

**Finance Committee
October 4, 2022
Special Meeting Minutes**

A Special Telephonic Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on October 4, 2022. Present via video or audio conferencing were:

Members Present:

Bert Hunter
Jim Hayden
Susan Weisselberg
Carl Fortuna

MIRA Staff Present:

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

Others: None

PUBLIC COMMENT

Chairman Hunter called the meeting to order at 9:01 a.m. He determined that there were no members of the public who wished to comment and proceeded with the agenda.

1. Approval of the Minutes of the September 7, 2022 Finance Committee Meeting.

Committee Chairman Hunter requested a motion to accept the minutes of the September 7, 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 approved unanimously.

2. Review and Approve Draft Resolution Concerning the Use of Transition Contingency.

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

WHEREAS, at its May 11, 2022 Board of Directors meeting, the Materials Innovation and Recycling Authority (MIRA) Board of Directors adopted a Modified Program of Operations and CSWS Operating Budget for MIRA's fiscal year commencing July 1, 2022 which program anticipated waste combustion at the Waste to Energy Facility ("Facility") to cease on or before July 31, 2022; and

WHEREAS, such Modified Program of Operations and Budget funds a Transition Contingency Reserve of \$3,565,000 to provide for Facility shut down expenses including relevant Contractor employee separations, securing the Facility as needed for limited operations and other potential uses which are subject to Board approval; and

WHEREAS, at its June 15, 2022 Board of Directors meeting, the MIRA Board authorized the use of the Transition Contingency Reserve, through the CSWS Major Maintenance Fund, to fund the NAES Contractor Severance Program costs for the Facility estimated at two million dollars (\$2,000,000) for the fiscal year commencing July 1, 2022 ; and

WHEREAS, the NAES Contractor Severance Program has effectively been implemented for the Facility employees at a final estimated cost \$1,715,000 (\$285,000 less than budget). As of September 30, 2022, 71 employees have been laid off and received severance totaling \$1,694,051. Severance remains to be implemented for one additional Facility employee. Severance will be implemented for 11 Jets employees at the conclusion of fiscal year 2023; and

WHEREAS, the Transition Contingency Reserve will have an estimated remaining balance of \$1,850,000 after completion of the NAES Contractor Severance Program for the Facility employees; and

WHEREAS, NAES has proceeded to effectively shut down and secure the Facility through use of funds within its Contract Operating Budget including removal of all equipment oils, removal and disposal of ash and cleaning of the bag houses, de-energizing the Facility, securing the cooling water intake system,

winterizing the control room and additional work expected to be completed within the next several months; and

WHEREAS, such NAES Contract Operating Budget is currently estimated as sufficient to complete ongoing shut down activities, maintain interim property security patrols and properly vacate the Facility in advance of MIRA's relocation to it ("Final WTE Facility Shut Down Expense"); and

WHEREAS, MIRA has a need to directly contract for longer term Facility security services, and for the services of a former NAES employee for additional technical support in the Facility shutdown, at a total cost of \$112,500 which is properly funded through use of the Transition Contingency Reserve; and

WHEREAS, such additional contracted services are subject to approval of this Board as detailed on the Policy and Procedure Committee resolutions attached hereto as Exhibit A which resolutions identify the Transition Contingency Reserve as the source of funding for such contracts.

NOW THEREFORE, be it

RESOLVED: That this Board hereby approves the designation and use of the Transition Contingency Reserve, through the CSWS Major Maintenance Fund, in the amount of \$112,500 to fund the security and technical support services described in Exhibit A.

Mr. Daley stated that this resolution establishes \$112,000 in funding for contracted security services and technical support services for the waste to energy facility shut down. These are anticipated uses of the Transition Contingency established within the Major Maintenance fund. Board approval to use this fund was anticipated when the FY 2023 final budget was adopted. The Transition Contingency totals \$3,565,000. The Board previously designated it as the funding source for the NAES contractor severance budgeted at \$2,000,000 so the resolution outlines the status of that program and final estimate that it will be completed \$285,000 under budget. The resolution also outlines the status of NAES work to shut down, secure and properly vacate the facility using its budget for contract operating expense. This is why we have stated an estimated available balance in the fund of \$1,850,000. The two contracts being funded at \$112,000 here are also going through the P&P committee for contract and procurement approvals so the P&P resolutions are referenced and attached to this use of reserve approval. One is a contract with United Security Incorporated who is a DAS approved contractor for \$87,500 covering November through June. This provides one guard, 12 hours a day overnight for seven days a week. The other is a personal service agreement with a former NAES employee (Dave Gallaher) who is very knowledgeable about the power block facility and will be available to consult on matters related to the shutdown.

The motion to approve the foregoing resolution was approved unanimously.

3. Review and Approve Draft Resolution Concerning the Use of the CSWS Legal 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, The Materials Innovation and Recycling Authority has a need for legal services above and beyond those authorized in the adopted budgets for fiscal year 2023, and in subsequent resolutions adopted in May 2022 and July 2022, as detailed on the Policy and Procedure Committee resolutions attached hereto as Exhibit A; and

WHEREAS, a portion of such additional resources are properly funded through the CSWS Legal Reserve also as described on Exhibit A subject to approval of this Board;

NOW THEREFORE, be it

RESOLVED: That this Board hereby approves the use of the CSWS Legal Reserve in the amount of \$150,000 to fund the additional legal services described in Exhibit A.

Mr. Daley stated that this resolution addresses the need for additional resources for the Authority's employment counsel and general counsel. Additional resources are needed for personnel matters, legislative and procedural issues associated with the closure of the waste to energy facility. These needs would be funded with an additional \$150,000 from the CSWS legal reserve which has a current balance of about \$552,000. We also have a need for an additional \$50,000 for FOIA complaints that we will accommodate administratively through budget modification. The resolution is also going through the P&P committee for contract and procurement approvals so the P&P resolutions are referenced and attached to the use of reserve approval. Laurie can answer any questions on the need for these additional resources. We did document in the P&P resolutions the status of funding currently approved in the FY 2023 budget adoption and subsequently. We adopted \$180,000 in the operating budgets then added \$200,000 use of reserve specifically for the NAES lawsuit and \$15,000 specifically for the Mid Ct. Project's South Meadows Exit Strategy.

Committee Chairman Hunter inquired if Ms. Hunt desired to add anything further. Ms. Hunt agreed with the points made and emphasized the need for continued work by employment counsel.

The motion to approve the foregoing resolution was approved unanimously.

4. Informational.

Committee Chairman Hunter requested Mr. Daley to review the Informational Reports.

Mr. Daley reviewed the Board of Director's Financial Report for the period ending August 31, 2022 with the Committee.

He said the Authority Budget for personnel and non-personnel services was 9.5% under budget in August and 19.2% under budget year to date. Most of the savings was in non-personnel services including insurance, partially due to timing, and office rent which is due to GASB 87 changes.

The Property Division generated \$1.07 million in operating revenue for August, which is \$216,000 better than budget due to the very high reserve credits discussed last month.

Operating expenses were \$0.53 million over budget in August which is due to jet fuel purchases. These purchases were completed in August and we presently do not anticipate having to purchase fuel again before the Jets are delisted at the end of May.

Operating income 3.1% (\$45k) under budget year to date.

The CSWS generated \$0.65 million in operating revenue in August, which was 7.3% under budget due to a deficit in member town waste deliveries partially being offset by surplus other energy market revenue. We discussed the other energy market surplus last month and estimated it will be over a half million in surplus as the year winds down. We are looking at the member town delivery deficit and will have more on that next month if not earlier.

CSWS operating expenses were \$608,000 over budget in August which mostly represents NAES shut down activity being funded through its contract operating budget surplus created in July with the early suspension of waste combustion. Year to date expenses are \$990k (14.8% under budget).

CSWS operating income is 31.4% under budget due to the early shortfall in non-participating deliveries and the current shortfall in member deliveries being looked into.

In terms of cash flow, the property division generated sufficient receipts to transfer \$1,514,699 to the Tip Fee Stabilization Fund. Year to date we transferred \$2,214,942 which applies toward the FY 2023 cap of \$3,811,000. This is now a cap on Property Division transfers to the fund, and CSWS draws from the fund, in order to implement the use of reserves provided in the final adopted budget. The CSWS drew \$10,077 from the fund in August.

Mr. Daley further noted our management representation letters have been signed, notes to financial statements finalized, final clean opinion letters signed and incorporated, and the fiscal year 2022 audited annual financial report was filed with the Comptroller and Legislature. There was one final change to the prior year restatement of net position made for GASB 87 implementation and the final report is posted on MIRA website.

Committee Chairman Hunter requested opened the floor to Tom Kirk for any additional information. Mr. Kirk noted a request by the Hartford City Counsel for attendance at a council meeting and presentation of MIRA plans for the facility decommissioning. Mr. Kirk stated he would attend and advise future decisions by policy makers including DEEP and the legislature are needed for changes to current requirements for decommissioning.

5. Adjournment

Committee Chairman Hunter adjourned the meeting at 9:25 a.m.