

**Finance Committee
June 15, 2017
Regular Draft Minutes**

Members Present: Committee Chairman Shanley
 Jim Hayden
 Bob Painter (present via telephone)

MIRA Staff Present: Tom Kirk, President
 Mark Daley, Chief Financial Officer
 Peter Egan, Director of Operations and Environmental Affairs
 Jeffrey Duvall, Director of Budgets and Forecasting
 Thomas Gaffey, Director of Recycling & Forecasting
 Laurie Hunt, Director of Legal Services
 Deepa Krishna, Manager of Accounting and Financial Reporting
 Roger Guzowski, Contract and Procurement Manager
 Marianne Carcio, Executive Assistant

Public Present: John Maulucci, USA Hauling.

PUBLIC COMMENT

Committee Chairman Shanley called the meeting to order at 9:30 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 May 18, 2017, Finance Committee Minutes

Committee Chairman Shanley requested a motion to accept the minutes of the May 18, 2017, Finance Committee meeting. The motion to approve the minutes was made by Director Painter and seconded by Committee Chairman Shanley.

The motion to approve the minutes was approved unanimously by roll call.

2. Motion to Add an Item to the Agenda Regarding Payment of Projected Additional Legal Expenditures

Chairman Shanley requested a motion to add an item to the agenda concerning additional legal expenditures. The motion was made by Director Painter and seconded by Chairman Shanley.

The motion to add an item to the agenda was approved by roll call.

3. Resolution Regarding Payment of Projected Additional Legal Expenditures

Chairman Shanley requested a motion concerning additional legal expenditures. The motion was made by Director Painter and seconded by Chairman Shanley.

WHEREAS, MIRA has entered into Legal Service Agreements with various law firms to perform legal services; and

WHEREAS, the Board of Directors has previously authorized certain amounts for payment of fiscal year 2017 projected legal fees, together with authorization for use of appropriate reserves; and

WHEREAS, MIRA expects to incur greater than authorized legal expenses from its General Counsel, related to Phase II of the MDC arbitration and other matters (for which sufficient use of reserves has previously been authorized);

NOW THEREFORE, it is RESOLVED; That the following amounts be authorized for payment of projected legal fees and costs to be incurred during fiscal year 2017:

<u>Firm:</u>	<u>Amount:</u>
Halloran & Sage	\$150,000

The motion was approved by roll call.

4. Discussion of Recycling Facility Financial Performance

Mr. Daley said in the past there were significant deficits in budget versus the actual recycling facility revenue. He said this is part of the messaging which MIRA has put forth to its customers to ensure they are aware that declining disposal fee revenue is a big challenge for MIRA. He explained the declining revenue is being mitigated through internal financing of the tip fee stabilization fund and by reducing the budget for the non-disposal tip fee revenue thereby increasing tip fees and at the same time reducing and eliminating recycling rebates. He said the reduction in recycling revenue was mostly attributable to the decline in revenue for fiber prices as well as the quantities being delivered and in addition the residue being paid also has an impact.

Mr. Daley said in recent month's management has seen record pricing in the commodities. He said year to date (as of April 30, 2017) total recycling revenues are at \$1.32 million which is 62% above budget. He said the forecast, using an average for 12 months, indicates that CSWS would hit \$1.6 million for FY'16, a record in recycling facility revenue to CSWS. Mr. Daley said the recycling facility will likely generate a surplus of \$280,000 or about \$5.00 a ton.

Mr. Daley said the MSA's have two requirements for providing a recycling rebate, first that the recycling sales revenue exceeds processing and administrative costs and secondly, that the Board must declare a surplus with respect to those revenues. Chairman Shanley noted that MIRA is running a very significant deficit on the rest of its operations.

Mr. Daley said the terms of MSA's for the Tier One long term customers provides for an annual opt-out of the obligation to bring recyclables to the CSWS if a \$10.00 rebate is not provided. He said the last option available to the Tier One customers is for this contract year, however after this period there is no opt-out provision available.

The Committee undertook a discussion on the possibility of providing a recycling rebate when the system overall is struggling financially. The direction provided to management did not include a recommendation to accrue these funds however the Board will make the final determination.

5. Discussion – Informational

Mr. Daley reviewed the informational reports, which go through April 30, 2017. He said the total personnel services at this point are \$315,000 under budget, or 8%. He said the Authority budget is \$390,000 under budget, or 12% for the year. He said the Property Division generated \$365,000 in operating income, which is 16% above budget. Mr. Daley said year to date income in the Property Division is \$4.2 million or 35% above budget.

Mr. Daley said the CSWS total operating revenue came in at \$4.75 million for the month which is \$22,000 above budget, something which has not occurred since October of 2014. He said all categories of waste delivery revenue are 5.4% above budget and recycling facility revenues were 178% above budget for the month. Mr. Daley said those two categories were sufficient to overcome the deficit in energy sales.

Mr. Daley said there are two new energy hedges in place, one from April 1 through March 31, for 10 megawatts at 3.732 cents and the next ten megawatts is at 3.543 cents. He said those two hedges place MIRA at about 40% hedged for FY'18. He said energy production was 2.5 cents below budget, and the price was 16% below budget with revenue about \$200,000 under budget. Mr. Daley said CSWS ran at full capacity for 8 out of 30 days and the energy budget was low due to a twelve day outage.

Mr. Daley said concerning waste deliveries, there was a 342,000 deficit in participating town deliveries which was more than offset by surplus haulers, other contract, and spot deliveries. He said in terms of price, we are year to date at 17 cents a ton below budget which is up slightly in comparison to 2016. Mr. Daley said spot prices are about \$2.30 a ton below budget down in comparison to 2016. He said the recycling facility was very strong this month and delivery revenue was 44% above budget and the export revenue was 475% above budget due to the fact that tonnage, fiber, OM&P, and OCC deliveries were above budget.

Mr. Daley said metals are experiencing a rebound and was \$3.43 per ton or 6.8% above budget. He said operating expenses for CSWS were 10% below budget and 6% below budget year to date. Mr. Daley said the Property Division distributed about \$176,000 to the tip fee stabilization fund, however CSWS required a draw of \$2.7 million and contributing to that was a \$500,000 late payment from some of the haulers.

Mr. Daley said the FY'18 audit is currently underway. He said the management discussion and analysis piece is currently underway and the MDMA draft will be included in draft form in August.

EXECUTIVE SESSION

Committee Chairman Shanley requested a motion to go into Executive Session to discuss feasibility estimates and pending RFP's.

The motion was made by Director Painter and seconded by Director Hayden. The motion was approved unanimously by roll call. 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 10:40 a.m. and concluded at 12:15 p.m.

The meeting was reconvened at 12:15 p.m. The door was opened, and the Board Secretary and all members of the public (of which there were none) 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 Painter.

The meeting was adjourned at 12:16 p.m.

Respectfully submitted,

Moira Kenney
Assistant HR Manager /Board Administrator