

**Finance Committee
May 6, 2020
Regular Telephonic Meeting**

A Regular Telephonic Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on May 6, 2020. Present via video or audio conferencing were:

Members Present:

Scott Shanley
Carl Fortuna
Jim Hayden

MIRA Staff Present:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Jeffrey Duvall, Director of Budgets and Forecasting.
Cheryl Kaminsky, Manager of Accounting & Financial Reporting
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Operations & Environmental Affairs

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 April 1, 2020, Finance Committee Meeting.

Committee Chairman Shanley requested a motion to accept the minutes of the April 1, 2020 Finance Committee meeting. The motion to approve the minutes was made by Director Hayden and seconded by Director Fortuna.

The motion to accept the minutes was approved.

3. DISCUSSION

Mr. Daley reviewed the informational reports through March 31, 2020, with the Committee. Mr. Daley said the Authority budget for personnel and non-personnel services has a year-to-date favorable variance of \$267,000, or 11%.

Mr. Daley said that the Property Division generated \$999,000 in operating income in the month of March 2020, which was \$211,000 or 27% above budget. Year-to-date Property Division income is \$9.1 million, which is \$860,000 or 10% above budget.

Mr. Daley said that the CSWS generated \$4.8 million in operating revenue in the month of March, which was 19% below budget. CSWS operating expenses totaled \$5.8 million, which was 17% below budget in March 2020. Operating loss before prior year cost recovery was \$950,000, which was \$70,000 or 7% below budget. Year-to-date CSWS operating income before prior year cost recovery was \$1.4 million, which is \$1.2 million worse than budget. CSWS generated 26.7 mm kWh of energy in March 2020, which is 14.5% better than budget. Year-to-date generation is 4.7% under budget.

Energy pricing was terrible in March 2020 even with our hedge contract. It was only \$2.91 cents per kWh (36% under budget). MIRA received 41,639 tons of waste in March 2020, which was 12% under budget. Month over month actual deliveries by participating towns have been relatively stable since Covid-19 mitigation measures were implemented. The recycling facility revenues were 12% under budget in March 2020, with deficits in both export revenues and delivery of Non-participating recycling.

Metal Sales rebounded in March 2020. Average pricing in March 2020 was \$61.36 per ton, while the year-to-date average is only \$45.98, or 33% under budget.

In terms of cash flow, the Property Division generated sufficient receipts to transfer \$680,000 to the Tip Fee Stabilization Fund, bringing year-to-date transfers to the original cap of \$8.7 million. This means an additional \$180,000 was transferred to the Property Division General Fund under our flow of funds procedure. We will resume transfers to the Tip Fee Stabilization Fund next month based on the \$900,000 increase in the cap recently approved by the board. CSWS drew \$1.49 million to support its funding requirements.

Mr. Daley said there are a couple of additional notes in addition to our regular informational reporting.

First, we have distributed the Fiscal Year 2021 Hauler Agreements for execution; they need to be executed and in place for the July 1, 2020 start of the new Fiscal Year. The Agreements reflect \$93 per ton of non-participating town waste, with no transfer station surcharge, in accordance with adopted budget. Terms and conditions changed regarding both risk mitigation and contract administration purposes. The form of the new agreement will be up for consideration at next week's Board of Directors meeting. The second note is that we have the ICW agreements out for bid and they reflect an \$8 per ton increase in minimum price and a 7,500 ton minimum quantity. They incorporate similar changes in terms and conditions, and will be brought to the Board of Directors for approval after bids are received next week. The third item is that our Fiscal Year 2020 audit is now underway. Our auditors have provided audit requirements, and we have started providing interim audit material for their fieldwork, which they are performing remotely. We have been given August 10, 2020 as a tentative date to start the final audit.

Mr. Daley said lastly, we received our State Auditors' report for Fiscal Year 2017 and Fiscal Year 2018. The State Auditors acknowledge resolution of their prior recommendation concerning state reports, but raised two additional matters. One dealt with a separation payment recommended by our employment counsel -- we can't change anything there -- and the other dealt with MIRA not submitting an annual plan of operations. This has been a matter of frustration over DEEP's lack of response to prior submissions. At this point, Tom Kirk and Peter Egan have decided to submit the plan simply to satisfy the statutory requirement, which should resolve this matter. Our procedures call for the operations plan to be reviewed by MIRA's Executive Committee which we have now revived.

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 Fortuna. 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
Mark Daley
Peter Egan
Laurie Hunt

The Executive Session commenced at 9:45 a.m. and concluded at 9:59 a.m.