

**Finance Committee  
December 7, 2022  
Regular Meeting Minutes**

A Regular Telephonic Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on December 7, 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  
Roger Guzowski, Manager of Contracts and Procurement  
Dave Bodendorf, Senior Environmental Engineer  
Chris Sheppard, Environmental Compliance Manager

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 November 2, 2022 Finance Committee Meeting.**

Committee Chairman Hunter requested a motion to accept the minutes of the November 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 approved by Directors Hunter, Hayden and Weisselberg. Director Fortuna abstained.

**2. Review and Approve Draft Resolution Regarding Landfill Division Operating STIF.**

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

**WHEREAS**, The Materials Innovation and Recycling Authority (Authority) has previously authorized establishment of a Landfill Division Operating Account within the Bank of America (“Landfill Account”); and

**WHEREAS**, The Authority desires to maximize its interest earnings on funds held with the State Treasurer’s Short Term Investment Fund (“STIF”).

**NOW THEREFORE, be it**

**RESOLVED:** That management is hereby authorized to establish a Landfill Division Operating Fund within the STIF.

**FURTHER RESOLVED:** That management is hereby authorized to transfer all monies held with the existing Landfill Account into such Landfill Division Operating STIF.

**FURTHER RESOLVED:** That management is hereby authorized to subsequently close the existing Landfill Account.

Mr. Daley said that this item is intended to take full advantage of the vastly improved interest rates being earned in the Treasure’s Short Term Investment Fund. Interest earnings in the STIF are up over 3.5% while they were just a fraction of a percent about a year ago. We presently have a Bank of America operating account for the Landfill Division as it was originally set up a number of years ago. With this authorization we will close the Bank of America account and

transfer those funds (approximately \$2.2 million) to a newly established STIF account. Mr. Daley added that when we get to the discussion of Fiscal Year 2024 budgets later in the meeting, we will see that this allows us to budget \$82,500 in interest income for the landfill Division.

Following a brief discussion among the Committee, the motion to approve the foregoing resolution was approved unanimously.

### **3. Review and Approve Draft Resolution Regarding Authority General Fund STIF**

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

**WHEREAS**, The Materials Innovation and Recycling Authority (Authority) has previously authorized establishment of an Authority General Fund Checking Account within the Bank of America (“Authority Account”); and

**WHEREAS**, The Authority desires to maximize its interest earnings on funds held with the State Treasurer’s Short Term Investment Fund (“STIF”).

**NOW THEREFORE, be it**

**RESOLVED:** That management is hereby authorized to establish an Authority General Fund within the STIF.

**FURTHER RESOLVED:** That management is hereby authorized to transfer such portion of the monies held with the existing Authority Account into such Authority General Fund STIF as is necessary to maintain an Authority Account balance of two hundred thousand dollars (\$200,000).

**FURTHER RESOLVED:** That management shall continue use of such Authority Account for payment of Authority expenses in accordance with procedures heretofore authorized by this Board.

Mr. Daley said that this is the second item needed to take full advantage of the interest rates now being earned in the Treasurer’s Short Term Investment Fund. We presently have a Bank of America operating account for the Authority General Fund through which we pay all Authority expenses. With the consolidation that the Authority is going through, Management is comfortable reducing the minimum balance of this account to \$200,000. We will establish a new Authority General Fund STIF account and transfer the amount exceeding \$200,000 in Bank of America to it. We will do this with our next monthly reconciliation of the Bank of America General Fund and anticipate transferring approximately \$600,000 to the new STIF. Management

estimates that this action, combined with the new Landfill STIF, will increase Authority interest earning by a total of approximately \$100,000

Following a brief discussion among the Committee, the motion to approve the foregoing resolution was approved unanimously.

#### **4. Review of Draft FY 2024 Authority, Property and Landfill Division Operating Budget Proposals**

Mr. Daley stated that we got off to a bit of a late start on Fiscal Year 2024 budget development with all of the transition activity underway, and at the same time we are modifying budget structures in accordance with our consolidation and modified mission, and we are bringing Roger Guzowski on board and up to speed as the new lead person for budget development. With all of this acknowledged I think we are in good shape now to receive feedback on our draft proposals for the Authority Budget, Property and Landfill Division budgets. He thanked Roger Guzowski for his hard work in pulling this together and acknowledged assistance mostly from Dave Bodendorf, Chris Sheppard, Chris May and Cheryl Kaminsky who are here to help with elements of the budgets they participated in. Mr. Daley stated that he will review the proposed budgets and the team will respond to feedback and questions as appropriate. He also stated that no votes were planned on the budgets at this stage, but if the Committee felt comfortable enough with them, we could draft resolutions and bring them to the Board next week. Otherwise we will plan a high level presentation to the Board for feedback purposes. In January we will have a draft of CSWS budget and would anticipate remaining within the new opt out levels of the MSA Amendment. Mr. Daley added that this would be done without further transfers into the Tip Fee Stabilization Fund from Property Division income or reserves. Mr. Daley shared a power point presentation summarizing how budgets were restructured to reflect the Authority's consolidation and interim mission and the revenue and expenditure estimates associated with each draft budget proposal.

The directors questioned, commented and provided feedback on each element of the presentation and budget documents. Modifications to MIRA's interim mission were agreed, additional analysis of Waste to Energy Facility electric cost was requested and the Committee's consensus was to provide a high level presentation of the budget development material to the full Board.

#### **5. 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 October 31, 2022 with the Committee.

He said the Authority Budget for personnel and non-personnel services was 16% under budget in October and 14% 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 which we need to revisit for budget reporting purposes.

The Property Division generated \$0.96 million in operating revenue for October, which is \$276,000 better than budget due to the very high reserve credits previously discussed and strong interest earnings. He said that Property Division operating expenses were \$21,000 (6.6%) under budget in October but are \$1.3 million (162%) over budget year to date 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 \$2.99 million which is 20.2% above budget.

The CSWS generated \$1.38 million in operating revenue in October, which was 4.9% under budget. We had another deficit in member town waste deliveries mostly offset by surplus other energy market revenue and interest earnings.

As noted over the last several months, 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 had previously documented and addressed this with haulers and municipal officials where appropriate and have now requested further enforcement support through DEEP as provided in the statutes.

We have also taken additional steps to mitigate shortfall penalties that may accrue under the Covanta contract due to this diversion of member waste. Last month the Board approved settlement with a hauler that will bring additional non-participating waste to Covanta. The contract providing for this is presently being completed.

Year to date total CSWS revenues are \$1.80 million (28.4%) under budget.

CSWS operating expenses were \$283,000 over budget in October which mostly represents payment of accrued leave for NAES contract employees terminated with closure of the plant. Year to date expenses are \$1.15 million (11.9% under budget).

The year to date CSWS operating loss totals \$3.98 million which is 19.7% worse than budget due to the early shortfall in non-participating deliveries and the current shortfall in member deliveries. The transition contingency remains adequate to accommodate this shortfall.

Mr. Daley stated that, in terms of cash flow, the property division generated sufficient receipts to transfer \$621,547 to the Tip Fee Stabilization Fund. Year to date we transferred \$3,718,040 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 \$618,552 from the fund in October and has drawn a total of 1,086,740 this year.

Mr. Daley reminded the Committee that, just prior to the last Finance Committee meeting, 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. We have now included a copy in this month's Finance Committee package. He congratulated Cheryl Kaminsky and staff for their hard work.

## **6. Adjournment**

Committee Chairman Hunter adjourned the meeting at 11:02 a.m.