

**Finance Committee  
Oct. 16, 2014  
Draft Minutes**

Members Present: Chairman Joel Freedman  
Jim Hayden  
Scott Shanley  
Andy Nunn (present by telephone)

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  
Moirra Kenney, HR Specialist/Board Administrator

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

**PUBLIC COMMENT**

Chairman Freedman called the meeting to order at 10:33 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 Sept. 18, 2014, Regular Finance Committee Meeting**

Chairman Freedman requested a motion to accept the minutes of the Sept. 18, 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 Resolution Extending Public Officials and Property Insurance Policy Periods**

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 MIRA extend the term of its current Public Officials insurance policy with ACE American Insurance Company for three months, from 4/1/15 to 6/30/15, for a pro-rated premium of \$36,044; and

**FURTHER RESOLVED:** That MIRA extend the term of its Property insurance policy with its current four carriers – Zurich, Swiss Re, Starr Tech, and XL – for three months, from 4/1/15 to 6/30/15, for a pro-rated total premium of \$230,000;

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

**3. Review and Recommend for Board Approval Resolution Regarding Transferring Additional Funds into the Mid-Connecticut Litigation Reserve**

Chairman Freedman requested a motion on the above referenced item. Director Shanley made the motion which was seconded by Director Hayden.

**WHEREAS,** in May, 2014, MIRA obtained Board authorization to pay FY '15 Mid-Connecticut Project litigation fees and expenses from the Mid-Connecticut Project Litigation Reserve; and

**WHEREAS,** multiple additional hearing days have now been added to the schedule of MIRA's arbitration with MDC, which are anticipated to require significant additional funding for legal fees, arbitrators' compensation, and retention of expert witnesses; and

**WHEREAS,** the amount of funds remaining in the Mid-Connecticut Litigation Reserve is expected to be insufficient to cover the remaining costs of the MDC arbitration; and

**WHEREAS,** there are funds available in the Mid-Connecticut Project Closure Reserve for the payment of such additional costs;

**NOW THEREFORE,** it is

**RESOLVED:** That \$500,000 be transferred from the Mid-Connecticut Project Closure Reserve to the Mid-Connecticut Project Litigation Reserve; and

**FURTHER RESOLVED:** That the President is authorized to expend up to an additional \$800,000 from the Mid-Connecticut Project Litigation Reserve for payment of legal costs incurred in fiscal year 2015 in connection with MDC arbitration.

Ms. Hunt said there is a hearing related to the MDC arbitration this day and two days of hearings are planned for the following week. She said in addition, 11 possible days of hearings were added to the calendar for November. Ms. Hunt said management will have a better idea of the scope of hearings later that day. She said the current resolution address that information and includes the cost of the arbitration panel as well as costs for MIRA's law firms; Halloran and Sage and Kainen and Escalera.

Ms. Hunt said there are new experts whom MIRA has not deposed of yet and if they testify costs for those possible depositions are also included. She said MIRA has almost exhausted the Mid-Connecticut litigation reserve which has about \$300,000 remaining.

Mr. Daley said in order to assess funding alternatives for this additional expense, management looked into the Mid-Connecticut project reserve accounts and determined the Mid-Connecticut Post Project Reserve is an appropriate source of funds.

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

**4. Review and Recommend for Board Approval Resolution Regarding Distributing Escrow and Related Funds to Wallingford Project Towns**

Chairman Freedman requested a motion on the above referenced item. Director Hayden made the motion which was seconded by Director Nunn.

**WHEREAS**, on April 23, 2009 the Materials Innovation and Recycling Authority (the “Authority”) formerly the Connecticut Resources Recovery Authority (“CRRRA”) Board of Directors (the “Board”), in consultation with and with unanimous consent of the Wallingford Project Policy Board (the ‘Policy Board’), authorized the closing and transfer of various funds in order to provide an initial distribution of surplus funds to the Wallingford Project member towns; and

**WHEREAS**, on April 23, 2009, the Materials Innovation and Recycling Authority (the “Authority”) formerly the Connecticut Resources Recovery Authority (“CRRRA”) Board of Directors (the “Board”), in consultation with and with unanimous consent of the Wallingford Project Policy Board (the ‘Policy Board’), authorized the closing and transfer of various funds in order to provide an initial distribution of surplus funds to the Wallingford Project member towns; and

**WHEREAS**, the Policy Board has previously requested that remaining Project funds be equitably distributed based on a five-year weighted average of tons delivered to the Wallingford Project member towns, consisting of the towns of Cheshire, Hamden, Meriden, North Haven, and Wallingford, Connecticut (the “Towns”); and

**WHEREAS**, the percentage of the relative amounts of acceptable solid waste delivered by each Town has been developed to reflect delivered and diverted tons for the five-year time period beginning July 1, 2005 and ending June 30, 2010: and

**WHEREAS**, the Wallingford Project officially ended on June 30, 2010 and the ownership of the Resource Recovery Facility (“RRF”) located in Wallingford Connecticut was transferred to the Operator of the RRF (the “Operator”) as prescribed in the Wallingford Project Operating Agreement; and

**WHEREAS**, in order to effectively transfer ownership of the RRF, certain environmental work had to be performed under the State of Connecticut’s Transfer Act; and

**WHEREAS**, funds were provided to the Operator under a June 30, 2010 Release and Settlement Agreement to mitigate the cost of this environmental work, provided, that unused funds be returned to the Wallingford Project once the environmental work is completed; and

**WHEREAS**, as of October 1, 2014, the environmental work has been completed by the Operator and \$600,000 of the initial funding provided by the Wallingford Project has been refunded to the

Authority (includes \$500,000 from the Wallingford Escrow Account and \$100,000 from the Operator); and

**WHEREAS**, this \$600,000 is surplus to the needs of the Authority’s Wallingford Project and can be returned to the Towns.

**NOW THEREFORE**, be it

**RESOLVED**: That the amount of \$600,000 be distributed to the Towns in the percentage values and dollar amounts as follows based upon the tonnage formula previously agreed to by the Policy Board:

<b>Town</b>	<b>Total Tons Delivered FY 2006-20010:</b>	<b>Percentage of Tonnage:</b>	<b>Tonnage</b>
Cheshire	99,877.67	13.41%	\$ 80,483.25
Hamden	171,685.53	23.06%	\$ 138,347.32
Meriden	164,997.82	22.16%	\$ 132,958.24
North Haven	106,919.58	14.36%	\$ 86,157.74
Wallingford	201,104.24	27.01%	\$ 162,053.45
<b>Total</b>	<b>744,584.85</b>	<b>100.00%</b>	<b>\$ 600,000.00</b>

Mr. Daley said when the Wallingford Project closed, an escrow of \$500,000 was set-up to provide a reserve for transfer act requirements, investigations for the transfer and any potential remediation. He said \$200,000 in advance consulting fees were also provided to Covanta with the caveat that any of those funds which were not spent would be returned to CRRA and ultimately distributed to the Wallingford Towns.

Mr. Daley said management has confirmed all transfer act requirements have been accomplished and \$500,000 is now available for the Wallingford Towns along with \$100,000 in consulting fees which Covanta did not utilize. He said an agreed upon distribution by the Wallingford Project Towns is shown on the table contained in the resolution.

After some discussion, the Committee suggested making two changes to the resolution on the table, change the word “formally” in the first whereas to “formerly” and change the \$600,000 in the final resolved to “with applicable interest”. The suggested amendments were accepted by the maker and seconder of the motion.

**5. Review and Recommend for Board Approval Resolution Regarding Distributing Escrow and Related Funds to Wallingford Project Towns as Amended**

Chairman Freedman requested a motion on the above referenced item as amended. Director Hayden made the motion which was seconded by Director Nunn.

**WHEREAS**, on April 23, 2009 the Materials Innovation and Recycling Authority (the “Authority”) formerly the Connecticut Resources Recovery Authority (“CRRA”) Board of

Directors (the “Board”), in consultation with and with unanimous consent of the Wallingford Project Policy Board (the ‘Policy Board’), authorized the closing and transfer of various funds in order to provide an initial distribution of surplus funds to the Wallingford Project member towns; and

**WHEREAS**, the Policy Board has previously requested that remaining Project funds be equitably distributed based on a five-year weighted average of tons delivered to the Wallingford Project member towns, consisting of the towns of Cheshire, Hamden, Meriden, North Haven, and Wallingford, Connecticut (the “Towns”); and

**WHEREAS**, the percentage of the relative amounts of acceptable solid waste delivered by each Town has been developed to reflect delivered and diverted tons for the five-year time period beginning July 1, 2005 and ending June 30, 2010; and

**WHEREAS**, the Wallingford Project officially ended on June 30, 2010 and the ownership of the Resource Recovery Facility (“RRF”) located in Wallingford Connecticut was transferred to the Operator of the RRF (the “Operator”) as prescribed in the Wallingford Project Operating Agreement; and

**WHEREAS**, in order to effectively transfer ownership of the RRF, certain environmental work had to be performed under the State of Connecticut’s Transfer Act; and

**WHEREAS**, funds were provided to the Operator under a June 30, 2010 Release and Settlement Agreement to mitigate the cost of this environmental work provided that unused funds be returned to the Wallingford Project once the environmental work is completed; and

**WHEREAS**, as of October 1, 2014, the environmental work has been completed by the Operator and \$600,000 of the initial funding provided by the Wallingford Project has been refunded to the Authority (includes \$500,000 from the Wallingford Escrow Account and \$100,000 from the Operator); and

**WHEREAS**, this \$600,000 is surplus to the needs of the Authority’s Wallingford Project and can be returned to the Towns.

**NOW THEREFORE**, be it

**RESOLVED:** That the amount of \$600,000 together with applicable interest be distributed to the Towns in the percentage values and dollar amounts as follows based upon the tonnage formula previously agreed to by the Policy Board:

<b>Town</b>	<b>Total Tons Delivered FY 2006-20010:</b>	<b>Percentage of Tonnage:</b>	<b>Tonnage</b>
Cheshire	99,877.67	13.41%	\$ 80,501.13
Hamden	171,685.53	23.06%	\$ 138,378.07
Meriden	164,997.82	22.16%	\$ 132,987.79
North Haven	106,919.58	14.36%	\$ 86,176.89
Wallingford	201,104.24	27.01%	\$ 162,089.47
<b>Total</b>	<b>744,584.85</b>	<b>100.00%</b>	<b>\$ 600,133.36</b>

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

#### **6. Review – Fiscal Year 2014 Audit Management Letter**

Mr. Daley said the auditors provide an audit letter to management with observations or recommendations for the current year’s audit. He said the letter also addresses resolution of any issues which the auditors brought up during the prior year’s audit.

Mr. Daley said that during the prior year, the auditors observed spare parts in the inventory on hand which potentially had no value and if that was the case, suggested they be taken off the books. He said management in cooperation with NAES accomplished that task.

Mr. Daley said the current year observation is related to the landfill transfer journal entries which require sign off prior to entry. He said the entries were put into the journal pending further review and for testing purposes due to their complexity which the auditors observed is outside of the norm. Mr. Daley said management acknowledged to the auditors that the current practice typically has a physical sign-off for the entries, however, this was an unusual circumstance and no change is necessary to the policy.

#### **7. Informational**

Chairman Freedman said the Informational Section had been thoroughly reviewed. Mr. Daley reviewed some of the changes to the format of the Informational Section with the Committee.

### **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

The Executive Session commenced at 11:07 a.m. and concluded at 11:44 a.m.

The meeting was reconvened at 11:45 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.

**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 11:45 a.m.

Respectfully submitted,

Moira Kenney  
HR Specialist/Board Administrator