

**Finance Committee
March 1, 2023
Regular Meeting Minutes**

A Regular Telephonic Meeting of the Finance Committee of the Materials Innovation and Recycling Authority was held on March 1, 2023. Present via video or audio conferencing were:

Finance Committee Members Present:

Bert Hunter
Jim Hayden
Susan Weisselberg
Carl Fortuna

Other Members Present:

Dave Steuber

MIRA Staff Present:

Mark Daley, President and CFO
Cheryl Kaminsky, Comptroller
Tom Gaffey, Director of Recycling and Enforcement
Roger Guzowski, Supply Chain Manager
Dave Bodendorf, Manager of Engineering, Construction
and Power Assets

Others:

None

PUBLIC COMMENT

Chairman Hunter called the meeting to order at 9:31 a.m. Committee Chairman Hunter 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 February 1, 2023 Finance Committee Meeting.

Committee Chairman Hunter requested a motion to accept the minutes of the February 1, 2023 Finance Committee meeting. The motion to approve the minutes was made by Director Weisselberg and seconded by Director Hayden.

The motion to accept the minutes was approved unanimously.

2. Review and Approve – Draft Resolution Approving The Fiscal Year 2023 and Fiscal Year 2024 Hartford PILOT Agreement

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 (Authority) has adopted its Fiscal Year 2023 Operating and Capital Budget for the Connecticut Solid Waste System (FY 2023 CSWS Budget); and

WHEREAS, Such FY 2023 CSWS Budget contemplated operation of its Waste to Energy Facility located in Hartford for a period of one month prior to its closure and included a Hartford PILOT payment in the amount of one million five hundred thousand dollars (\$1,500,000) which was intended to provide the City of Hartford an ample planning period for future reduction of the PILOT; and

WHEREAS, The Authority has adopted its Fiscal Year 2024 Operating and Capital Budgets for its Connecticut Solid Waste System and Property Division which budgets transferred the Waste to Energy Facility from the CSWS to the Property Division for preservation and maintenance funding pending policy decisions concerning its future use, which budgets did not include a PILOT Payment but contemplated subsequent action to approve a use of Property Division reserves funding a Hartford PILOT Payment; and

WHEREAS, Pursuant to a certain multi-year Agreement for Payments in Lieu of Taxes between the City of Hartford and the Authority dated November 27, 2013 and providing PILOT payments for the five fiscal years ending with fiscal year 2018 the Authority's PILOT Payment obligation is contingent on continued operation of the CSWS Waste to Energy Facility; and

WHEREAS, Such multi-year PILOT Agreement was followed by a series of one year agreements providing for a PILOT payment each fiscal year that the Waste to Energy Facility remained in operation; and

WHEREAS, Irrespective of the terms of the multi-year PILOT Agreement the Authority desires to establish and pay the City of Hartford a fiscal year 2024 PILOT in the amount of three hundred thousand dollars (\$300,000) from available Property Division Reserves.

NOW THEREFORE, be it

RESOLVED: The President is authorized to enter into a PILOT Agreement with the CITY of Hartford providing for payment of the fiscal year 2023 PILOT as adopted in the FY 2023 CSWS Budget which agreement may further provide for payment of a fiscal year 2024 PILOT in the amount of Three Hundred Thousand Dollars (\$300,000).

FURTHER RESOLVED: That management is authorized to draw Three Hundred Thousand Dollars (\$300,000) from the Property Division General Fund for payment of such fiscal year 2024 PILOT.

Mr. Daley stated that this is the additional resolution discussed last month as needed to address the Hartford PILOT which is now independent of the annual budget and CSWS. We are dealing with two issues in the resolution. First is authority to contract for payment of the FY 2023 PILOT which was included in the adopted budget for FY 2023 in the amount of \$1.5 million when the plant operated for one month prior to shut down. Second is establishment of the amount of PILOT payment for FY 2024 and authority to contract for payment of that.

Mr. Daley stated that we have mentioned previously that we are putting together benchmarks for a possible PILOT payment which we have done and these were distributed to the Committee yesterday. Dave Bodendorf put most of these together and he is here to discuss details of his research. Mr. Daley said Committee Chairman Hunter also asked that we put together a map showing the location of the benchmarks which we have, and also a look back at prior payments which we can share as well.

Mr. Daley said management is recommending a PILOT of \$300,000 for FY 2024. This relies mostly on the PILOT payment rate of the neighboring Brainard Airport and also the land values and assessments for other private facilities in the area. He said we did look back at the last long term contract for the PILOT and it was clear that the City and MIRA previously agreed that the PILOT would end when the plant stopped running and we felt that was important background to include in the resolution. In the resolution we also left open the possibility of at least moving forward for authority to pay FY 2023 if we can't reach agreement on the amount for FY 2024. Mr. Daley stated that we have designated the Property Division General Fund as the reserve to be drawn upon for payment of the FY 2024 PILOT.

Mr. Daley screen shared files depicting the benchmarks developed, a map showing the location of benchmarked property and the payment history which were reviewed and discussed among the Directors.

Committee Chairman Hunter asked Director Steuber to share his thoughts on the proposed PILOT and benchmarks. Director Steuber stated that MIRA's calculation based on 70% of assessed land value was incorrect and should be 70% of market value. He also stated the PILOT should consider assessed value of land and buildings which would significantly increase the PILOT. Director Steuber screen shared his calculation of PILOT benchmarks correcting the 70% calculation and including land and building values.

After considerable discussion among the Directors, Committee Chairman Hunter made a motion to amend the resolution to provide for a FY 2024 PILOT in the amount of \$1,500,000. Director Weisselberg further requested reference to the ample planning period in the second Whereas be deleted. The motion to so amend the resolution was seconded by Director Hayden. Directors Hunter, Hayden and Weisselberg voted affirmatively to amend the resolution. Director Fortuna supported management's recommended PILOT and opposed the amendment.

Committee Chairman Hunter made a motion to approve the resolution as amended which was seconded by Director Hayden. Directors Hunter, Hayden and Weisselberg voted affirmatively to amend the resolution. Director Fortuna supported management's recommended PILOT and opposed the resolution as amended.

3. Review and Approve – Draft Resolution Establishing an Initial South Meadows Transition Contingency Reserve.

Committee Chairman Hunter made a motion to approve the foregoing resolution which was seconded by Director Hayden.

WHEREAS, MIRA encouraged 21 CSWS Participating Municipalities to enter into a certain Second Amendment to their Tier 1 Long Term Municipal Solid Waste Management Services Agreement by offering to provide for the continued use of the CSWS Tip Fee Stabilization Fund to the extent feasible and necessary to reduce Disposal Fees to the levels projected in such Second Amendment; and

WHEREAS, Such Second Amendment projection of Disposal Fees reflected the use of Tip Fee Stabilization Funds totaling \$12,313,422 to reduce Disposal Fees to projected levels for fiscal years 2024, 2025, 2026 and 2027; and

WHEREAS, MIRA previously authorized transfers to the Tip Fee Stabilization Fund from Property Division income which has been drawn upon and refunded by the CSWS Participating Municipalities in accordance with MIRA's Flow of Funds procedures leaving a balance of \$13,420,370 as of December 31, 2023 which, together with funds available in the CSWS operating and major maintenance accounts, exceed funds necessary to reduce Disposal Fees to the levels projected through June 30, 2027; and

WHEREAS, Effective July 1, 2023, the CSWS shall comprise operation and management of the Torrington and Essex Transfer Stations and the provision of municipal solid waste and recycling transportation, disposal and processing services to its remaining CSWS Participating Municipalities; and

WHEREAS, Effective July 1, 2023, CSWS closed facilities including the Watertown and Ellington Transfer Stations, Hartford Recycling Facility and Waste to Energy ("WTE") Facility shall be transferred to MIRA's Property Division and funded for maintenance, preservation and decommissioning pending policy decisions concerning their future use; and

WHEREAS, Management has determined that certain funds available within the CSWS Operating and Major Maintenance accounts may properly be made available for continued work at the WTE Facility including and South Meadows site.

NOW THEREFORE, be it

RESOLVED: That management is hereby directed to establish a South Meadows Transition Contingency Reserve within the State Treasurer's Short Term Investment Fund ("STIF").

FURTHER RESOLVED: That management is directed to transfer the sum of one million five hundred thousand dollars (\$1,500,000) from the CSWS Operating Account into such a South Meadows Transition Contingency Reserve.

FURTHER RESOLVED: That management is directed to transfer the sum of four million dollars (\$4,000,000) from the CSWS Major Maintenance Fund into such a South Meadows Transition Contingency Reserve.

FURTHER RESOLVED: That interest earnings on such Contingency Reserve shall be transferred to the CSWS Operating Account.

FURTHER RESOLVED: No funds shall be expended from such South Meadows Transition Contingency Reserve until such time as MIRA's statutory authority is clarified to permit evaluation of future use options for South Meadows, site preparation and mitigation consistent with those options.

Mr. Daley stated this is the resolution previously discussed with the Finance Committee and Board that would establish an initial South Meadows Transition Contingency Reserve. This is somewhat of a companion to the prior establishment of the South Meadows Transition Committee which will have its first meeting later this morning. He said we discussed both of these initiatives at our Town meeting held on February 21 and then also discussed them at the Speakers Summit held on February 23 and on February 27 we distributed the presentation made at the Speaker's Summit and MIRA's oral testimony on HB 6664 to the participating municipalities. He said the distribution to the towns included a notation that the transition contingency reserve will be discussed at today's Finance Committee and we requested their support. We have described these actions as some of the areas where MIRA was in alignment (or in the process of aligning) with some of the objectives in HB 6664.

Mr. Daley added that we are concerned that the bill is in conflict with valid interests the participating towns have in MIRA reserves and so this action is a step toward establishing common ground among the multiple stakeholders in MIRA reserves. Those additional stakeholders would include Hartford, DEEP and possibly others. The resolution establishes a \$5.5 million reserve by transfer of funds from the CSWS major maintenance fund and operating account. Interest on the new reserve would stay with CSWS as that was previously included in the CSWS budget for FY 2024. He said the amount of \$5.5 million can be viewed as reasonable in the context of WTE Facility Major Maintenance Funds not spent as the facility closed down. It can also be viewed as reasonable in light of over \$3 million in NAES funding returned to MIRA as the facility closed down and we reconciled and included those funds in our account balances.

Mr. Daley said at the end of the day the CSWS participating towns are kept whole in the amended MSA with approximately \$5.4 million remaining in the cash flow projection and that funds available in the Property Division would exceed \$20 million before counting revenue from the sale of surplus property. Mr. Daley screen shared the cash flow projection depicting these transfers and balances available for CSWS and other authorized purposes.

The Directors discussed the benefits of showing good faith with the objectives of HB 6664 while honoring commitments under the CSWS amended MSAs. The Directors also discussed the possibility of revisiting the amount being funded if that was desired by a future Board.

The foregoing resolution was approved unanimously.

4. Discussion of Informational Reports for Period ending January 31, 2022.

Mr. Daley noted the South Meadows Transition Committee would be starting soon and we have an Executive Session scheduled so in the interest of time discussion of informational reports was deferred.

5. Executive Session - to discuss Pending RFPs and Feasibility Estimates and Evaluations relative to prospective public supply contracts, including MIRA's RFP and prospective contracts for Connecticut Solid Waste System Recycling Services and the impact of same upon MIRA's FY 2024 operating and capital budgets.

Committee Chairman Hunter made a motion to go into Executive Session and read into the record the purpose of the Executive Session. The motion was seconded by Director Weisselberg. Mr. Daley stated that Roger Guzowski and Tom Gaffey would also be needed in the Executive Session. Committee Chairman Hunter requested Director Steuber attend the Executive Session. The motion to go into Executive Session was approved unanimously. The Executive Session began at 10:55 and ended at 11:05. No votes were taken.

7. Adjournment

The meeting was deemed adjourned at 11:05 a.m.