

**Finance Committee
July 8, 2020
Regular Telephonic Minutes**

A Regular Telephonic Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on July 8, 2020. Present via video or audio conferencing were:

Members:

Scott Shanley
Carl Fortuna
Jim Hayden

MIRA Staff:

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

Public:

Mike VanDeventer, Auditor

PUBLIC COMMENT

Committee Chairman Shanley called the meeting to order at 9:32 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 June 3, 2020, Finance Committee Meeting.

Committee Chairman Shanley requested a motion to accept the minutes of the June 3, 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.

2. DISCUSSION OF FISCAL YEAR 2021 CSWS BUDGET STATUS.

Mr. Daley said that we have had a couple of circumstances evolve since we adopted our fiscal year 2021 budget back in February that requires our attention. The Covid 19 pandemic has had a significant impact on the economy, which, for MIRA, translates into lower energy pricing and reduced waste flows. The issue of reduced waste flow is also compounded by Fiscal Year 2021 Tip Fees, which are pushing the upper limits of the market price for less environmentally responsible alternatives – i.e., out-of-state landfills – and we also have the issue of our skyrocketing property insurance premiums.

Mr. Daley said the impacts of these matters are significant enough to warrant a formal reassessment of the Fiscal Year 2021 budget as we enter the new fiscal year, to ensure we map out the steps needed to respond appropriately to these circumstances. Attachment 2 in the Finance package summarizes this reassessment, including: quantified impacts (\$9.9 million revenue reduction), steps already taken by the Authority (\$5.4 million net expense reduction), future steps requiring Board action, if needed (\$4.5 million), and ongoing activities to avoid and mitigate further required Board of Directors action. Mr. Daley reviewed and discussed the budget assessment with the Committee.

3. DISCUSSION

Mr. Daley reviewed the informational reports through May 31, 2020 with the Committee. Mr. Daley said the Authority budget for personnel and non-personnel services is \$363,000 or 12% better than budget.

Mr. Daley said Property Division generated \$964,000 in operating income in the month of May 2020, which is on budget. Year-to-date Property Division income is \$11.1 million in operating income, which is \$842,000 or 8.2% above budget.

Mr. Daley said CSWS generated \$4.7 million in operating revenue in the month of May, which was 20% below budget. Energy generation was 2.1 mm kWh above budget, but the average price was only 1.6 cents. CSWS received 44,239 tons of waste in May, which is greater than April deliveries but 12% under budget.

Recycling Facility revenues were 23% better than budget, but metal sales were \$34,000 under budget due to the depressed pricing. MIRA received reporting of extraordinary pricing on OCC, which is under review and may be corrected next month.

CSWS operating expenses were \$4.85 million in May 2020, which was 2% under budget. Year-to-date CSWS operating expense is 7% under budget.

In terms of cash flow, Property Division generated sufficient cash to transfer \$290,000 to the Tip Fee Stabilization fund. This brought total transfers for the year up to the authorized cap of \$9.6 million, so additional receipts of \$455,000 were transferred to the Property Division General Fund. CSWS did not generate sufficient receipts for its operating and capital fund transfers, and therefore drew \$1.17 million out of the Tip Fee Stabilization fund.

Mr. Daley informed the committee that we have Mike VanDeventer from Mahoney Sabol with us today. Mike is the partner in charge of our independent audit. The audit has commenced and Mike is here to offer the Finance Committee its annual private meeting. This will be done in executive session and the meeting will be deemed adjourned with no votes taken upon completion.

EXECUTIVE SESSION

Committee Chairman Shanley requested that the following people remain for the Executive Session in addition to the Committee members:

Mike VanDeventer

The Executive Session commenced at 10:00 a.m. and concluded at 10:15 a.m.

ADJOURNMENT

Committee Chairman Shanley declared the meeting adjourned upon the conclusion of Executive Session.

Respectfully submitted,

Kanchan Arora
Consultant