

**Finance Committee
October 12, 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
 Laurie Hunt, Director of Legal Services
 Deepa Krishna, Manager of Accounting and Financial
 Reporting
 Jeffrey Duvall, Director of Budgets and Forecasting
 Thomas Gaffey, Director of Enforcement/Recycling
 Kanchan Arora, General Accountant/Board Administrator

Public Present: None

PUBLIC COMMENT

Committee Chairman Shanley called the meeting to order at 10:31 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 September 14, 2017, Finance Committee Meeting.

Committee Chairman Shanley requested a motion to accept the minutes of the September 14, 2017, Finance Committee meeting. The motion to approve the minutes was made by Director Hayden and seconded by Director Painter.

The motion to accept the minutes was approved. Committee Chairman Shanley and Director Painter abstained.

2. Review and Approve- Draft resolution allocating FY 2018 Property Division operating budget funds to operation and maintenance of the Collins Building.

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

WHEREAS: This Board of Directors adopted a Fiscal Year 2018 Property Division Budget on December 15, 2016 and adopted a revision to the budget on February 23, 2017; and

WHEREAS, The Property Division Budget assumed that the parcel of real property located at 171 Murphy Road would be sold prior to the beginning of the fiscal year and therefore expenses were not budgeted for this property; and

WHEREAS: This real property has not been sold and a budget for these expenses needs to be approved by the Board for this cost center; and

WHEREAS, A revised Property Division Budget has been developed to include expenses for the real property located at 171 Murphy Road by reallocating funds from jet fuel purchases and keep total expenditures and distributions identical to the previously approved budget as shown on Exhibit A attached hereto.

NOW THEREFORE, be it

RESOLVED: That the Fiscal Year 2018 Materials Innovation and Recycling Authority Revised Property Division Operating Budget attached hereto as Exhibit A be adopted substantially in the form as presented and discussed at this meeting.

Mr. Daley said when MIRA adopted the Property Division budget for FY 2018, the operations and maintenance for the Collins building was not included, anticipating that it would be sold. MIRA has so far spent under the \$5,000 cap for non-budgeted items that applies in these circumstances but will soon exceed it.

Mr. Daley said MIRA needs to adopt the budget providing basic utilities for the Collins building. MIRA will do so by reallocating funds from the Jets budget line item for fuel to the Collins building O&M. As of today, MIRA hasn't spent any of the funds allocated for Jets fuel, which total \$772,800 for the year. There is no change to total spending, income or cash to the Tip Fee Stabilization budget.

Committee Chairman Shanley asked why the Collins Building hasn't been sold. Mr. Daley replied that there has been no significant interest in the property. The property has been listed since last winter and it has been a slow market.

The motion previously made and seconded was approved.

3. Review and Approve- Draft resolution authorizing the transfer of Mid Connecticut Project Recycling Education Funds to the City of Hartford.

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

WHEREAS: On June 5, 1991, the Materials Innovation and Recycling Authority ("MIRA") formerly the Connecticut Resources Recovery Authority ("CRRRA") established a Recycling Education Fund as part of a Payment in Lieu of Taxes ("PILOT") Agreement with the City of Hartford (the "City") and agreed to contribute \$100,000

annually to provide funds to the City solely for the benefit of its recycling education programs; and

WHEREAS, On February 1, 2007, MIRA and the City increased the PILOT'S Recycling Education Fund contribution by \$50,000 a year to a total of \$150,000 annually; and

WHEREAS, This PILOT agreement ended in fiscal year 2013 with funds remaining in the Recycling Education Fund for the City's recycling education programs use, which the City continued to withdraw for approved education programs for several years thereafter; and

WHEREAS, As of September 30, 2017 the City still has \$6,047.29 remaining in the Recycling Education Fund and has not requested reimbursement for allowed expenses within the last 12 months; and

WHEREAS, MIRA now wishes to distribute the remaining recycling education funds to the City and close the Recycling Education Fund reserve.

NOW THEREFORE, be it

RESOLVED: That the Recycling Education Fund bank account be closed and the account's funds in the amount of \$6,047.29 with applicable interest be distributed to the City of Hartford.

Mr. Daley said the previous Pilot Agreement with the City of Hartford included funding of a Recycling Education Fund. The agreement went through a couple of variations concerning the amount being contributed to the fund from 1991 through 2013. As of September 30, 2017, there is a balance of approximately \$6,000 remaining, with no expenses within the last 12 months. MIRA would like to close the account and send the money to Hartford.

The motion previously made and seconded was approved.

4. Discussion-Informational

Mr. Daley reviewed the informational reports through August 31, 2017 with the Committee. He said CSWS generated operating income of \$495,000 which was \$113,000 (19%) under budget and CSWS operating income remains 6% above budget year to date. Total operating revenue was 6% under budget while operating expenses were 4% under budget in the month of August. The key revenue shortfalls were seen in other contract waste and electricity sales due to plant performance. The plant ran at full capacity in the month of August for 9 of 31 days.

Mr. Daley said waste deliveries were 5,693 tons (10%) under budget and energy production was 7.9 million kWh (25%) below budget. The price for energy was 9.0% above

budget, providing a little offset of the production challenges. Deficits in energy sales and other waste were partially mitigated by surplus recycling and metal sales revenue.

Mr. Daley explained the recycling facility came in 71% above budgeted revenue for the month of August and 74% above budget for year to date. He said metal sales were 103% above budget for the month of August and 84% above budget for year to date. He explained both surpluses were due to strong pricing of all commodities.

Mr. Daley said Property Division income was \$916,000 for the month of August, which was slightly below budget. MIRA recently successfully bid into the forward reserve market for the winter period which essentially covers 8 months starting October thru May. For those 8 months MIRA bid in half of the Jets' capacity and the price that came out, in round numbers, is 90% of the budget for reserve credits for the year. Remaining capacity not bid into the forward reserve is available for real time reserve.

Mr. Daley said, with regard to cash flow, Property Division distributed \$211,000 to the General Fund and \$351,000 to the new Jets Major Maintenance Reserve, completing those initial contributions as scheduled in the adopted budget. Property Division also distributed \$423k to the Tip Fee Stabilization Fund. However, CSWS had to draw \$1.23 million from Tip Fee Stabilization in order to execute distribution to the CSWS Improvement Fund. This draw required backup funding from PD General Fund as approved in the FY18 budget. This backup funding is now at the max approved in the budget.

Mr. Daley said to expect difficult reporting over the next two months at least while major repairs to Unit 12 are undertaken and prepaid Tip Fees are fully depleted.

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 Painter. 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 10:50 a.m. and concluded at 12:07 p.m.

The meeting was reconvened at 12:07 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 12:09 p.m.

Respectfully submitted,

Kanchan Arora
Board Administrator/General Accountant