

**Finance Committee
Nov. 13, 2014
Draft Minutes**

Members Present: Chairman Joel Freedman
Jim Hayden
Scott Shanley

MIRA Staff Present: Tom Kirk, President
Mark Daley, Chief Financial Officer
Peter Egan, Director of Operations and Environmental Affairs
Thomas Edstrom, Risk Manager
Jeff Duvall, Director of Budgets and Forecasting
Laurie Hunt, Director of Legal Services
Deepa Krishna, Manager of Accounting and Financial Reporting
Tina Mateo, Assistant Director of Budgets and Cash Management
Moirra Kenney, HR Specialist/Board Administrator
Eileen Kearney, Temporary Board Administrator

Others Present: Jim Sandler, Esq., Sandler & Mara

PUBLIC COMMENT

Chairman Freedman called the meeting to order at 10:31 a.m. He said there were no members of the public who wished to comment and proceeded with the agenda.

1. Approval of the Minutes of the Regular Oct. 16, 2014, Regular Finance Committee Meeting

Chairman Freedman requested a motion to accept the minutes of the Oct. 16, 2014, Finance Committee meeting. The motion to approve the minutes was made by Director Shanley and seconded by Director Hayden.

The motion to approve the minutes was approved unanimously by roll call.

2. Review and Recommend for Board Approval – Draft Authority Budget

Chairman Freedman requested a motion on the above referenced item. The motion to approve was made by Director Shanley and seconded by Director Hayden.

WHEREAS, The Materials Innovation and Recycling Authority (“MIRA”) is contractually obligated to adopt Disposal Fees for its Connecticut Solid Waste System “(CSWS”) member towns on or before February 28, 2015; which fees will apply during MIRA’s fiscal year 2016 which begins July 1, 2015 and ends June 30, 2016; and

WHEREAS, The Southeastern Connecticut Regional Resource Recovery Authority (“SCRRRA”) is contractually obligated to adopt Disposal Fees for the Southeast Project member towns on or before January 1, 2015; which fees will apply during MIRA’s fiscal year 2016 which begins July 1, 2015 and ends June 30, 2016; and

WHEREAS, such Disposal Fees are to reflect the net cost of operation of the CSWS and Southeast Project as defined in the Municipal Service Agreements between CSWS member towns and MIRA, and between Southeast Project member towns and SCRRRA, respectively, each of which net cost of operation includes a properly allocable to MIRA’s general administrative expenses commonly known as the “Authority Budget”; and

WHEREAS, in order for MIRA and SCRRRA to progress timely with the evaluation and establishment of Disposal Fees for the CSWS and Southeast Project member towns it is necessary for MIRA to adopt the Authority Budget for fiscal year 2016 this time including the budget for personnel and non-personnel services that compromise MIRA’s general administrative expenses and the amounts thereof that are properly allocable to MIRA projects and divisions that will be active during fiscal year 2016 including:

1. Connecticut Solid Waste Systems (CSWS)
2. Southeast Project
3. Mid Connecticut Project
4. Property Division
5. Landfill Division

NOW THEREFORE, be it

RESOLVED, that the fiscal year 2016 Materials Innovation and Recycling Authority Operating Budget attached hereto as Exhibit A be adopted substantially in the form as presented and discussed at the meeting.

Mr. Daley began a discussion on the draft Authority Budget. He noted changes in the budget from the previous year. He also discussed changes to the landfill reserves.

The motion previously made and seconded was approved unanimously by roll call.

3. Review and Recommend for Board Approval – Draft Southeast Budget

Chairman Freedman requested a motion on the above referenced item. The motion to approve was made by Director Shanley and seconded by Director Hayden.

RESOLVED, that the Materials Innovation and Recycling Authority (“MIRA”) Board of Directors approve the Southeast Project MIRA Administrative Expenses in the amount of

\$501,833.00; and

FURTHER RESOLVED, That the fiscal year 2016 MIRA Southeast Project Operating Budget be adopted subject to the Southeastern Connecticut Regional Resource Recovery Authority's ("SCRRA") approval of this budget and as substantially presented and discussed at this meeting.

Mr. Daley discussed how there would be a change in Authority Budget allocations to the Southeastern Connecticut Regional Resource Recovery Authority ("SCRRA"). He noted this matter was discussed with SCRRA on October 31, 2014, and November 12, 2014. Mr. Daley said SCRRA management had not been aware of the reduction they had been given in the past to the SCRRA allocation of the Authority budget.

Chairman Freedman and Director Shanley asked why the timing of the elimination of the allocation caps was this year and not in the past 2 years or in the future. Mr. Daley said the cap issue was addressed this year in recognition of the paring back of projects occurring from 2010 going forward. He said he had mentioned to the Finance Committee last year that this was occurring as the budget was being developed so they would be aware of what was occurring with these allocations.

Director Shanley asked how this allocation would be communicated to SCRRA's member towns. Mr. Daley said that he had explained to SCRRA after MIRA's Finance Committee and the full Board addressed this issue he would share any additional news. He also said that this allocation would not affect the towns tip fee due to the Southeast Project current budget model.

The motion previously made and seconded was approved unanimously by roll call.

4. Review and Recommend for Board Approval – Recycling Rebates

Chairman Freedman requested a motion on the above referenced item. The motion to approve was made by Director Shanley and seconded by Director Hayden.

WHEREAS, The Materials Innovation and Recycling Authority ("MIRA") Board of Directors desires to encourage maximum recycling efforts by the municipalities that are contract members of its Connecticut Solid Waste System ("CSWS") consistent with the goals of the State's Solid Waste Management Plan;

WHEREAS, Section 3.4 of the Municipal Solid Waste Management Services' Agreements ("MSA's) for contract members of the CSWS with recycling commitments provides for the distribution of recycling rebates when i) revenues received from recycling operations exceed the cost of providing recycling services and ii) the MIRA Board of Directors declares a surplus with respect to such revenues;

WHEREAS, pursuant to letters dated November 4, 2011, such contract members of the CSWS with recycling commitments were further offered the option to end their obligation to deliver all Acceptable Recyclables if MIRA does not provide a Recycling Rebate of at least \$10.00 per ton, which option first applies to MIRA's Fiscal Year 2014 which began July 1, 2013 and ended June 30, 2014;

WHEREAS, during Fiscal Year 2014 , the CSWS received 42,247 tons of Acceptable Recycles eligible for rebate as summarized below and listed in detail in Exhibit A hereto,

- Tier 1 Long Term - 33,454.95 tons
- Tier 1 Short Term - 8,349.86 tons
- Tier 3 - 441.85 tons
- Total Acceptable Recyclables - 42,246.66 tons

WHEREAS, estimated expenses in the amount of \$424,893 for payment of recycling rebates against the accounts of the CSWS were accrued in Fiscal Year 2014;

NOW THEREFORE, be it

RESOLVED, that the MIRA Board of Directors hereby declares as surplus \$422,466.60 in operating funds of the CSWS and directs management to disburse such funds to the CSWS member towns listed in Exhibit A at the rate of \$10.00 for each ton of Acceptable Recyclables delivered by or under the control of such member.

The Committee began a discussion on the offering of rebates to contract members of the Connecticut Solid Waste System (“CSWS”) consistent with the goals of the State’s Solid Waste Management Plan. Mr. Daley provided background on the subject and noted tiered contract contained an option to terminate those contracts with respect to the recycling commitment if CSWS does not provide a \$10 rebate. He said that this contract provision is first effective for FY ’14.

Mr. Daley said that management recommends that the Committee recommend to the Board to declare the surplus of \$422,466.60 to approve the \$10 rebate. He also noted that the yearend accrual calculation was slightly above the actual calculation of tons eligible for the rebates. Director Shanley asked if the amount of accrual is supported by the recycle operation. Mr. Daley responded affirmatively. The Committee agreed to recommend that a \$10 rebate be approved.

The motion previously made and seconded was approved unanimously by roll call.

5. Informational

Mr. Daley presented the Board of Director’s Financial Report for the period ending September 30, 2014. He noted that the report is continuing to evolve and called specific attention to the areas of spot waste and revenue reporting and noted that ferrous revenue has been removed. He said there have been some structural changes to the report, but not many. He also said that there had been a change in generation data that was received for the plant and that it was reflected and noted in the narrative to the report.

Chairman Freedman made a suggestion to Mr. Daley that it would be helpful to number the pages before the report was presented to the Board of Directors at next week’s meeting. Mr. Daley concurred.

Mr. Kirk noted that another item that would be brought before the full Board next week, without any Committee review, was the Interim Access Agreement with the City of Hartford (the”City”). He said

this agreement will allow MIRA to continue to maintain and operate the solar project with the City. He further noted that the current lease expires with the approval by the CT DEEP of MIRA's closure plan submittal, which is imminent.

Mr. Kirk explained a long term access agreement is required to continue to allow MIRA to have access to maintain that facility while developing a long term power agreement and long term access agreement with the City. This would allow MIRA to share the revenues and benefits of that solar system with the owners of the landfill (the City). It would also allow MIRA to pick up the construction costs with connecting the City's public works building to the landfill so the City can benefit from wholesale rate power at the public works building. He said any excess would be sold into the market and the zero emission credits would still be part of MIRA's revenues.

Mr. Kirk said due to the City's cash flow issues, it cannot afford to undergo the construction costs and this way MIRA can continue to add value to the project to the host city and still glean value from the project. The interim access agreement will give MIRA six months to see an interim agreement which would allow MIRA to put the finishing touches on a PPA with the City and a final access agreement.

Chairman Freeman asked if that plan would include a pro forma overview of the financial value to MIRA. Mr. Kirk said there is a tentative proposal to the City which is under review. He noted that, the City, however, has not agreed to it yet. Mr. Kirk noted that the proposal is not part of the short term agreement that will be presented to the Board for a vote next week, but can be shared in Executive Session.

Mr. Daley discussed scheduling an auction for the process of power generation for the plant and noted that the auction would be conducted in early December. Mr. Kirk said there would be a Special Board meeting to vote on the bids and management will know well ahead of time when the auction occurs.

EXECUTIVE SESSION

Chairman Freedman requested a motion to enter into Executive Session. The motion was made by Director Shanley and seconded by Director Hayden. The motion previously made and seconded was approved unanimously by roll call. Chairman Freedman requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk
Mark Daley
Laurie Hunt
Thomas Edstrom

The Executive Session commenced at 11:25 a.m. and concluded at 11:35 a.m.

The meeting was reconvened at 11:35 a.m. The door was opened, and the Board Secretary and all members of the public (of which there were none) were invited back in for the continuation of public session.

The Chairman noted that an item was discussed in Executive Session regarding selection of brokers for a three year period starting the next calendar year starting January 1. There was a consensus that management takes the recommendation of staff regarding Beecher and the Committee agreed that it would be presented before the Board at next week's meeting

ADJOURNMENT

Chairman Freedman requested a motion to adjourn the meeting. The motion was made by Director Shanley and seconded by Director Hayden.

The meeting was adjourned at 11:40 a.m.

Respectfully submitted,

Eileen Kearney
Temporary Board Administrator