

MIRA Dissolution Authority Finance Committee
September 4, 2024
Meeting Minutes

A Regular Meeting of the Finance Committee of the MIRA Dissolution Authority was held on September, 2024. Present in person or via video or audio conferencing were:

Committee Present: Paul Harrington (Committee Chairperson)
Bill Beccaro (arrived in person at 10:04, via Zoom until then)
Matt Dayton
Bert Hunter (ex Officio – Board of Directors Chairperson via Zoom)

Committee Absent: Dave Steuber

Other Directors Present: David Barkin (via Zoom)

Other Members Present: none

Authority Staff Present; Roger Guzowski, Supply Chain Manager
Cheryl Kaminsky, Comptroller
Thomas Gaffey, Director of Recycling & Enforcement
Chris Shepard, Environmental Compliance Manager (via Zoom)
Dave Bodendorf, Manager of Engineering, Construction and Power Assets
Ann Catino (General Counsel - Halloran Sage)

Attendees: Thomas Goldfuss (Whittlesey – Independent Auditor)
Nicole Pelletier (Whittlesey – Independent Auditor)
Jay Morris (OR&L – real estate broker)
Thomas Wilks (OR&L – real estate broker)
Luke Massirio (OR&L – real estate broker)

Note: The meeting was recorded and can be viewed at www.ctmira.org/board-documents/mira-dissolution-authority-board-documents/mira-dissolution-authority-finance-meetings

Committee Chairperson Harrington called the meeting to order at 9:31 a.m. Following a roll call, Committee Chair Harrington invited members of the public to address the Committee. As there was no public comment, he proceeded with the agenda.

1. REVIEW AND APPROVIE MINUTES OF JULY 10, 2024 MEETING

At the start of the meeting Chairperson Harrington requested a motion to approve the minutes of the June 5, 2024 Finance Committee. The motion was raised by Director Beccaro and Seconded by Director Dayton. The minutes were approved by roll call:

	Raised	Second	Yea	Nay	Abstain
Paul Harrington, Committee Chair			X		
Bill Beccaro	X		X		
Matt Dayton		X	X		
Dave Steuber					Not present

2. DISCUSSION – STATUS REVIEW OF 2024 DRAFT INDEPENDENT AUDIT

President Daley began a discussion of the 2024 Draft Independent Audit. A draft of the audited annual financial report for fiscal year ended 6/30/24 is included in the package. Mr. Daley indicated that this report covers the first year of activity of the MIRA Dissolution Authority and in comparison prior years reflecting MIRA’s activity. Mr. Daley noted this same approach taken when MIRA succeeded CRRA. He further explained the draft includes the financial statements, notes to financial statements, management’s discussion and analysis and draft opinion letters.

Mr. Daley indicated that one of the matters we are discussing with the Auditors to wrap up the audit is how to deal with the separately states spare parts inventory which we currently hold for sale rather than use in the plant. Mr. Daley explained that we do disclose that any gain or loss will be recognized at the time of sale since its value other than cost can’t be estimated at this time but that we may move away from that structure of separately stating inventory once we see what the final recommendations are from the auditors on that matter.

Mr. Daley highlighted the financial performance, stating that Authority generated total operating revenue of \$7.37 million and incurred \$18.59 million in operating expense resulting in a loss before depreciation of \$11.22 million. We had \$0.52 million in depreciation and \$2.30 million in net non-operating revenue was results in a reduction in net position of \$9.44 million. As of June 30, 2024, the Authority’s net position is \$79.72 million which includes \$25.1 million net investment in capital assets and a \$54.6 million unrestricted net position. 65% of the net position is essentially unrestricted cash. The Authority’s unrestricted cash totals \$50.9 million at 6/30/24 which is a decline of \$5.02 million from the prior year. Additional liabilities have been recorded to reflect the Authority’s status including a severance accrual of \$814k, \$2.0 million due to OPM under public act 23-170 and \$636k for the South Meadows Redevelopment Considerations Study.

Mr. Daley stated that Management’s discussion and analysis highlights the Authority’s new obligations to address future redevelopment of the south meadows site, continue CSWS operations until acceptable alternative are identified, and winding down activities including the sale of real and personal property. We touch on the progress that has been made in each of these areas and what can be expected moving into FY2025. We also point to the need to retain qualified and motivated personnel through completion of the wind down process as a key challenge with the potential to adversely affect the Authority. We also point to balancing the use

of finite resources in terms of reserves and lifespan to advance competing interests as a challenge. Here we acknowledge initial success through adopting FY25 budgets which dedicated certain resources to compliance with the CSWS MSAs while also dedicating other and future resources to advancing redevelopment of the south meadows site.

Mr. Daley indicated that we have to submit our audit to the Comptroller by the end of September so we will need the Board to accept the audit at next week's Board meeting or a special meeting before the end of September. I will plan to offer both options next week and update on progress between now and then.

Mr. Daley then turned the discussion over to Tom Goldfuss and Nicole Pelletier from Whittlesey, the Authority's independent auditing firm to go over the status of the audit process. Tom Goldfuss indicated they are in the final stages of the audit to wrap up certain things, particularly with regard to the inventory issue that Mr. Daley highlighted previously. Mr. Goldfuss stated that while he does not expect any such comments, and has not seen any evidence of issues, anyone who has concerns about the organization in terms of fraud or whistleblower activities or anything similar, they should communicate that directly to the Auditors.

Mr. Goldfuss indicated that Whittlesey is finishing up the audit and explained the remaining process, final review to make sure the MD&A, footnotes and statements are correct, including having another partner provide a concurrent review of the audit. As the final step, after Board approval, the Auditor, in addition to their audit report will issue a management letter, which will indicate that Whittlesey has reviewed the financial statements of the Authority. They anticipate they will be issuing a clean unmodified report. One detail he pointed out, that you don't see all the time is an emphasis of matter paragraph, which lets the reader there is something going on the reader should be aware of, in this case the closure and the wind down so the reader knows what's going on.

Ms. Pelletier provided an overview of the approach and testing process that Whittlesey used in their audit. She indicated that this was a top down audit that focused on testing the areas of highest risk. The significant risks they identified to test were management override of controls and improper revenue recognition whether due to error or fraud. The key audit areas they identified this year to focus the majority of their testing were cash, receivables, capital assets, net position, and operating income and expense efforts.

Mr. Daley indicated that management and Whittlesey staff will try to finalize as many remaining tasks as possible by the Board meeting. However he indicated that sometimes there is a legal note that is done as close to publication as possible that could still be outstanding at the Board meeting. Mr. Daley explained that sometimes the Board has approved the audit pending finalization of that legal note, but it will be up to the Board to decide how to proceed. He will

plan to have a resolution ready for the Board meeting, or if there are still any outstanding issues, the Board could elect to schedule a special meeting after any outstanding issues are resolved.

Committee Chair Harrington suggested that having a draft Management Letter from Whittlesey for the Board Meeting indicating that there were no major issues might help to secure Board approval at the meeting even if there were a few minor issues that needed to be finalized before submittal of the audit. Mr. Goldfuss indicated that he could get that draft letter to Mr. Daley by tomorrow. There was concurrence to proceed with that approach.

3. DISCUSSION – UPDATE ON THE SALE OF REAL AND PERSONAL PROPERTY

Mr. Daley provided an update regarding the sale of real and personal property.

Regarding the Watertown Transfer Station property, Mr. Daley indicated that the sale closed last week and the wire payment was received Wednesday morning. Mr. Daley noted that the Authority provided the buyer with all information on the vendors and service suppliers we have previously used at the site, transferred over the electrical service, cancelled all other services, and provided the buyer with all the spare keys and engineering drawings we have for the facility. Mr. Daley stated that the net proceeds initially received and transferred to the South Meadows Transition Contingency Reserve total \$2,435,250, but indicated that we still have to pay Cohn Birnbaum & Shay \$7,437 for their work on preparing closing documents and conducting the closing. Mr. Daley explained that there are also a few bills from Halloran relating to this still to be paid but we will be under the \$20k authorized for legal services for this sale.

Regarding the sale of the Operable Equipment, Mr. Daley stated that the auction of all operable equipment also concluded last week. There were a total of 69 lots defined for the auction which included all the operable equipment and various separated attachments and spare loader tires and wheels. 67 lots sold which leaves us with just 2 sets 4 spare wheel loaded tires. Mr. Bodendorf explained that those 4 remaining tires were removed by a firm at no additional cost.

Mr. Daley explained we are now in the process of having all the equipment paid for, picked up and transported off site. This is expected to conclude by September 10. Sales Auction Company did a great job for us, getting all the equipment running, tested and videoed, completing repairs needed, setting up the auction and marketing the equipment. We also sent all of the marketing information to our own industry contacts to complement their efforts.

Mr. Daley indicated that our net proceeds to be deposited to the South Meadows Transition Contingency Reserve are currently estimated at \$878k which is the gross sales less contracted commissions / expenses. This is subject to final calculations but not expected to change much.

4. INFORMATIONAL REPORTS

President Daley shared a summary of the informational reports. He indicated that we are reporting for the period ending July 31, 2024 and that since this is the first reporting for fiscal year 2025, the report has been updated to reflect FY25 adopted budgets. The CSWS generated \$757,000 in operating revenue which was 1.9% above budget for the month. CSWS expenses were \$1.13 million, resulting in an operating loss of \$374,000 which is 31% below the budgeted loss for July.

For the Property Division, Mr. Daley indicated that the \$135,000 in operating revenues were 0.9% above budget. Property Division expenses of \$474,000 were 19% under budget. This resulted in an operating loss of 339,000 for the Property Division's which is 25% below the budgeted operating loss.

Mr. Daley noted that our annual insurance premiums are budgeted in July for both CSWS and Property Division so the budgeted loss for July is much greater than the remaining months.

In terms of cash flow, Mr. Daley explained that the the Authority's total funds and accounts decreased from \$50.88 million to \$50.01 million in July, including a \$280k reduction in PD and \$570k reduction in CSWS. He reminded the Committee that we will see reserves in the Property Division grow with the sale of assets and CSWS reserves continue to decline with support for the system.

There were no questions or comments from the Committee regarding the Authority Contract and Procurement informational reports.

5. EXECUTIVE SESSION

Committee Chair Harrington requested a motion to go into executive session to discuss the sale of real estate owned by the Authority in Hartford, Watertown, Ellington and Shelton, and any pending consummation, termination or abandonment of all transactions or proceedings concerning any such sale.

Committee Chair Harrington noted that all Directors and Members present as well as Attorney Catino, President Daley and Mr. Guzowski will join the Executive Session as will the following staff from the Authority's real estate broker OR&L: Jay Morris, Thomas Wilks and Luke Massirio. The motion was raised by Director Beccaro and seconded by Director Dayton.

	Raised	Second	Yea	Nay	Abstain
Paul Harrington, Committee Chair			X		
Bill Beccaro	X		X		
Matt Dayton		X	X		

Dave Steuber					Not present
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Executive Session began at 10:16am and concluded at 11:01am.

6. ADJOURNMENT.

At 11:01am, the Committee came out of executive session. Committee Chair Harrington indicated that no action was taken in the executive session, and requested a motion to adjourn the meeting.

The motion was raised by Director Beccaro and seconded by Director Dayton.

	Raised	Second	Yea	Nay	Abstain
Paul Harrington, Committee Chair			X		
Bill Beccaro	X		X		
Matt Dayton		X	X		
Dave Steuber					Not present

The meeting was adjourned at 11:02am