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CHITTENDEN SOLID WASTE DISTRICT – Administrative Office
FINANCE COMMITTEE MINUTES
CSWD Administrative Office, 19 Gregory Drive, South Burlington VT
Wednesday, May 13, 2026

FINANCE COMMITTEE PRESENT: Paul Stabler, Rick McCraw, Lauren Eagan
OTHER BOARD MEMBERS PRESENT: Paul Ruess, Ken Spencer, Leslie Nulty, Betsy Paret
CSWD STAFF PRESENT: John Balparda, Sarah Reeves

Agenda:
1. Agenda
2. Public comment period
3. (E) Consent Agenda - Minutes from February 11, 2026 ~~and April 7, 2026~~
4. ~~(E) Financial Policy Proposed Revisions~~
   a. ~~Financial Policy Revision Memo~~
   b. ~~Financial Policy Revision Redline~~
5. ~~(E) Financial Internal Control Procedure Summary Memo~~
6. (E) MRF Build Cash Flow Projection
7. Other Business
8. Adjourn

P. Stabler called the meeting to order at 4:46 p.m.

Agenda # 1. Agenda – Items 4 and 5 deferred to the next Finance Committee Meeting on June 10th upon release of independent investigation of fraud event. P. Stabler stated all questions and suggestions regarding the financial policies and procedures packet should be directed to P. Ruess. P. Ruess will forward them to P. Stabler, who will then compile them and submit the consolidated list to J. Balparda.

Agenda # 2. Public Comment Period – No public in attendance.

Agenda # 3. Consent Agenda – February 11, 2026 minutes approved as amended.

Agenda # 4. (E) Financial Policy Proposed Revisions
   a. Financial Policy Revision Memo
   b. Financial Revision Redline
Deferred to the next Finance Committee Meeting on June 10th.

Agenda # 5. (E) Financial Internal Control Procedure Summary Memo
Deferred to the next Finance Committee Meeting on June 10th.

Agenda # 6. (E) MRF Build Cash Flow Projection
J. Balparda presented the cash flow projection for the Materials Recovery Facility (MRF) Build, estimating the total completion cost at $17.8 million. This total includes $11.4M allocated for construction costs and $6.4M designated for equipment and installation. J. Balparda stated there are interest payments due through the end of the construction period that are currently being capitalized. Interest payments will require cash payments and will be recognized as depreciation for building and equipment over the useful life of the assets. With interest payments the total cash flow projection is $19M for the MRF build. There is currently $15.7M in cash available to offset these costs leaving the need for a $3.5M short-term loan payable within 12 months.

J. Balparda clarified the funding strategy to offset the costs by $7.1M remaining in Vermont Bond proceeds, $3.6M from the MRF capital fund, $2.8M from the projected working capital based on the FY27 budget, $350,000 from potential sale of assets, and the remainder coming from the Operating and Administrative Fund. The projected available cash balances are by quarter and the periods up to Quarter 2 of FY26 are actuals and all periods thereafter are forecasted.

J. Balparda presented the key assumptions used in the MRF build cash flow projections, stating that the estimated cost to complete are accurate and ready for approval. The final presentation does not include finalized cash flow figures due to timing constraints, the new MRF is expected to generate cash flows comparable to the existing facility once operational. Other key assumptions include that the Average Commodity Rate would stabilize at $90 per ton or higher and the new MRF volumes would remain consistent with past volumes. Interest on the short-term loan will need to be capped at 6% and there would potentially need to be sales of assets of at least $350,000.

J. Balparda presented the analysis explaining the actuals and forecast for cash balance, stating that completing the MRF build requires $6.2M in the Q4 of FY26. Funding will be allocated from $1.998M in CSWD cash reserves and the remaining will be drawn from the remaining $12M financing balance, which reflects a reduction due to a $3M fraud loss. J. Balparda stated this projection leaves $2.4M in bond funds available for use and FY26 should close out with $4.7M in cash after restricted reserves. J. Balparda stated that after the forecasting period there is $4.4M remaining in construction and installation of equipment costs; advising that all remaining bond funds would then be fully depleted. J. Balparda stated this would leave an outstanding cash requirement of $4.8M. J. Balparda stated that, if executed, the FY27 budget after paying for the CapEx budget of $235K should be $1.8M. J. Balparda stated that by Q4 of FY27 the new MRF is expected to be up and running and should be past the cash flow needs. J. Balparda stated that once complete cash available should come back to $2.16M.

J. Balparda stated that if FY28 net cash flow matches the FY27 budget, the MRF will maintain $1.5M in working capital post-debt service on the short-term loan and $1.9M in income. The FY28 forecast includes an assumed $2M from the sale of assets. FY28 will be the first fully operational year for the new MRF. J. Balparda noted that cash inflows to capital reserves will gradually commence in Q2 FY28, following the final payment of capitalized interest and principal. S. Reeves stated the ACR of $90 per ton is a conservative baseline. Once operations are fully underway, a more accurate rate will be determined to ensure the MRF remains within budget and contributes to capital reserves.

Answering a question from L. Eagan, S. Reeves noted that clarification of potential assets would need to be discussed during an Executive Session at a future meeting. Answering a question from L. Eagan, J. Balparda stated that out, of the assumptions listed in the memo, the ACR is the most risky. Answering a question from L. Eagan, S. Reeves stated that the current MRF will remain operational until the new MRF is fully operational to avoid any major loss in revenue. S. Reeves stated that maintaining the current MRF during the transition to the new facility requires minimal financial expenditure. L. Eagan thanked staff for their work on the budget and for the preparation in explaining the transition to the new MRF facility. Answering a question from L. Eagan, J. Balparda clarified the $1.4M interest payment is derived from bond interest. L. Eagan asked that the Board be provided with a breakdown of the bond interest and the interest for the short-term loan. J. Balparda clarified that the FY28 forecast model is subject to revenue outcomes generated once the new MRF is fully operational. J. Balparda stated that the goal was to compile and present a five-year cash flow analysis on the new MRF to the Board. Answering a question from R. McGraw, S. Reeves stated that no tariffs were paid on steel for the new MRF.

Answering a question from R. McGraw, S. Reeves stated that the final costs for the new MRF Facility with the land is $41M. Answering a question from R. McGraw, S. Reeves stated that minor risks in completing the new MRF facility included HVAC system duct placement and major risks were critical alignment of columns and pits with Bulk Handling System specifications. Answering a question from R. McGraw, S. Reeves stated that the fire suppression system is still on schedule for completion. Answering a question from R. McGraw, S. Reeves stated the costs of decommissioning of the current facility will be minimal and will be dependent upon how the Board decides to use the facility after closure. Answering a question from R. McGraw, S. Reeves clarified that the Board's options for the facility include either selling the site and remaining equipment as a single entity or disposing of the equipment and selling only the building. Answering a question from R. McGraw, S. Reeves clarified restricted reserves consists of the monitoring and maintenance of closed landfills, biosolids reserves for members who have a wastewater system and a temporarily restricted reserve for the bond and a facility closure fund. J. Balparda stated that as of February the restricted funds were $3.4M. Answering a question from R. McGraw, J. Balparda stated that, if there is $6.8M in unrestricted funds in the next three years, the baseline would be $1.6M. Answering a question from L. Nulty, J. Balparda clarified that the bond money will fill the gap in Q2 FY27 and the FY27 will estimate what the cash inflows will be.

Answering a question from L. Nulty, J. Balparda clarified that once the operating and admin reserves are replenished money would be put in the capital fund. S. Reeves clarified that net cash flow was from total operations. J. Balparda stated that the prediction for net revenue out of operations after CapEx in Q4 of FY27 is $742K with the presumption of cash flow out of the current MRF. Answering a question from B. Paret, S. Reeves clarified there is a 10% contingency fund for both the construction and the installation. Answering a question from P. Ruess, J. Balparda clarified the repayment of the short-term bank loan shown in Q1 and Q2 of FY28 as capitalized interest payments. Answering questions from P. Ruess, S. Reeves stated that the short-term loan could be refinanced if needed in Q2 FY28. Answering a question from P. Stabler, S. Reeves clarified the short-term loan would be for $3.5M. Answering a question from P. Stabler, S. Reeves clarified that the Board would have to approve the short-term loan amount. Answering a question from P. Stabler, J. Balparda stated monthly updates to FY27 and its progression would be provided to the Board. P. Stabler asked that bi-weekly warrants will be available to board members. L. Eagan asked that board members receive an updated version of the cash flows with separated line items for the bond and short-term loan interest. S. Reeves stated that the board would receive a monthly email with updates. Answering a question from B. Paret, S. Reeves stated that warrants are not required to be part of the meeting packets. P. Ruess advised that legal counsel be consulted prior to public disclosure of the warrants. J. Balparda suggested creating a portal for sharing the warrants with the board.

Agenda #7 Other Business -

It was noted the next Finance Committee meeting is scheduled tentatively for June. Four communities need to review the budget. L. Eagan suggested collaborating with S. Reeves on developing a draft calendar and general guidelines for upcoming board meetings.

RICK MCGRAW made a motion, second by LAUREN EAGAN to adjourn the meeting. Motion passed 3-0 at 6:12 PM.

I agree that this is an original copy of minutes, and they have been approved by the Finance Committee at the meeting held via Zoom and in-person.

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