**, the Authority wishes to consolidate the cash balance of its Mid Connecticut Project segregated STIF Reserve accounts that no longer have active liabilities (Risk Fund Reserve, Landfill Development Reserve, and Jets South Meadows Remediation Reserve) into the Mid-Connecticut Post Project Closure Reserve; and

**WHEREAS**, once the general ledger balance of cash associated with the Mid-Connecticut Project Operating Account is transferred to the Mid-Connecticut Post Project Closure Reserve, the Authority Reserve will be duplicative of the purpose of the Authority’s General Fund Checking Account and therefore the Authority Reserve will be closed.

**NOW THEREFORE**, be it

**RESOLVED:** That the general ledger balance of cash associated with the Mid-Connecticut Project Operating Account, Risk Fund Reserve, Landfill Development Reserve, and Jets South

Meadows Remediation Reserve be transferred to the Mid-Connecticut Post Project Closure Reserve; and

**FURTHER RESOLVED:** That the Mid-Connecticut Risk Fund Reserve, Landfill Development Reserve, Jets South Meadows Remediation Reserve, and the Authority Reserve be closed. The motion previously made and seconded was approved unanimously by roll call.

Mr. Daley said this resolution recommends reducing the seven reserves in the Mid-Conn Project down to three. He said the reduction will make the auditing and accounting process more efficient. He said management is proposing closing the operating account, risk reserve, landfill development reserve and South Meadows remediation reserve accounts. Mr. Daley said all four would be consolidated into the post-project reserve.

Mr. Daley said after the consolidation there will be three accounts left, the post-project reserve, the litigation reserve and the recycling and education reserve. He said the recycling education reserve contains \$6,000 and was set up for the City of Hartford. Mr. Duvall said once that reserve is drawn down the account will be closed. Mr. Egan said the contract under the former MSA had specific language which put a boundary on what type of activities these funds could be used for. He said a proposal of an expenditure that meets the definition of the boundary is required before spending the funds. He said he expects the money to be drawn down in early 2017. Committee Chairman Shanley suggested further consolidating this account if the contract permits.

Mr. Daley said there is \$14.3 million in total Mid-Conn reserves. He said management is also revisiting the liabilities for Mid-Conn while consolidating these reserves. Mr. Kirk said a proposal from FCR is pending to lower the rate for new recyclable customers. He said there are possible customers further out geographically which may be able to be brought in for lower pricing. Mr. Kirk said it would be a net increase in revenue with out an increase in expense. Management is presently evaluating the option in the context of the improving trend in recycling commodity pricing.

The motion previously made and seconded was approved unanimously by roll call.

#### **4. Discussion – Informational**

Mr. Daley said CSWS budgets were 15% below budget due to low electric revenue. He said metal sales and spot were also low. He said electric this month is down due to production, which was 7% below the estimate and on price, about 61% of the total price budget for March.

Mr. Daley said MSW deliveries were 2.3% below budget. He said all categories were under except for hauler contracts. He said recycling deliveries are still strong and CSWS sourced deliveries are 16% above budget and FCR deliveries are 31% above budget. Mr. Daley said the recycling facility revenues are 15% under budget. He said the deliveries are offsetting the loss.

Mr. Daley said the property division revenue is 53% above budget and expenses were below budget which allowed for a \$331,000 distribution to the tip fee stabilization fund. He said the overall net reduction to the tip fee stabilization fund was \$610,000. Committee Chairman Shanley asked if management expects the year-end balance of the tip fee stabilization fund to be the \$5.3 million as was determined. Mr. Daley said that is not likely as the current balance is \$5.6 million. He said the tip fee stabilization fund will likely be drawn down further as a result and/or other sources may be drawn down.

## **EXECUTIVE SESSION**

Committee Chairman Shanley requested a motion to go into Executive Session for pending litigation and real estate. The motion was made by Director Hayden and seconded by Director Nunn. The motion was approved unanimously by roll call. Committee Chairman Shanley requested that the following person remain for the Executive Session, in addition to the Committee members:

Tom Kirk  
Mark Daley  
Peter Egan  
Laurie Hunt

The Executive Session commenced at 11:00 a.m. and concluded at 11:25 a.m.

The meeting was reconvened at 11:25 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 Nunn.

The meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Moira Kenney  
Assistant HR Manager /Board Administrator