

**Finance Committee
November 2, 2022
Special Meeting Minutes**

A Special Telephonic Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on November 2, 2022. Present via video or audio conferencing were:

Members Present:

Bert Hunter
Jim Hayden
Susan Weisselberg

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 9:30 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 October 4, 2022 Finance Committee Meeting.

Committee Chairman Hunter requested a motion to accept the minutes of the October 4, 2022 Finance Committee meeting. The motion to approve the minutes was made by Director Hayden and seconded by Director Weisselberg.

The motion to accept the minutes was approved unanimously.

2. Review and Approve Draft Resolution Regarding Funding of Office Relocation.

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 base term of the Materials Innovation and Recycling Authority (“Authority”) lease for its headquarters office at 200 Corporate Place Rocky Hill, CT expires April 30, 2023 with two, 3-year options to extend the lease incorporated thereafter; and

WHEREAS, At its July 13, 2022 meeting, the Authority directed management not to exercise such options to extend and instead move staff to existing office space owned by the Authority at 300 Maxim Road, Hartford CT (the “WPF Office”); and

WHEREAS, At its July 13, 2022 meeting, the Authority further directed management to refine the logistics and costs to move staff that will remain with the Authority after April 30, 2023 to the WPF Office and to request approval from the Board for such costs; and

WHEREAS, Management has proceeded to refine such logistics and costs and recommends that limited rehabilitation work be undertaken within the WPF Offices with the intent of mitigating odors associated with its prior use in support of the adjoining CSWS Resource Recovery Facility (“WPF Office Rehabilitation”); and

WHEREAS, Management has proceeded to refine such logistics and costs and further recommends that all staff remaining with the Authority after April 30, 2023 other than those assigned to the Torrington and Essex Transfer Stations be relocated to the WPF Offices effectively vacating facilities on Murphy Road in Hartford, CT (Staff Relocations); and

WHEREAS, Management has solicited bids for such WPF Office Rehabilitation and, concurrent with this resolution, is recommending Acore Builders, LLC undertake such work at a cost not to exceed \$82,500; and

WHEREAS, Management has solicited bids for such Staff Relocations and, concurrent with this resolution, is recommending William B. Meyer, Inc. undertake such relocations at a cost not to exceed \$30,000; and

WHEREAS, Management further recommends designation and use of the Property Division Improvement as appropriate funding of such WPF Office Rehabilitation and Staff Relocations

NOW THEREFORE, be it

RESOLVED: That this Board hereby approves the designation and use of the Property Division Improvement Fund in an amount not to exceed \$112,500 for such WPF Office Rehabilitation and Staff Relocations.

Mr. Daley said that this item funds our relocation to existing offices that MIRA owns at the Waste to Energy Facility in Hartford. We are relocating mainly because of the expiration of our lease for the headquarters in Rocky Hill, but also because of our substantial downsizing and need to have a presence at the Waste to Energy Facility for its decommissioning and the sale of surplus equipment that should be underway shortly. Mr. Daley said the decision to move to the facility was made by the Board in July and management was directed to refine the logistics and costs for the move. We have now done that and concluded we should do some limited refurbishment work intended to mitigate odors that remain from the office's prior use in support of the waste to Energy Facility. That is estimated at \$82,500 based on a bid from Acore Builders going through P&P. We also concluded that all staff remaining with the Authority after April 30 other than those assigned to Torrington or Essex should consolidate in the Waste to Energy Facility office which essentially also vacates the recycling facility on Murphy Road no longer being used. This cost is \$30,000 based on a bid from William B Meyers also going through P&P. Mr. Daley said the total cost to relocate and consolidate is \$112,500 and is an appropriate use of the Property Division Improvement Fund and that our rent in currently \$206,000 per year. Mr. Daley further explained that the Improvement Fund has a current balance of approximately \$260,000 and an available balance of \$90,000 after completion of the fire suppression system project approved last month. So if this is approved, the fund would have an available balance of approximately \$58,000 (corrected from \$66,000).

The motion to approve the foregoing resolution was approved unanimously.

3. Review and Approve Draft Resolution Regarding Use of CSWS Decommissioning Reserve

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

WHEREAS, At its February 23, 2022 meeting, the Materials Innovation and Recycling Authority Board of Directors (“Authority”) authorized management to establish a CSWS Decommissioning Reserve by transfer of \$3,300,000 from the Authority’s Property Division General Fund; and

WHEREAS, At its February 23, 2022 meeting, the Authority further directed that no funds be expended from the a CSWS Decommissioning Reserve until the Authority approves a decommissioning plan including a scope of work, final cost estimate, commencement and completion schedule; and

WHEREAS, In May, 2022 the Authority submitted its CSWS Resource Recovery Facility Closure Plan to the Department of Energy and Environmental Protection (“DEEP”) for its review (effectively the Decommissioning Plan) which plan was funded through the Authority’s Fiscal Year 2022 operating budgets; and

WHEREAS, On October 14, 2022, DEEP provided its comments on the Decommissioning Plan including requests for additional information and comments from the Greater Hartford Flood Commission which management is recommending TRC Environmental Corporation, having developed the Decommissioning Plan, respond to; and

WHEREAS, Management has reviewed the scope of DEEP comments with TRC Environmental Corporation, and TRC Environmental Corporation has estimated a cost of \$39,113 to respond; and

WHEREAS, Such response is an essential element of the Authority’s approval of a Decommissioning Plan that management recommends be funded through use of the CSWS Decommissioning Reserve.

NOW THEREFORE, be it

RESOLVED: That this Board hereby approves the designation and use of the CSWS Decommissioning Reserve in an amount not to exceed \$40,000 for TRC Environmental Corporation to respond to DEEP’s comments and requests for additional information on the Decommissioning Plan.

Mr. Daley stated that this resolution addresses the need to have TRC Environmental Corporation respond to comments and requests for additional information that we have now received from DEEP on our Closure Plan for the CSWS Waste to Energy Facility. TRC originally prepared the plan and is best suited to respond to the comments. Mr. Daley also noted that when the CSWS Decommission Reserve was established it was expected that no funds would be expended from it until an approved plan was in place including the scope, cost and schedule for the work. He said since responding to these comments is essential to all of those

items it was appropriate to use this reserve for it. We require Board approval to use this reserve and the cost of responding is not to exceed \$40,000. Mr. Daley explained the reserve was initially set up for \$3.3 million, and since interest remains with the fund, estimated the fund would remain at \$3.3 million after completion of this work.

Director Hayden inquired on the nature of comments and requests for additional information received from DEEP. Peter Egan provided a summary of such comments and requests.

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 September 30, 2022 with the Committee.

He said the Authority Budget for personnel and non-personnel services was 22.1% under budget in September and 13.9% 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 \$1.2 million in operating revenue for September, which is \$343,000 better than budget due to the very high reserve credits discussed last month and strong interest earnings.

Mr. Daley said that we will now be reporting interest earnings monthly rather than quarterly as has been the past practice because the associated revenue has increased substantially to over \$125,000 a month for all divisions.

He said most of MIRA's funds are held in the State Treasurer's Short Term Investment Fund. Our cash on hand increased significantly in FY 2022 and the interest rates being earned increased exponentially from about a tenth of a percent in CY 2021 to 2.5% in September and likely over 3% in October.

Property Division operating expenses were \$92,000 over budget in September which is due to increased labor associated with the closure of the WTE Facility which eliminated cross utilization of staff for the Jets.

The Property Divisions \$1.99 million operating contingency was sized and is adequate for this purpose. It is allocated to the back half of the year so we will not see this in the report for a few more months.

Year to date Property Division operating income totals \$2.33 million which is 9.7% above budget.

The CSWS generated \$0.74 million in operating revenue in September, which was 5.6% above budget. We had a deficit in member town waste deliveries more than offset by surplus other energy market revenue and interest earnings.

We have been examining the member town delivery deficit and determined it is due to diversion of MIRA waste from Essex to non-MIRA facilities. We have documented and addressed this with haulers and municipal officials where appropriate.

We are also taking additional steps to mitigate shortfall penalties that may accrue under the Covanta contract due to this diversion. One item to bring additional waste direct to Covanta may be brought to the November Board if fully worked out.

Mr. Daley noted the Committee's previous inquiry on the structure of penalties under the Covanta contract and state MIRA pay's \$10 / ton penalty if it delivers less than 2,300 tons / month, no fee if deliveries are between 2,300 and 3,400 tons / month, and then \$10 / ton if deliveries are between 3,400 and 4,000 tons / month. He stated at year end we true up to a 40,000 ton commitment and pay \$50 / ton fee if short (less prior \$10 interim shortfall penalties paid).

Year to date total CSWS revenues are \$1.73 million (35.4%) under budget.

CSWS operating expenses were \$444,000 under budget in September which mostly represents reversed accruals for NAES contract operating charges and incentive fees relative to actual expenses. Year to date expenses are \$1.43 million (17.3% under budget).

The year to date CSWS operating loss totals \$3.68 million which is 8.9% worse than budget due to the early shortfall in non-participating deliveries and the current shortfall in member deliveries.

Mr. Daley stated that, in terms of cash flow, the property division generated sufficient receipts to transfer \$881,552 to the Tip Fee Stabilization Fund. Year to date we transferred \$3,096,493 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 \$458,111 from the fund in September and has drawn a total of 468,188 this year.

Mr. Daley informed the Committee that, this morning, MIRA received its Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the FY 2021 Annual Comprehensive Financial Report and congratulated Cheryl Kaminsky and staff for their hard work. Committee members further congratulated staff.

Executive Session - Committee Chairman Hunter requested a motion to add an Executive Session to the agenda to discuss pending litigation regarding action by the Authority to enforce its legal rights under its waste delivery agreements. The motion was made by Director Hayden, seconded by Director Weisselberg and approved unanimously. Committee Chairman Hunter then made a motion to enter Executive Session for such purpose, which was seconded by Director Hayden and approved unanimously. Committee Chairman Hunter requested Tom Kirk, Peter Egan, Mark Daley, Laurie Hunt and Tom Gaffey to attend the Executive Session. The Executive Session commenced at 10:06 and concluded at 10:50 with no votes being taken.

5. Adjournment

Committee Chairman Hunter deemed the meeting adjourned at 10:50 a.m. upon conclusion of the Executive Session.