

**Finance
Committee
March 2, 2022
Special Minutes**

A Special Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on April 13, 2022. Present via video or audio conferencing were:

Members Present:

Bert Hunter
Jim Hayden
Susan Weisselberg
Carl Fortuna
Don Stein

MIRA Staff Present:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Peter Egan, Director of Operations & Environmental Affairs
Laurie Hunt, Director of Legal Services
Cheryl Kaminsky, Manager of Accounting & Financial Reporting
Tina Mateo, Asst. Director of Budget & Cash Mgmt.
Tom Gaffey, Director of Recycling and Enforcement

PUBLIC COMMENT

Committee Chairman Hunter called the meeting to order at 9:07 a.m., and invited members of the public to address the board.

Attorney Ed Spinella spoke on behalf of his client, USA Waste and Recycling, which currently has a contract with MIRA for O&M and T&D services at MIRA's Torrington transfer station. He said that, under that contract, MIRA has the right to ask for modifications to the services provided, which could lead to a reduction in the compensation paid to USA. He believes that the requisite towns necessary to meet threshold deliveries at Torrington have not executed the MSA Second Amendment, and therefore MIRA is not obligated to contract with Enviro Express and is free to negotiate with USA. He said MIRA could potentially save hundreds of

thousands of dollars by proceeding with USA for one more year.

Committee Chairman Hunter thanked Attorney Spinella for his comments, and proceeded with the agenda.

1. Approval of the Minutes of the March 2, 2022 Finance Committee Meeting.

Committee Chairman Hunter requested a motion to accept the minutes of the March 2, 2022 Finance Committee meeting. The motion to approve the minutes was made by Director Fortuna and seconded by Director Weisselberg.

The motion to accept the minutes was unanimously approved.

2. Informational

Mr. Daley reviewed the Board of Director's Financial Report for the period ending February 28, 2022 with the Committee.

- The Authority Personnel & Non Personnel Expenses are presently \$249,000(11.8%) under budget year to date.
- This is primarily due to unfilled vacancies and lower-than-budget medical premiums.
- The Property Division generated \$920,000 in operating revenue in the month of February, which was 12.5% above budget.
- Operating Expenses were 23.9% under budget.
- Property Division income was \$.75 million for the month and \$5.72 million for the year (18.3% above budget).
- The CSWS generated \$5.15 million in operating revenue in February, which was 3.3% above budget.
- Year-to-date CSWS revenue is 9% above budget.
- Operating expenses in February were 16.1% under budget and year to date, they are 14.9% below budget.
- CSWS has generated \$9.3 million in operating income year to date, which is substantially above budget.
- The CSWS received 33,049 tons of waste in February, which was 15.9% under budget.
- We generated 13.73 million kilowatt hours of energy in February, which was 7.4 million kilowatt hours (35%) below budget.
- Energy pricing remained strong. Our total average energy price was 11.2 cents per kilowatt hour including a hedge of 12.5 cents for 5mwh and wholesale for the remainder.

- This allowed electricity sales revenue to remain substantially above budget, while savings are achieved in essentially all budget expenses.
- In terms of cash flow, Property Division generated sufficient receipts to transfer \$624,000 to the Tip Fee Stabilization Fund.
- CSWS drew \$1.17 million from the fund, which primarily represents application of prepaid tip fees.

3. Executive Session.

Committee Chairman Hunter made a motion to go into Executive Session to discuss Pending RFPs and Feasibility Estimates and Evaluations relative to prospective public supply contracts, including MIRA RFP's and prospective contracts for Connecticut Solid Waste System transfer facilities, transportation and disposal of acceptable solid waste at alternate disposal facilities, purchase and installation of truck scale software, and operation of MIRA's Jets and the potential impact of same upon MIRA FY 23 operating and capital budgets and Municipal Service Agreements.

The motion was seconded by Director Weisselberg, and unanimously approved. Committee Chairman Hunter asked Mr. Kirk, Mr. Daley, Mr. Egan, Mr. Gaffey, and Ms. Hunt to participate in the discussion.

Executive Session began at 9:42 and ended at 10:54, and public session resumed.

4. RESOLUTION REGARDING FISCAL YEAR 2023 CSWS DEFICIT FUNDING UNDER MODIFIED PROGRAM OF OPERATIONS

Committee Chairman Hunter requested a motion to approve the foregoing resolution. The motion was made by Director Hayden and seconded by Director Weisselberg.

WHEREAS, at its February 23, 2022 meeting, the MIRA Board of Directors adopted the fiscal year 2023 CSWS Operating and Capital Budgets establishing a Tier 1 Short Term disposal fee of \$111 per ton, a Tier 1 Long Term disposal fee of \$116 per ton, and authorizing the use of income and reserves totaling twelve million, three hundred seventy seven thousand, nine hundred forty three dollars (\$12,377,943) to fund the anticipated CSWS deficit for fiscal year 2023; and

WHEREAS, such adopted budgets were based on assumptions concerning the CSWS Cost of Operation, Non Disposal Fee Revenue and Aggregate Tons of waste delivered by Participating Municipalities which presumed a limited one boiler, one turbine, one year operation of the Waste to Energy Facility; and

WHEREAS, subsequent to the adoption of such budgets, twenty one CSWS Participating Municipalities representing approximately two hundred ninety eight thousand four hundred (298,400) tons municipal solid waste deliveries opted out of the Municipal Service Agreement which is inconsistent with the adopted budget assumptions and waste delivery requirements for the planned fiscal year 2023 limited operation of

the Waste to Energy Facility; and

WHEREAS, such Participating Municipality opt outs necessitate implementation of a modified Program of Operations, and consequently a modified CSWS deficit funding requirement for fiscal year 2023, both substantially in the form discussed and presented at this meeting; and

WHEREAS, the resolution adopting the fiscal year 2023 CSWS operating and capital budgets provided that “In the event that any future approved Program of Operations warrants modification of the Fiscal Year 2023 Materials Innovation and Recycling Authority Connecticut Solid Waste System Operating and Capital Budget adopted hereby, such modification shall be accommodated through corresponding changes to the operating income and relevant use of reserves approved hereby, and / or adopted by this Board this date for MIRA’s Landfill Division and Property Division.”

NOW THEREFORE, be it

RESOLVED: the anticipated CSWS deficit for fiscal year 2023 is hereby reduced by \$1,074,089 to a total of \$11,303,854 which shall be funded as follows:

| <u>Source</u> | <u>Original Adopted</u> | <u>As Modified</u> |
|--|-------------------------|--------------------|
| • Use of FY 2023 Property Division Income - | \$ 5,650,000 | \$4,000,000 |
| • Use of Current Tip Fee Stabilization Balance - | \$ 1,070,157 | \$2,500,000 |
| • Use of CSWS Operating Account- | <u>\$ 5,657,786</u> | <u>\$4,803,854</u> |
| • Total Deficit Funding - | \$12,377,943 | \$11,303,854 |

FURTHER RESOLVED: that Management shall administratively implement modifications to the fiscal year 2023 Property Division and Connecticut Solid Waste Operating and Capital Budgets necessary to reflect such modified Program of Operations including i) properly funding Jets contract operating expenses within the Property Division to sustain operations in the absence of Waste to Energy Facility operations, ii) defunding Waste to Energy Facility contract operating expenses to reflect suspension of such operations no later than July 31, 2022, iii) modifying transfer station, transportation and disposal contractor and contingency expenses to reflect suspension of Waste to Energy Facility operations and iv) such changes as necessary to reflect anticipated deliveries of municipal solid waste and single stream recycling.

FURTHER RESOLVED: that Management shall incorporate such administrative budget modifications into the fiscal year 2023 monthly budget spreads to be presented to the MIRA Finance Committee prior to the commencement of fiscal year 2023.

At Committee Chairman Hunter’s request, Mr. Daley offered amended dollar amounts in the first resolution, to read as follows:

RESOLVED: the anticipated CSWS deficit for fiscal year 2023 is hereby reduced by \$1,356,589 to a total of \$10,021,354 which shall be funded as follows:

| <u>Source</u> | <u>Original Adopted</u> | <u>As Modified</u> |
|--|-------------------------|--------------------|
| • Use of FY 2023 Property Division Income - | \$ 5,650,000 | \$3,810,500 |
| • Use of Current Tip Fee Stabilization Balance - | \$ 1,070,157 | \$2,500,000 |
| • Use of CSWS Operating Account- | <u>\$ 5,657,786</u> | <u>\$4,710,854</u> |
| • Total Deficit Funding - | \$12,377,943 | \$11,021,354 |

Committee Chairman Hunter made a motion to approve the foregoing amendment to the resolution. The motion was seconded by Director Hayden and unanimously approved.

The Resolution previously moved and seconded, as amended, was unanimously approved.

5. RESOLUTION REGARDING ESTABLISHING AND FUNDING THE TIER 1 SHORT TERM DISCOUNT RESERVE

Committee Chairman Hunter requested a motion to approve the foregoing resolution. The motion was made by Director Hayden and seconded by Director Weisselberg.

WHEREAS, at its December 20, 2021 meeting, the Materials Innovation and Recycling Authority (MIRA) Board of Directors adopted a resolution authorizing the President to incorporate final disposal fee values and enter into certain Municipal Service Agreement Amendments (MSA Amendments) with all CSWS Participating Municipalities as described in such resolution; and

WHEREAS, at its February 23, 2022 meeting, the MIRA Board of Directors adopted the fiscal year 2023 CSWS Operating and Capital Budgets establishing a reduced Tier 1 Short Term disposal fee of \$111 per ton to be effective pursuant to the MSA Amendments, a Tier 1 Long Term disposal fee of \$116 per ton, and authorizing the use of income and reserves totaling twelve million, three hundred seventy seven thousand, nine hundred forty three dollars (\$12,377,943) to fund the anticipated CSWS deficit for fiscal year 2023; and

WHEREAS, such anticipated deficit for fiscal year 2023 has been assessed and refunded as necessary pursuant to a fiscal year 2023 modified Program of Operations for the CSWS adopted concurrent with adoption of this resolution; and

WHEREAS, such MSA Amendments further incorporate Projected Tier 1 Short Term Disposal Fees for MIRA's fiscal years 2024 through 2027 together with an annual anticipated Tier 1 Short Term Discount, corresponding Disposal Fee and Opt Out Disposal Fee; and

WHEREAS, the Projected Tier 1 Short Term Disposal Fees included in the MSA Amendments for MIRA's fiscal years 2024 through 2027 rely upon Tier 1 Short Term Discounts, and corresponding use of reserve requirements, totaling twelve million, three hundred thirteen thousand, four hundred twenty two dollars (\$12,313,422) which MIRA now desires to fund and authorize; and

WHEREAS, as of the date of this resolution, eighteen CSWS Participating Municipalities representing approximately forty four thousand five hundred (44,500) tons of municipal solid waste and nine thousand seven hundred (9,700) tons of single stream recycling deliveries have executed MSA Amendments while seven CSWS Participating Municipalities representing approximately twenty three thousand nine hundred (23,900) tons of municipal solid waste and four thousand eight hundred (4,800) tons of single stream recycling deliveries have not opted out of the Municipal Service Agreement or executed MSA Amendments; and

WHEREAS, such CSWS Participating Municipalities that have not opted out of the Municipal Service Agreement or executed MSA Amendments shall continue to have the opportunity to execute such MSA

Amendments; and

WHEREAS, MIRA desires to fund and authorize such Tier 1 Short Term Discounts through use of existing reserves in the amount of ten million, seven hundred thirteen thousand, and four hundred thirteen dollars (\$10,713,413) and through annual income from its Property Division and Landfill Division totaling one million six hundred thousand dollars (\$1,600,000) for fiscal years 2024 through 2027; and

WHEREAS, MIRA further desires to provide and plan for potential modifications to its funding and authorization of the use of reserves associated with the MSA Amendment projection which may be necessitated by a modified Program of Operations for fiscal years 2024 through 2027.

NOW THEREFORE, be it

RESOLVED: Management is authorized to establish a Tier 1 Short Term Discount Reserve (“Discount Reserve”) within the State Treasurer’s Short Term Investment Fund and to transfer ten million, seven hundred thirteen thousand, four hundred thirteen dollars (\$10,713,413) into such Discount Reserve from the following sources:

1. \$1,891,460 from MIRA’s Landfill Operating Account;
2. \$1,302,947 from MIRA’s Property Division Operating Account; and
3. \$7,519,006 from MIRA’s Property Division General Fund.

FURTHER RESOLVED: Management shall annually transfer the sum of \$400,000 from the Property Division and Landfill Division Operating Accounts to such Discount Reserve and such sums shall be incorporated into the annual Property Division and Landfill Division Operating and Capital budgets.

FURTHER RESOLVED: Management shall annually transfer the following sums from the Discount Reserve to the CSWS Tip Fee Stabilization Fund and such sums shall be available for incorporation into the annual CSWS Operating and Capital Budgets as the Tier 1 Short Term Discount in determining the Tier 1 Short Term Disposal Fee:

1. \$3,730,946 for Fiscal Year 2024
2. \$3,292,219 for Fiscal year 2025
3. \$2,661,183 for Fiscal year 2026
4. \$2,629,074 for Fiscal year 2027

FURTHER RESOLVED: as part of developing the CSWS budget, Management shall annually update its Projected Tier 1 Short Term Disposal Fees through MIRA’s fiscal year 2027 and recommend such changes to the Discount Reserved warranted by such update.

The motion previously made and seconded was unanimously approved.

Director Hayden made a Motion to Adjourn the meeting, Committee Chairman Hunter seconded the Motion, and the meeting was adjourned at 11:04 a.m.