

MIRA
REGULAR BOARD MEETING
Sept. 17, 2015

Materials Innovation and Recycling Authority

100 Constitution Plaza

Hartford, Connecticut 06103

Telephone (860)757-7700 - Fax (860)757-7743

MEMORANDUM

TO: MIRA Board of Directors

FROM: Moira Kenney, Assistant HR Manager/Board Administrator

DATE: Sept. 11, 2015

RE: Notice of Regular Board Meeting

There will be a Regular Meeting of the Connecticut Resources Recovery Authority Board of Directors on Thurs. Sept. 17, 2015, at 8:30 a.m. The meeting will be available to the public in the Board Room at 211 Murphy Road, Hartford, CT 06114.

Please notify this office of your attendance at (860) 757-7787 at your earliest convenience.

Materials Innovation Recycling Authority
Regular Board of Directors Meeting

Agenda
Sept. 17, 2015
8:30 AM

I. Pledge of Allegiance

II. Public Portion

A ½ hour public portion will be held and the Board will accept written testimony and allow individuals to speak for a limit of three minutes. The regular meeting will commence if there is no public input.

III. Executive Session

An Executive Session will be held to discuss pending litigation.

IV. Minutes

1. Board Action will be sought for Approval of the Regular July 7, 2015, Board Meeting Minutes (Attachment 1).
2. Board Action will be sought for Approval of the Regular July 23, 2015, Board Meeting Minutes (Attachment 2).

V. Finance Committee Reports

1. Board Action will be sought for Resolution Adopting and Approving MIRA's Annual Independent Audit for Fiscal Year 2015 (Attachment 3).
2. Board Action will be sought for Resolution Increasing the CSWS Tip Fee Stabilization Fund and Modifying the Associated CSWS Flow of Funds Procedure (Attachment 4).
3. Board Action will be sought for Resolution Transferring Funds from Property Division General Fund to CSWS Improvement Fund (Attachment 5).
4. Board Action will be sought for Resolution Authorizing Payment of a \$5.00 per Ton Recycling Rebate for CSWS Members (Attachment 6).
5. Board Action will be sought for Resolution Authorizing FY 2016 Temporary Services for CSWS (Attachment 7).

VI. Policy and Procurement Committee Reports

1. Board Action will be sought for Resolution Regarding 1) Construction Contract associated with Connection of the Hartford Landfill Solar Array to 50 Jennings Road, Hartford (City DPW Building), and 2) Power Purchase Agreement with the City of Hartford (Attachment 8).
2. Board Action will be sought for Resolution Regarding Purchase of a Caterpillar 980H Wheel Loader for the Waste Processing Facility (Attachment 9).

VII. Chairman and President's Reports

VIII. Executive Session

An Executive Session will be held to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP's, and feasibility estimates and evaluations.

TAB 1

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND FIFTY-SEVENTH

JULY 7, 2015

A special meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Tues. July 7, 2015, in the Board Room at 100 Constitution Plaza, Hartford, CT 06103. Those present were:

Directors: Chairman Don Stein
Vice-Chairman Dick Barlow
John Adams
Marilynn Cruz-Aponte (present until 10:58 a.m.)
Ralph Eno
Joel Freedman
Jim Hayden
Andy Nunn
Scott Shanley

Present from MIRA in Hartford:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Dave Bodendorf, Senior Environmental Engineer
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Operations and Environmental Affairs
Moira Kenney, Assistant HR Manager/Board Administrator

Chairman Stein called the meeting to order at 10:40 a.m. and said a quorum was present.

PUBLIC PORTION

Chairman Stein said the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

As there were no members of the public present who wished to address the Board the Chairman proceeded with the regularly scheduled agenda.

REVIEW AND RECOMMEND RESOLUTION REGARDING A LEASE AGREEMENT FOR OFFICE SPACE

Chairman Stein requested a motion on the above referenced item. The motion to approve was made by Director Eno and seconded by and Director Nunn.

RESOLVED: The President is hereby authorized to enter into a lease for office space with 100-200 Corporate Place LLC for space located at 200 Corporate Place, Rocky Hill, CT, substantially as presented and discussed at this meeting.

Mr. Kirk said management has been exploring options for a new office location. He said negotiations with the landlord at 200 Corporate Place in Rocky Hill, CT were recently concluded and a lease will be developed shortly. Mr. Kirk said the new location presents a significant savings for MIRA. He said it will be a seven year lease agreement for about 7,900 square feet and the landlord will take care of the build out which is included in the price.

Mr. Kirk said Constitution Plaza was unable to provide MIRA with a properly spaced facility and as a result a move was contemplated by management and ultimately explored. He said 45 sites were considered, narrowed down further to three, and then finally resulted in the Rocky Hill location. Mr. Egan said the first four months of the lease are free, resulting in an 88 month agreement. He said it is \$21.50 square feet for the first year with a 50 cent escalator per square foot each year. Mr. Kirk said there is a very modest space to accommodate a change in personnel as there is one vacant spot.

Mr. Daley said the per square foot cost at MIRA's current location is \$24.00. He said there is also a true up cost on a yearly basis which needs to be considered when establishing that cost. Mr. Daley said the annual savings for FY'16 budget versus actual will be about \$75,000 less than the reduced budget already in place. He said FY'17 the annual rent will be about a \$227,000 savings with actual savings at about \$173,000 a year. Mr. Daley said all services are included in the fee.

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, Director Nunn and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss real estate and pending litigation. The motion, made by Vice-Chairman Barlow was seconded by Director Shanley and was approved unanimously.

Chairman Stein asked the following people join the Directors in the Executive Session:

- Tom Kirk
- Mark Daley
- Dave Bodendorf
- Peter Egan
- Laurie Hunt

The motion to go into Executive Session was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Freedman, Director Hayden, Director Nunn, and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		

The Executive Session began at 10:58 a.m. and concluded at 12:12 p.m. Chairman Stein noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:12 p.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.

REVIEW AND RECOMMEND RESOLUTION REGARDING AN ACCESS AGREEMENT, POWER PURCHASE AGREEMENT AND SETTLEMENT AGREEMENT WITH THE CITY OF HARTFORD

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

WHEREAS, the Authority constructed an innovative capping system on top of the Hartford Landfill that includes a Solar Electricity Generating Facility (“EGF”); and

WHEREAS, the Authority operates and maintains the EGF under a Site Access Agreement with the City of Hartford, which agreement ends on August 8, 2015; and

WHEREAS, the Authority and the City wish to negotiate a Long-Term Access Agreement so that the Authority can continue to operate and maintain the EGF; a Power Purchase Agreement so the Authority and the City both can benefit from the electric power generated by the EGF; and a Settlement Agreement so that the Authority and the City can resolve certain outstanding claims related to the Landfill;

NOW, THEREFORE, BE IT:

RESOLVED: That the Board of Directors authorizes the President to enter into a Long-Term Access Agreement, a Power Purchase Agreement, and a Settlement Agreement with the City of Hartford, substantially as discussed and presented at this meeting; and,

FURTHER RESOLVED: That, in the event the Long Term Access Agreement is not executed prior to August 8, 2015, the Board of Directors authorizes the President to extend the current Site Access Agreement between MIRA and the City of Hartford for an additional 6 months, or until the Long Term Access Agreement is executed, whichever occurs sooner.

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Eno, Director Freedman, Director Hayden, Director Nunn, and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		

ADJOURNMENT

Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Director Adams seconded by Director Nunn and was approved unanimously

The motion to adjourn was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Scott Shanley	X		

Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Vice-Chairman Barlow seconded by Director Adams and was approved unanimously.

There being no other business to discuss, the meeting adjourned at 12:12 p.m.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'MK', with a long horizontal flourish extending to the right.

Moira Kenney
Assistant HR Manager/Board Administrator

TAB 2

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND FIFTY-SEVENTH

JULY 23, 2015

A regular meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Thurs. July 23, 2015, in the Board Room at 211 Murphy Rd. Hartford, CT 06103. Those present were:

Directors: Chairman Don Stein
Vice-Chairman Dick Barlow
John Adams
Marilynn Cruz-Aponte
Ralph Eno
Joel Freedman (present at 10:00 a.m.)
Jim Hayden
Andy Nunn
Scott Shanley

Present from MIRA in Hartford:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Dave Bodendorf, Senior Environmental Engineer
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Operations and Environmental Affairs
Moira Kenney, Assistant HR Manager/Board Administrator

Others Present: Ann Catino, Esq., Halloran & Sage; John Pizzimenti, USA Hauling; Lee Sawyer, CT DEEP; Wayne Sumple Connecticut Center for Advanced Technology.

Chairman Stein called the meeting to order at 9:40 a.m. and said a quorum was present.

PUBLIC PORTION

Chairman Stein said the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

As there were no members of the public present who wished to address the Board the Chairman proceeded with the regularly scheduled agenda.

UPDATE FROM CT DEEP

Mr. Sawyer of the Connecticut Department of Energy and Environmental Protection (hereinafter referred to as "CT DEEP") provided the Board with an update on the RFPO process. He explained that there has been a series of meetings to draft the RFP and there are plans to

issue a draft report by the end of September. Mr. Sawyer said the latest version will be provided to the Board for review by the end of the week.

Mr. Sawyer said the foundation is looking to structure the grant making portion of the foundation as a donor advised fund. He said the foundation is looking at a grant for a broad based state marketing campaign and a smaller grant for different types of educational components in the state which range from \$25,000 to \$30,000. Mr. Sawyer said as far as the Trash Museum goes, although it is not clear at this point where it fits; it is likely funding of some type will be provided.

Mr. Kirk asked if that decision will be made by December as that is the cut-off point at which MIRA needs to make a final decision concerning the museum. Director Shanley suggested that an agenda item be placed on the foundation’s Board agenda to address this issue as early as possible. Mr. Sawyer said he does not believe there is funding to cover the entire cost of the museum.

PRESENTATION FROM CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY

Wayne Sumple from the Connecticut Center for Advanced Technology (hereinafter referred to as “CT CTA”) provided the Board with an update on several projects which CT CAT is working on. He said CT CAT is a non-profit which concentrates in advanced technology, education, and energy solutions. Mr. Sumple discussed several propositions with the Board.

APPROVAL OF THE REGULAR JUNE 25, 2015, BOARD MEETING MINUTES

Chairman Stein requested a motion to approve the minutes of the Regular June 25, 2015, Board Meeting. Director Adams made the motion which was seconded by Director Hayden.

The motion to approve the minutes as corrected was approved by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, Director Nunn, Director Painter and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

PRESIDENT'S REPORT

Mr. Kirk said during the reporting period all facilities operate without environmental, public health, or employee health impacts. He said MIRA is making progress recovering from the long extended outage and is working through fuel and MSW storage levels. Mr. Kirk said MIRA had several unscheduled outages since then which have slowed down recovery related to pressure parts and miscellaneous parts. He said this week there were longer than typical wait times due to inventory and a contractor error. Mr. Kirk said this is unusual for MIRA.

Mr. Kirk said that the CT DEEP promptly sent MIRA an invoice in response to a letter from MIRA concerning an unpaid service.

Mr. Kirk said waste deliveries have been strong, which is not unusual for the summer. He said electric prices have been very weak, and are at about 1 cent per kilowatt during a time period when they are typically at about 7 cents. He said thankfully the Board locked in better pricing earlier this year.

Mr. Kirk said MIRA's move to the Rocky Hill location is progressing and management is developing a lease with the landlord and has created an internal committee for the moving plans.

Mr. Kirk noted that Director Edwards had resigned and he would be missed as he was a great asset to the Board for many years.

REVIEW AND RECOMMEND RESOLUTION AUTHORIZING USE OF RESERVE FUNDS FOR PAYMENT OF CERTAIN PROJECTED FY'16 LEGAL EXPENSES

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

WHEREAS, at the June, 2015, board meeting, the Board authorized the payment of projected legal expenditures during Fiscal Year 2016; and

WHEREAS, the Authority has established reserve accounts, which are the appropriate source of funding for certain of the projected costs;

NOW THEREFORE, it is

RESOLVED: That the President be authorized to expend up to \$10,000 from the Landfill Development Fund Reserve for payment of legal fees incurred in fiscal year 2016 in connection with the Authority's suspension of its efforts to develop a new ash landfill in the State of Connecticut; and

Further RESOLVED: That the President be authorized to expend up to \$75,000 from the Mid-Connecticut Project Closure Reserve for payment of legal fees incurred in fiscal year 2016 in connection with continuing Mid-Connecticut Project obligations; and

Further RESOLVED: That the President be authorized to expend up to \$75,000 from the Landfill Operating Reserve Account for payment of legal fees incurred in fiscal year 2016 in connection with the Solar Array located on top of the Hartford Landfill; and

Further RESOLVED: That \$300,000 be transferred from the Mid-Connecticut Project Closure Reserve to the Mid-Connecticut Project Litigation Reserve; and

Further RESOLVED: That the President be authorized to expend up to \$300,000 from the Mid-Connecticut Litigation Reserve for payment of Mid-Connecticut Project litigation-related legal fees and expenses incurred in fiscal year 2016.

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, Director Nunn and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

DISCUSSION OF RECYCLING REBATES

The Board discussed how the current economic state, performance and outages have affected MIRA's ability to responsibly provide a recycling rebate to member towns. After substantial discussion the Board agreed to provide a recycling rebate.

OS & HR REPORT

Director Hayden provided the Board with an update from the Organizational Synergy & Human Resources Committee. He said at its last meeting the Committee agreed that based on recommendation from the Board they would review and consider offering a Health Spending Account option for MIRA employees. Director Hayden said the impact of the impending Cadillac Tax in 2018 was also discussed.

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP's and feasibility estimates. The motion, made by Vice-Chairman Barlow was seconded by Director Shanley and was approved unanimously.

Chairman Stein asked the following people join the Directors in the Executive Session:

- Tom Kirk
- Mark Daley
- Peter Egan
- Laurie Hunt
- Roger Guzowski
- Tom Gaffey

The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Freedman, Director Hayden, Director Nunn, Director Painter, and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Joel Freedman	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

The Executive Session began at 10:55 a.m. and concluded at 12:12 p.m. Chairman Stein noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:12 p.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 Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Director Shanley seconded by Director Eno and was approved unanimously

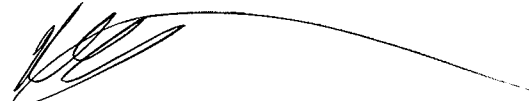
The motion was approved unanimously by roll call. Chairman Stein, Vice-Chairman Barlow, Director Adams, Director Cruz-Aponte, Director Eno, Director Hayden, Director Nunn, Director Painter, and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Marilynn Cruz-Aponte	X		
Ralph Eno	X		
Jim Hayden	X		
Andrew Nunn	X		
Scott Shanley	X		
Ad-Hoc			
Bob Painter, CSWS Project	X		

Chairman Stein requested a motion to adjourn the meeting. The motion to adjourn was made by Vice-Chairman Barlow seconded by Director Adams and was approved unanimously.

There being no other business to discuss, the meeting adjourned at 12:12 p.m.

Respectfully Submitted,



Moira Kenney
Assistant HR Manager/Board Administrator

TAB 3

RECOMMENDED DRAFT RESOLUTION FOR THE MIRA BOARD OF DIRECTORS

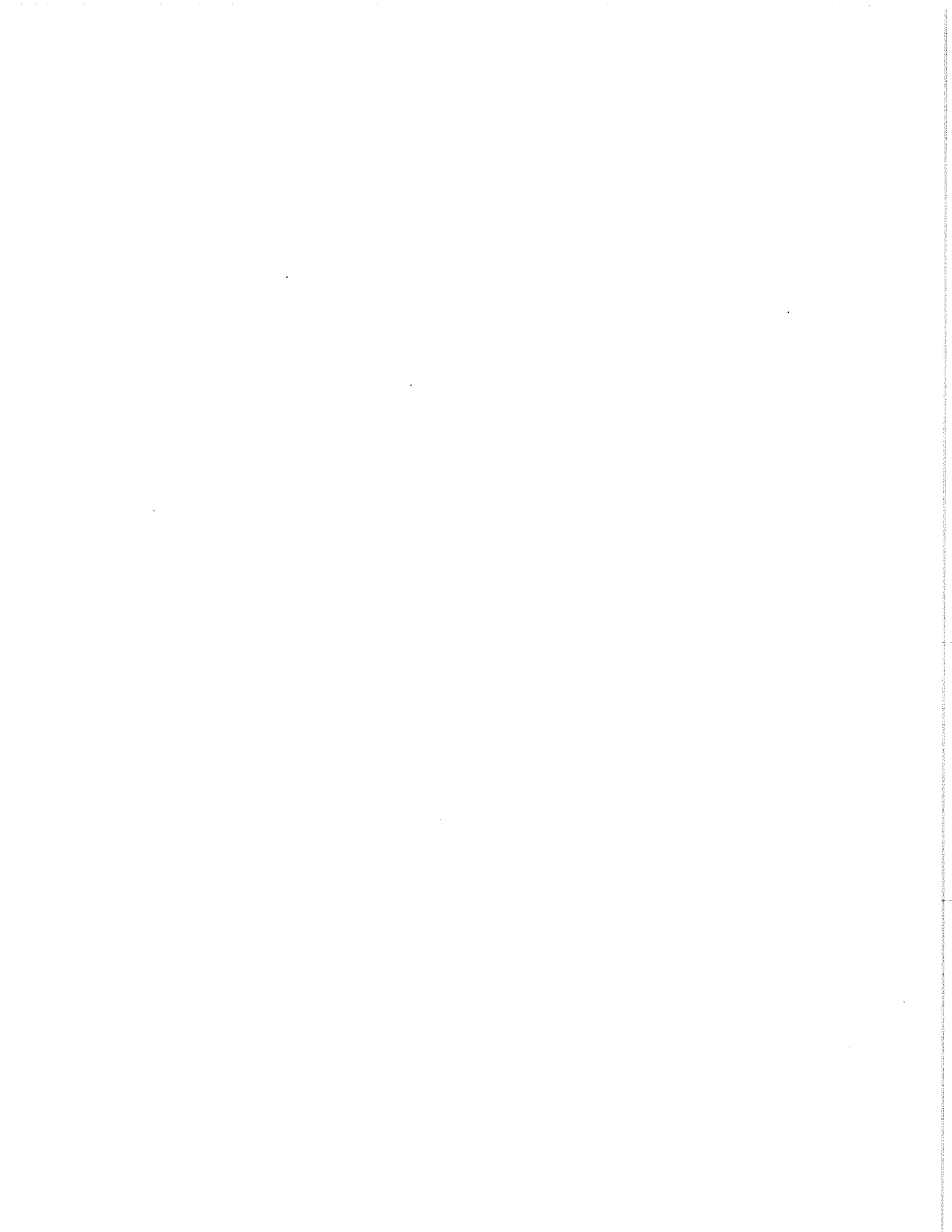
**RESOLUTION REGARDING THE ANNUAL FINANCIAL REPORT FOR THE
FISCAL YEAR ENDING JUNE 30, 2015**

RESOLVED: That the Board hereby accepts the Annual Financial Report for the Fiscal Year Ending June 30, 2015, substantially as discussed and presented at this meeting.



**MATERIALS INNOVATION AND
RECYCLING AUTHORITY**
A Component Unit of the State of Connecticut

ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2015 AND 2014



Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**

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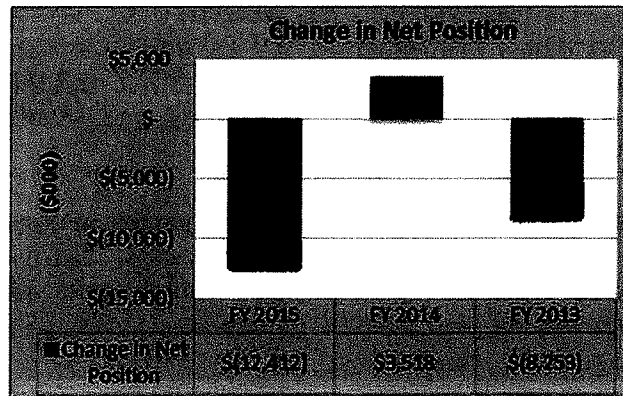
Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Materials Innovation and Recycling Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2015 and 2014. Please read it in conjunction with the Authority's financial statements that follow this section. The MD&A is intended to provide meaningful information to the reader for the current year, and in comparison to prior years, thereby enhancing the reader's understanding of the Authority's financial position and the results of its operations. Effective June 6, 2014 the State of Connecticut designated the Authority as successor to the Connecticut Resources Recovery Authority (CRRA). On this date the Authority assumed control over all of CRRA's assets, rights, duties and obligations and continued CRRA's ongoing business as described fully in Note 1.A to the Financial Statements.

In FY 2015, the Authority generated total operating revenue of \$98.3 million, and incurred \$91.0 million in operating expenses before depreciation, resulting in operating income before depreciation of \$7.3 million. After \$17.6 million in depreciation and amortization expenses, the Authority incurred a \$10.3 million operating loss. The Authority also incurred net non-operating expenses of \$2.1 million resulting in a total reduction in the Authority's net position of \$12.4 million.



Total operating revenues decreased by 20.3%, while total operating expenses before depreciation decreased by 14.2%, from fiscal year 2014 to fiscal year 2015. The Authority operated 6.5% below its total operating expense budget of \$97.3 million. However, total operating revenues were 5.3% below the \$103.7 million budget causing the Authority to rely more heavily than planned on its Tip Fee Stabilization Fund and also causing a reduction in the CSWS cash position. The Authority's total assets decreased by \$13.5 million (6.9%) and its total liabilities decreased by \$1.1 million (4.7%).

The most significant economic factor with the potential to adversely affect the Authority is its reliance on wholesale energy revenue to keep solid waste disposal fees for its Connecticut Solid Waste System (CSWS) below the levels that trigger customer contract termination provisions, the limited options available to the Authority through its other divisions to relieve this pressure on tip fees when energy revenues are low, reduced energy production associated with CSWS's aging resource recovery facility and an anticipated redevelopment of the CSWS in the context of this business model not targeted for completion until June 30, 2024. These are the primary factors contributing to the Authority's FY 2015 reduction in net position. Management's response to this challenge, discussed further under the Economic Factors and Outlook section of this MD&A, has been to create a "Tip Fee Stabilization Fund", undertake certain initiatives necessary to sustain and adapt the use of this fund to evolving needs over the long term, to hedge against wholesale energy price volatility by contracting a fixed price for a portion of the facility's energy output, and to maximize resources available for facility major maintenance,

renewals and replacements. These initiatives are assessed and adapted annually as part of the Authority's long term financial planning.

Using This Report

The Authority is an enterprise fund of the State of Connecticut. Enterprise funds are used in governmental accounting to present activities where fees are charged to external customers for goods that are sold or services that are rendered. Usually these activities are financed by debt that is secured solely by a pledge of the operating revenues of that activity.

The Authority's financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The financial statements utilize the economic resources measurement focus and the accrual basis of accounting in conformity with generally accepted accounting principles as applied to governmental entities. This means that all assets and liabilities associated with the operation of the Authority are included on its Statement of Net Position, and that all revenues and expenses are recognized when earned and incurred, respectively, on its Statement of Revenues, Expenses and Changes in Net Position.

The Authority's Net Position is presented in three components (i) net investment in capital assets, (ii) restricted, and (iii) unrestricted. Net position presented as net investment in capital assets consists of all significant capital assets owned by the Authority, net of accumulated depreciation, and reduced by any outstanding balances of bonds or other debt related to the acquisition, construction, or improvement of those assets. Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations that have an initial useful life beyond one year. Capital assets are depreciated over their useful lives and periodic depreciation expense is reported in the Statement of Revenues, Expenses and Changes in Net Position. Net Position is presented as restricted when constraints are placed on the Authority's assets by creditors, grantors, laws or imposed by law through constitutional provisions or enabling legislation.

The Statement of Revenues, Expenses and Changes in Net Position reflect the operating revenues and expenses and non-operating revenues and expenses of the Authority for the fiscal year with the difference representing the change in net position. That change, combined with the prior year-end net position total, reconciles to the net position total at the end of the current fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash balance at the end of the current fiscal year.

Unless otherwise stated, all values presented in this M,D&A are in thousands.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is important to understanding the financial statements. They are presented following this MD&A and the Authority's financial statements.

Supplemental Information

Supplemental information includes a Combining Schedule of Statement of Net Position, a Combining Schedule of Revenues, Expenses and Changes in Net Position, a Combining Schedule of Cash Flows, and a Combining Schedule of Net Position. These schedules segment the Authority's financial activities for the year ended June 30, 2015 between the various operating divisions and waste to energy facilities (projects) comprising the Authority. This segmentation reflects the terms and conditions of facility operating contracts, service agreements, related documents and statutes generally providing for the financial self-sufficiency of such projects and divisions as described further in Note 1.A to the Financial Statements (Entity and Services). For FY 2015, these projects and divisions include:

- Authority General Fund
- Connecticut Solid Waste System
- Mid Connecticut Project
- Southeast Project
- Southwest Division
- Property Division
- Landfill Division
- Recycling Division

Required Additional Reports

Required additional reports include a report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.

Statement of Net Position

The net position of the Authority is summarized in Table 1. Net position is a measurement of the Authority's financial condition at one point in time. As indicated in Table 1, the Authority's net position as of June 30, 2015 (total assets less total liabilities) was \$159,354 which represents a \$12,412 (7.2%) reduction from the prior year. The \$12,412 reduction in Net Position is the result of a decrease in total assets of \$13,516 offset by a reduction in total liabilities of \$1,104.

TABLE 1
STATEMENT OF NET POSITION
As of June 30,
(Dollars in Thousands)

	2015	2014	2013
ASSETS			
Current unrestricted assets	\$ 74,251	\$ 81,282	\$ 111,531
Current restricted assets	1,800	2,694	6,705
Total current assets	<u>76,051</u>	<u>83,976</u>	<u>118,236</u>
Non-current assets:			
Restricted investments	-	-	8,184
Capital assets, net	105,276	110,475	114,859
Development costs, net	392	784	1,177
Total non-current assets	<u>105,668</u>	<u>111,259</u>	<u>124,220</u>
TOTAL ASSETS	<u>\$ 181,719</u>	<u>\$ 195,235</u>	<u>\$ 242,456</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current unrestricted liabilities	\$ 17,113	\$ 15,873	\$ 32,060
Current restricted liabilities	1,752	4,096	2,870
Total current liabilities	<u>18,865</u>	<u>19,969</u>	<u>34,930</u>
Long-term unrestricted liabilities	3,500	3,500	31,195
Long-term restricted liabilities	-	-	8,083
Total long-term liabilities	<u>3,500</u>	<u>3,500</u>	<u>39,278</u>
TOTAL LIABILITIES	<u>22,365</u>	<u>23,469</u>	<u>74,208</u>
NET POSITION			
Net invested in capital assets	105,277	110,476	114,859
Restricted	48	548	5,058
Unrestricted	54,029	60,742	48,331
TOTAL NET POSITION	<u>159,354</u>	<u>171,766</u>	<u>168,248</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 181,719</u>	<u>\$ 195,235</u>	<u>\$ 242,456</u>

Assets

The Authority's total assets are further summarized on Table 2. The \$13,516 reduction in total assets is attributed to the reductions in cash and cash equivalents and accounts receivable shown in the Current Assets section of Table 2, as well as the net reduction in capital assets shown in the Non-Current Assets section of Table 2.

Current Assets

Cash and equivalents are segregated between unrestricted and restricted portions. As indicated on Table 2, unrestricted cash declined by \$5,056 (8.6%) and restricted cash declined by \$894 (33.2%) for a total reduction of \$5,950 (9.7%).

The decline in cash and cash equivalents is centered within the Mid Connecticut Project, CSWS and Recycling Division. The Mid Connecticut Project saw a \$5,831 (24.5%) reduction in cash due to the payment of project closeout activities and the transfer of Hartford Landfill closure project funds to the Authority's Landfill Division. CSWS saw a \$3,711 (22.3%) reduction in cash primarily reflecting the excess of cash used for non-capital financing activities over net cash provided by operating activities (transfers to other divisions for various funds and reserves). The Recycling Division saw a \$643 (100%) reduction in cash representing the closure of this division and distribution of remaining funds to member towns. These reductions were partially offset by increases in cash in the Property Division and Landfill Division. The Property Division saw an increase in cash of \$1,176 (9.8%) reflecting the results of its operations less distributions to Wallingford and Bridgeport project towns, and less reserve funds received from other divisions net of cash used for capital (CSWS improvement fund spending). The Landfill Division saw an increase of \$1,747 (81.3%) reflecting the transfer and consolidation of reserve funds remaining after the transfer of landfill post closure care obligations to the State Department of Energy and Environmental Protection (DEEP) and completion of closure of the Hartford Landfill. See notes 4 and 10 to the Financial Statements.

The \$1,936 (13.8%) decline in accounts receivable is centered within the Authority's Southwest Division. This division effectively completed operations as of June 30, 2014 and its accounts receivable declined by \$1,168 from FY 2014 to FY 2015. There were no accounts receivable related to this division as of June 30, 2015. The CSWS also saw a \$731 (16.0%) reduction in accounts receivable. This is attributed to a similar reduction in the operating revenues of CSWS from FY 2014 to FY 2015.

Non-Current Assets

The \$5,591 (5.0%) net reduction in non-current assets reflects a \$1,362 (4.3%) increase in non-depreciable assets offset by a \$392 (50.0%) reduction in development costs and a 6,561 (8.3%) reduction in depreciable assets.

The increase in non-depreciable assets is directly related to an increase in construction in progress representing major maintenance activity at the CSWS resource recovery facility. The reduction in development costs reflects annual amortization of the Authority's development costs related to the Southeast Project. The amortization of these expenses will be completed in FY 2016. The reduction in depreciable assets reflects the transfer of and acquisition of \$11,854 in new plant and equipment placed in to service in FY 2015 less net sales and disposals of \$993 and less the increase in accumulated depreciation of \$17,422.

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TABLE 2
SUMMARY OF CURRENT AND NON-CURRENT ASSETS
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2015	2014	2015 Increase/ (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$ 53,771	\$ 58,827	\$ (5,056)	(8.6%)	\$ 87,559	\$ (28,732)	(32.8%)
Accounts receivable, net of allowances	12,122	14,058	(1,936)	(13.8%)	17,073	(3,015)	(17.7%)
Inventory	5,916	6,069	(153)	(2.5%)	6,544	(475)	(7.3%)
Prepaid expenses	2,442	2,328	114	4.9%	355	1,973	555.8%
Total Unrestricted Assets	74,251	81,282	(7,031)	(8.7%)	111,531	(30,249)	(27.1%)
Restricted Assets:							
Cash and cash equivalents	1,800	2,694	(894)	(33.2%)	6,705	(4,011)	(59.8%)
TOTAL CURRENT ASSETS	76,051	83,976	(7,925)	(9.4%)	118,236	(34,260)	(29.0%)
NON-CURRENT ASSETS							
Restricted investments	-	-	-	n/a	8,184	(8,184)	(100.0%)
Capital Assets:							
Depreciable, net	72,507	79,068	(6,561)	(8.3%)	84,517	(5,449)	(6.4%)
Nondepreciable	32,769	31,407	1,362	4.3%	30,342	1,065	3.5%
Development costs, net	392	784	(392)	(50.0%)	1,177	(393)	(33.4%)
TOTAL NON-CURRENT ASSETS	105,668	111,259	(5,591)	(5.0%)	124,220	(12,961)	(10.4%)
TOTAL ASSETS	\$ 181,719	\$ 195,235	\$ (13,516)	(6.9%)	\$ 242,456	(47,221)	(19.5%)

Liabilities

The Authority's total liabilities are further summarized on Table 3. The \$1,104 (4.7%) reduction from FY 2014 to FY 2015 is largely attributed to changes in accrued expenses and other liabilities shown in the current liabilities section of Table 3. There was no change in the Authority's long term liabilities from FY 2014 to FY 2015.

Accrued expenses and other current liabilities are segregated between costs payable from unrestricted assets and costs payable from restricted assets. The unrestricted portion increased by \$1,494 (17.6%) while the restricted portion declined by \$2,344 (57.2%) from FY 2014 to FY 2015.

The increase in accrued expenses and other liabilities payable from unrestricted assets is solely related to the Southeast Project and the annual true up of funds due to the contract operator of this facility. All other divisions saw a reduction in these accrued expenses. The CSWS saw a reduction of \$1,256 (37.5%) primarily due to the timing of year end contractor accruals for this facility. The Mid Connecticut Project saw a reduction of \$933 (23.7%) related to payment of expenses accrued in FY 2014 for project closeout activities including legal fees, site cleanup, and closure of the Hartford Landfill.

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The decrease in accrued expenses and other liabilities payable from restricted assets is solely related to the Southeast Project and the change in funds on deposit within the project's restricted deposit account pending distribution for project related purposes.

TABLE 3
SUMMARY OF CURRENT AND LONG-TERM LIABILITIES
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2015	2014	2015 Increase/ (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
CURRENT LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	\$ -	\$ 43	\$ (43)	(100.0%)	\$ 14,214	\$ (14,171)	(99.7%)
Accounts payable	4,535	4,740	(205)	(4.3%)	4,311	429	10.0%
Accrued expenses and other current liabilities	9,992	8,498	1,494	17.6%	11,430	(2,932)	(25.7%)
Unearned revenue	2,586	2,592	(6)	(0.2%)	2,105	487	23.1%
Total payable from unrestricted assets	17,113	15,873	1,240	7.8%	32,060	(16,187)	(50.5%)
Payable from restricted assets:							
Accounts payable	-	-	-	n/a	33	(33)	(100.0%)
Accrued expenses and other current liabilities	1,752	4,096	(2,344)	(57.2%)	2,837	1,259	44.4%
Total payable from restricted assets	1,752	4,096	(2,344)	(57.2%)	2,870	1,226	42.7%
TOTAL CURRENT LIABILITIES	18,865	19,969	(1,104)	(5.5%)	34,930	(14,961)	(42.8%)
LONG-TERM LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	-	-	-	n/a	27,695	(27,695)	(100.0%)
Other liabilities	3,500	3,500	-	0.0%	3,500	-	0.0%
Total payable from unrestricted assets	3,500	3,500	-	0.0%	31,195	(27,695)	(88.8%)
Payable from restricted assets:							
Closure and post-closure care of landfills	-	-	-	n/a	7,367	(7,367)	(100.0%)
Other liabilities	-	-	-	n/a	716	(716)	(100.0%)
Total payable from restricted assets	-	-	-	n/a	8,083	(8,083)	(100.0%)
TOTAL LONG-TERM LIABILITIES	3,500	3,500	-	0.0%	39,278	(35,778)	(91.1%)
TOTAL LIABILITIES	\$ 22,365	\$ 23,469	\$ (1,104)	(4.7%)	\$ 74,208	(50,739)	(68.4%)

Statement of Revenues, Expenses and Changes in Net Position

The reduction in net position shown on Table 1 was generated from the change in net position (operating and non-operating losses) shown on Table 4, Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2015. Changes in net position represent the results of operations of the Authority (i.e. its net income).

The reduction in net position is the result of a \$30,044 (23.4%) reduction in total revenue as detailed in Table 5 being only partially offset by a \$14,114 (11.3%) reduction in total expense as detailed in Table 6. The Authority generated \$7,299 in income before depreciation and non-operating expenses. However, depreciation and amortization expenses totaled \$17,614 and non-operating expenses, net totaled \$2,097.

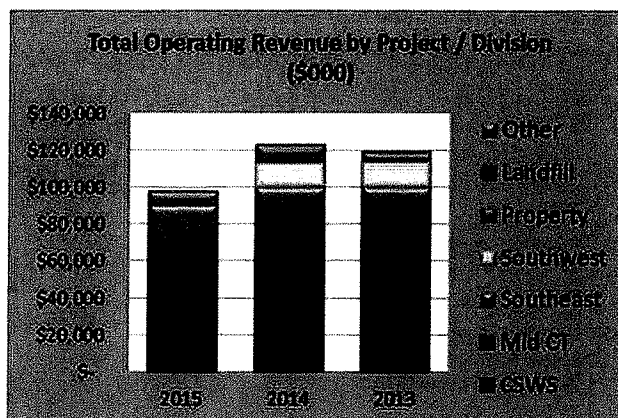
TABLE 4
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2015	2014	2013
Operating revenues	\$ 98,265	\$ 123,362	\$ 119,866
Operating expenses	90,966	106,082	112,113
Income (loss) before depreciation and amortization and other non-operating revenues and (expenses)	7,299	17,280	7,753
Depreciation and amortization	17,614	16,101	15,085
Income (loss) before other non-operating revenues and (expenses), net	(10,315)	1,179	(7,332)
Non-operating revenues (expenses), net	(2,097)	2,339	(921)
Change in net position	(12,412)	3,518	(8,253)
Total net position, beginning of year	171,766	168,248	176,501
Total net position, end of year	\$ 159,354	\$ 171,766	\$ 168,248

Revenues

Table 5 summarizes total revenue (operating and non-operating) for the current and two prior fiscal years ending June 30, 2015.

As indicated in Table 5, operating revenue decreased by \$25,097 (20.3%) from fiscal year 2014 to fiscal year 2015. There are three primary contributing factors to this reduction including completion of the Authority's Southwest Division, reduced CSWS energy revenue and completing final closure of the Hartford landfill.



Approximately 58% of the reduction in operating revenue (\$14,583) is in Member Service Charges (tip fees). This is directly attributable to completion of operations of the Authority's Southwest Division effective June 30, 2014. As discussed in Note 1A, the Authority has historically used disposal capacity it retained in the Bridgeport Project upon its closure to serve the waste disposal needs of 12 municipalities in the southwest area of the State. In FY 2014 Member Service Fees within the Southwest Division were \$13,389. With expiration of the relevant contracts and effective closing of this division on June 30, 2014, this revenue reduced to \$67 in FY 2015. Member Service Fees for the CSWS were virtually unchanged from FY 2014 to FY 2015 while the Southeast Project saw a reduction of \$825 (9.8%) during this period.

Approximately 38% of the reduction in operating revenue (\$9,530) is in Energy Sales. The substantial portion of this reduction occurred within the CSWS which saw an \$8,822 reduction in Energy Sales revenue. This is directly attributed to very low wholesale energy prices in FY 2015 (compared to very high prices in the prior year), coupled with declining electricity production, which factors were partially offset by a fixed energy sales contract discussed further in the Economic Factors and Outlook section of this Management Discussion and Analysis. Energy Sales revenue from the Southeast Project actually increased by \$1,125 pursuant to the terms of the original long term energy procurement contract associated with this project (which expires February 2017). Energy Sales revenue within the Property Division declined by \$1,904 primarily due to ISO New England's removal of the Authority's jet powered electric generating peaking units "Jet Peaking Units" from its "Black Start" program and reduced real time energy sales from these units.

The \$1,491 reduction in other operating revenue is largely attributed to the cessation of soils acceptance at the Hartford Landfill as part of its closure project, and to a lesser extent, reduced recycling and related sales revenue driven by declining recycled commodity sales prices.

Table 5 also indicates that non-operating revenue decreased by \$4,947 (98%) from FY 2014 to FY 2015. This is due to the Authority's recognition in FY 2014 of a gain on the write off of its landfill post closure care and maintenance liabilities. This gain (not included in FY 2015 non-

operating revenue) represented the difference between funds transferred by the Authority to the State of Connecticut and the landfill post closure liabilities recorded by the Authority on the Authority's financial statements as of the date of transfer to the State. See notes 4 and 10 to the Financial Statements for additional information.

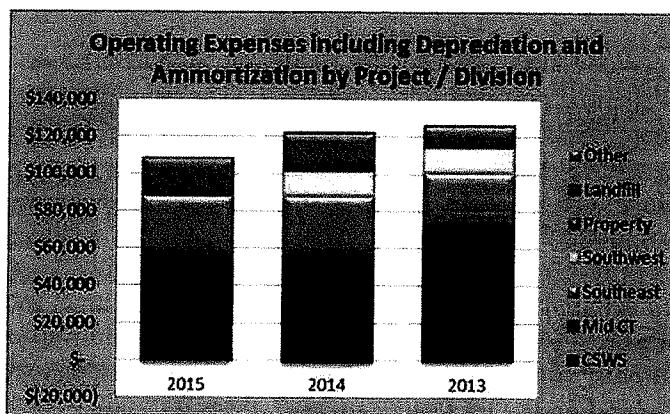
TABLE 5
SUMMARY OF OPERATING AND NON-OPERATING REVENUES
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2015	2014	2015 Increase/ (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	\$ 31,005	\$ 45,588	\$ (14,583)	(32.0%)	\$ 49,145	\$ (3,557)	(7.2%)
Other service charges	17,020	16,513	507	3.1%	18,512	(1,999)	(10.8%)
Energy sales	46,921	56,451	(9,530)	(16.9%)	42,261	14,190	33.6%
Other operating revenues	3,319	4,810	(1,491)	(31.0%)	9,948	(5,138)	(51.6%)
Total Operating Revenues	98,265	123,362	(25,097)	(20.3%)	119,866	3,496	2.9%
Non-Operating Revenues:							
Investment income	60	109	(49)	(45.0%)	139	(30)	(21.6%)
Gain on write-off of postclosure liabilities	-	4,751	(4,751)	100.0%	-	4,751	n/a
Other income	43	190	(147)	(77.4%)	67	123	183.6%
Total Non-Operating Revenues	103	5,050	(4,947)	(98.0%)	206	4,844	2351.5%
Total Revenues	\$ 98,368	\$ 128,412	\$ (30,044)	(23.4%)	\$ 120,072	\$ 8,340	6.9%

Expenses

Table 6 summarizes total expenses (operating and non-operating) for the current and two prior fiscal years. As indicated, total expenses declined \$14,114 (11.3%) from FY 2014 to FY 2015.

Operating expenses (before depreciation) declined by \$15,116 (14.2%) from fiscal year 2014 to fiscal year 2015. Depreciation and amortization expense increased by \$1,513 (9.4%) during this same period.



The primary reason for the decline in operating expenses (before depreciation) is a reduction in solid waste operations expense which is directly attributed to the completion of operations of the Authority's Southwest Division. The Southwest Division's solid waste operations expense declined by \$12,950 due to the completion of these operations. The CSWS also had a \$2,772 (5.3%) decline in solid waste operations expense. This is attributed to reductions in payments in lieu of taxes, insurance and ash disposal costs, as well as GAAP adjustments to reflect the current value of spare parts in inventory and advance payments to vendors, offset by an increase in the cost to divert waste from CSWS to alternate disposal sites. Solid waste operations expense

also declined within the Property Division. This \$970 (28.7%) decline reflects a lower cost of fuel and Discrete Emission Reductions Credits (DERCs) used to operate the Jet Peaking Units, reduced service fees for the Authority's use of the capacity it maintained in the Wallingford Project, reduced consultant fees related to completion of a statutorily mandated transition plan in FY 2014 and reduced project closure expenses associated with the Bridgeport and Wallingford projects.

The \$1,252 (41.6%) reduction in external legal services expense is attributed to reduced spending on matters related to the closeout of the Mid Connecticut Project as well as reduced spending within the Landfill Division associated with completion of the transfer of landfill post closure care obligations to DEEP in FY 2014.

The \$3,392 increase in landfill closure and post closure expenses is directly related to the Authority's recognition, in FY 2014, of reduced estimated liabilities for the closure of the Hartford Landfill. The reduced liability was recorded as a credit to these expenses in FY 2014. The absence of this credit in FY 2015 produces the \$3,392 increase in this category of expense shown on Table 6.

Depreciation and amortization expense increased by \$1,513 (9.4%) from FY 2014 to FY 2015. This increase is primarily related to major maintenance activity occurring within the CSWS resource recovery facility and the approaching end of useful lives of its associated buildings and equipment. Certain major maintenance activities are depreciated over the remaining useful life of the underlying asset. For example, the useful life of boiler systems is thirty years ending June 30, 2019 and component replacements are not considered to extend the useful life of the system. Boiler system depreciation expense increased by \$1,083 from FY 2014 to FY 2015. An additional factor contributing to the increase in depreciation expense is the Authority's completion and activation of a new solar array on top of the Hartford Landfill.

Non-operating expenses decreased by \$511 (18.8%) from FY 2014 to FY 2015. This decline reflects the divergent elements of non-operating expense realized in FY 2014 versus FY 2015. In FY 2014, non-operating expenses were dominated by non-recurring settlement activity associated with the Mid Connecticut Project. In FY 2015 non-operating expenses primarily represented the write off of the undepreciated value of replaced resource recovery facility equipment as well as distributions to member towns associated with the closeout of the Bridgeport and Wallingford projects (\$551) and Recycling Division (\$602). See note 1.A to the Financial Statements for additional information.

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TABLE 6
SUMMARY OF OPERATING AND NON-OPERATING EXPENSES
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2015	2014	2015 Increase/ (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
Operating Expenses:							
Solid waste operations	\$ 81,852	\$ 97,583	\$ (15,731)	(16.1%)	\$ 99,194	\$ (1,611)	(1.6%)
Maintenance and utilities	1,144	1,313	(169)	(12.9%)	1,024	289	28.2%
Landfill closure and post-closure	-	(3,392)	3,392	(100.0%)	1,862	(5,254)	(282.2%)
Legal services - external	1,760	3,012	(1,252)	(41.6%)	1,209	1,803	149.1%
Administrative and operational services	6,210	6,191	19	0.3%	7,525	(1,334)	(17.7%)
Distribution to:							
Member towns	-	-	-	100.0%	810	(810)	
SCRRRA	-	1,375	(1,375)	100.0%	-	1,375	0.0%
SWEROC	-	-	-	100.0%	489	(489)	0.0%
Total Operating Expenses	90,966	106,082	(15,116)	(14.2%)	112,113	(6,031)	(5.4%)
Depreciation and amortization	17,614	16,101	1,513	9.4%	15,085	1,016	6.7%
Non-Operating Expenses:							
Interest expense	-	-	-	n/a	87	(87)	(100.0%)
Other expenses	2,200	2,711	(511)	(18.8%)	1,040	1,671	160.7%
Total Non-Operating Expenses	2,200	2,711	(511)	(18.8%)	1,127	1,584	140.6%
Total Expenses	\$ 110,780	\$ 124,894	(14,114)	(11.3%)	\$ 128,325	\$ (3,431)	(2.7%)

Budget versus Actual Performance

The Authority's total operating budget for FY 2015 was \$110,019. The operating budget is funded through operating revenue of \$103,723, plus interest, use of reserves and inter-fund transfers of \$6,296.

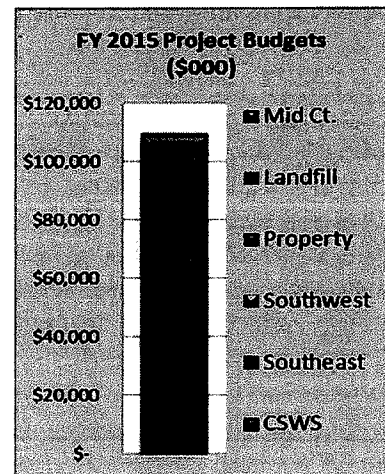
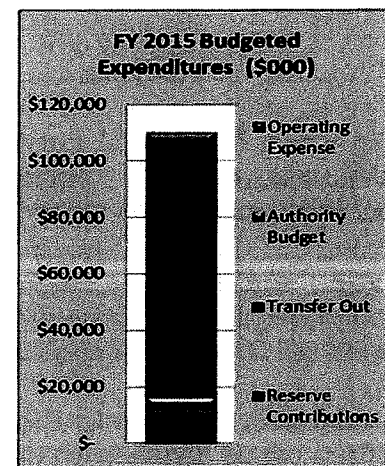
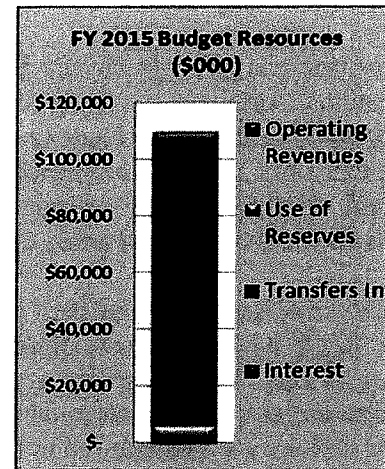
The primary source of funding for the budget is the operating revenue generated by each project and division. Operating revenue provides 94.3% of total budget resources and includes solid waste delivery fees, energy sales, recycling sales and other revenue. Additional sources of funding include interest, use of previously established reserve funds and inter-fund transfers which provide 5.7% of total budget resources.

The operating budget provides balanced funding of the operating expense budgets of each project and division which total \$93,504, their allocated share of the Authority's general administrative budget which totals \$3,835 and their reserve contributions and transfers out which total \$12,680. Operating expenses represent 85.0% of the total budget and include solid waste operations, maintenance and utilities, legal services and project - specific administrative and operations services. Reserve contributions funded in the FY 2015 operating budget included set asides for the CSWS improvement, risk, legal and general funds, the Property Division's tip fee stabilization and general funds, and the Authority's severance reserve.

The Authority's general administrative budget provides for its oversight of all projects and divisions including indirect salaries and benefits, and non-personnel services. This budget ultimately is allocated to each project and division on the basis of such ratios as waste deliveries, revenues, assets and transactions.

The CSWS consumes the largest portion of the total operating budget (\$67,476 or 61.3% including operating expenses and reserve contributions). The Southeast Project represents 31.6% of the total operating budget. Other divisions total 7.1% of the budget.

The budget structure for the waste to energy facilities (CSWS and Southeast) reflect the terms and conditions of applicable municipal service agreements and operating contracts that generally require fees for waste disposal by member municipalities (tip fees) to be set at the level necessary to fund each facility's net cost of operation. The net cost of operation generally



represents total operating expenses and reserve contributions less non disposal fee revenue where non-disposal fee revenue primarily includes the sale of electricity and use of the facility by non-members.

The operating budget for the Property Division is based on the estimated costs to operate and maintain Authority assets not funded within the waste to energy facility budgets. These costs are funded through electric sales revenue from the Authority's Jet Peaking Units and facility lease rentals. Net income from the division is distributed to its tip fee stabilization fund, improvement fund, or the Authority's severance reserve subject to authorized levels, or retained within the division's General fund when these authorized levels have been attained.

The operating budget for the Landfill Division is based on long term estimates for the Authority to fulfill its landfill post closure care obligations established by federal and State laws and regulations. These costs have been pre-funded through prior project fees and set aside in reserve accounts and trust funds established for these purposes. In FY 2014, these post closure care obligations were transferred to DEEP and certain associated reserve funds were transferred to the State general fund. However, the Authority remained obligated to perform post closure care work during a transition period extending into FY 2015 subject to reimbursement by DEEP. This activity was budgeted and paid within the Landfill Division in FY 2015.

The budget for the Mid Connecticut Project reflects only a share of the Authority's general administrative budget. Additional spending from this division for project close out activities including settlements is approved on an as needed basis by the Board of Directors.

Table 7 summarizes the budget versus actual performance for each project and division. Each project and division operated within its total operating expense budget and/or consistent with Board authorized use of reserve funds.

As indicated, the Authority General Fund operating expense budget was exceeded by \$240. This reflects certain personnel services expenses paid through the Authority's severance reserve and therefore not allocated to other projects and divisions.

The CSWS experienced a very challenging year in terms of budget versus actual performance. Operating revenues were \$6,834 (10.2%) below budget due to lower than budget wholesale energy prices, lower than budget production of electricity caused primarily by extended resource recovery facility downtime for major maintenance purposes, and lower than budget spot and other contract waste revenue also caused by extended downtime. CSWS operating expenses were \$2,094 (3.7%) under budget with savings realized in virtually all categories of expense other than operation and maintenance of the CSWS power block where major maintenance activity was focused. Income before depreciation was \$4,740 (46.5%) below budget. The shortfall in income necessitated more frequent than planned use of the Property Division's tip fee stabilization fund in accordance with Board criteria and a reduction in CSWS cash position. As of June 30, 2015, the amount due to the Tip Fee Stabilization Fund from CSWS was \$1,353 and the CSWS cash position declined by \$3,711.

The Property Division exceeded expectations with operating revenue that was \$982 (14.8%) above budget and operating expenses that were \$833 (18.4%) below budget. Operating revenues were strong due to above budget payments from ISO New England for real time energy sales and real time reserve payments for the Authority's Jet Peaking Units. Budget savings were realized in virtually all categories of operating expense.

The Southeast Project generated operating revenue that was \$105 above budget and incurred operating expenses that were \$4,588 below budget. Additional revenues were brought into the Southeast Project in FY 2015 due to diversions of waste from the CSWS necessitated by its extended downtime for major maintenance purposes. Operating expenses were under budget largely due to lower than anticipated contributions to the Southeast Connecticut Regional Resource Recovery Authority future use reserve. This was the result of a planned release of debt service reserve funds not being realized in FY 2015.

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Table 7
Materials Innovation and Recycling Authority
FY 2015 Budget versus Actual Performance

Project / Division Budget*	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Expenses	Income Before Depreciation	Add Interest, Reserve Use & Transfers In (Net)	Less Reserve Contributions & Transfers Out (Net)	Budget Balance
Authority General Fund	\$ -	\$ -	\$ 1	\$ 1	\$ (1)	\$ 1	\$ -	\$ -
CSWS	\$ 67,261	\$ 54,118	\$ 2,957	\$ 57,075	\$ 10,186	\$ 215	\$ 10,401	\$ -
Southeast Project	\$ 29,808	\$ 34,673	\$ 143	\$ 34,816	\$ (5,008)	\$ 5,008	\$ -	\$ -
Southwest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Division	\$ 6,654	\$ 3,904	\$ 612	\$ 4,516	\$ 2,138	\$ 141	\$ 2,279	\$ -
Landfill Division	\$ -	\$ 809	\$ -	\$ 809	\$ (809)	\$ 809	\$ -	\$ -
Mid Ct. Project	\$ -	\$ -	\$ 122	\$ 122	\$ (122)	\$ 122	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 103,723	\$ 93,504	\$ 3,835	\$ 97,339	\$ 6,384	\$ 6,296	\$ 12,680	\$ -

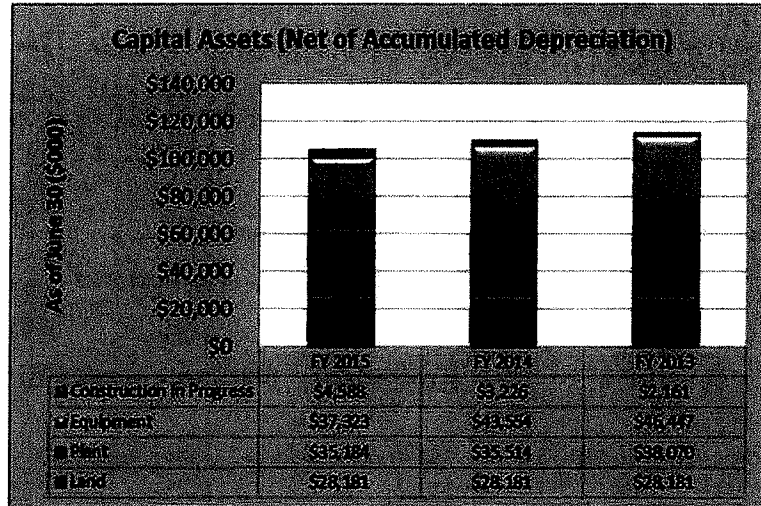
Project / Division Actual*	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Expenses	Income Before Depreciation	Add Interest, Reserve Use & Transfers In (Net)	Less Reserve Contributions & Transfers Out (Net)	Budget Balance
Authority General Fund	\$ -	\$ 240	\$ -	\$ 240	\$ (240)	\$ 240	\$ -	\$ -
CSWS	\$ 60,427	\$ 52,118	\$ 2,863	\$ 54,981	\$ 5,446	\$ 1,380	\$ 9,081	\$ (2,255)
Southeast Project	\$ 29,913	\$ 30,090	\$ 138	\$ 30,228	\$ (315)	\$ 1,695	\$ -	\$ 1,380
Southwest	\$ 67	\$ (43)	\$ -	\$ (43)	\$ 110	\$ -	\$ -	\$ 110
Property Division	\$ 7,636	\$ 3,091	\$ 592	\$ 3,683	\$ 3,953	\$ 12	\$ 4,340	\$ (375)
Landfill Division	\$ 222	\$ 486	\$ 48	\$ 534	\$ (312)	\$ 312	\$ -	\$ -
Mid Ct. Project	\$ -	\$ 2,179	\$ (45)	\$ 2,134	\$ (2,134)	\$ 2,134	\$ -	\$ -
Other	\$ -	\$ (791)	\$ -	\$ (791)	\$ 791	\$ -	\$ -	\$ 791
Total	\$ 98,265	\$ 87,370	\$ 3,596	\$ 90,966	\$ 7,299	\$ 5,773	\$ 13,421	\$ (349)

Variance Over (Under) Budget*	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Expenses	Income Before Depreciation	Add Interest, Reserve Use & Transfers In (Net)	Less Reserve Contributions & Transfers Out (Net)	Budget Balance
Authority General Fund	\$ -	\$ 240	\$ (1)	\$ 239	\$ (239)	\$ 239	\$ -	\$ -
CSWS	\$ (6,834)	\$ (2,000)	\$ (94)	\$ (2,094)	\$ (4,740)	\$ 1,165	\$ (1,320)	\$ (2,255)
Southeast Project	\$ 105	\$ (4,583)	\$ (5)	\$ (4,588)	\$ 4,693	\$ (3,313)	\$ -	\$ 1,380
Southwest	\$ 67	\$ (43)	\$ -	\$ (43)	\$ 110	\$ -	\$ -	\$ 110
Property Division	\$ 982	\$ (813)	\$ (20)	\$ (833)	\$ 1,815	\$ (129)	\$ 2,061	\$ (375)
Landfill Division	\$ 222	\$ (323)	\$ 48	\$ (275)	\$ 497	\$ (497)	\$ -	\$ -
Mid Ct. Project	\$ -	\$ 2,179	\$ (167)	\$ 2,012	\$ (2,012)	\$ 2,012	\$ -	\$ -
Other	\$ -	\$ (791)	\$ -	\$ (791)	\$ 791	\$ -	\$ -	\$ 791
Total	\$ (5,458)	\$ (6,134)	\$ (239)	\$ (6,373)	\$ 915	\$ (523)	\$ 741	\$ (349)

Operating revenue excludes interest income, use of reserves and transfers in which are used to balance budgets. Operating expenses exclude reserve contributions and transfers out to other projects / divisions. Income before depreciation reconciles to financial statements. Interest, reserves and transfers (net) used to balance budgets are separately stated after income before depreciation.

Capital Assets

The Authority's investment in capital assets (net of accumulated depreciation) as of June 30, 2015 totaled \$105,276. This represents a \$5,199 (4.7%) reduction from net capital assets as of June 30, 2014 which totaled \$110,475. The Authority's investment in capital assets includes land, plant, equipment and construction in progress.



The Authority owns land used for waste management and

related purposes in Bridgeport, Ellington, Hartford, Essex, Stratford, Shelton, Torrington, Waterbury and Watertown. Its plants primarily include the waste to energy facility in Hartford, four transfer stations and two recycling facilities. Equipment includes vehicles and machinery used in the Authority's waste processing and recycling operations. Construction in progress represents ongoing work for plant and equipment improvements or additions not yet in service. As of June 30, 2015 this primarily consisted of boiler and turbine improvements in the CSWS resource recovery facility.

The reduction in net capital assets reflects the cumulative effect of additions to construction in progress, less transfers out of construction in progress (to put assets into service), less net sales and disposals and depreciation expense as described more fully in Note 3 to the Financial Statements.

Long-Term Debt Issuance, Administration and Credit Ratings

As of June 30, 2015, the Southeast Project had \$48,770 of total outstanding debt that is not carried on the Authority's books. This includes the Authority's Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series A) supported by a Special Capital Reserve Fund (SCRF) with the State, and three series of Corporate Credit Revenue Bonds. The SCRF is a contingent liability of the State available to replenish any debt service reserve fund draws on bonds that have the SCRF designation. The funds used to replenish a debt service reserve draw are provided by the State's General Fund and are deemed appropriated by the Connecticut legislature. See Note 1.A to the Financial Statements for additional information on the structure of the Southeast Project.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2015

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	X-SCRF-Backed ¹	Dated	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)
SOUTHEAST PROJECT								
2010 Series A - Project Refunding ²	Aa3	AA	X	12/02/10	11/15/15	27,750	5,270	-
CORPORATE CREDIT REVENUE BONDS								
1992 Series A - Corporate Credit	Ba1	NR	--	09/01/92	11/15/22	30,000	30,000	-
2001 Series A - Covanta Southeastern Connecticut Company-I	Ba1	NR	--	11/15/01	11/15/15	6,750	6,750	-
2001 Series A - Covanta Southeastern Connecticut Company-II	Ba1	NR	--	11/15/01	11/15/15	6,750	6,750	-

TOTAL PRINCIPAL BONDS OUTSTANDING

48,770 -

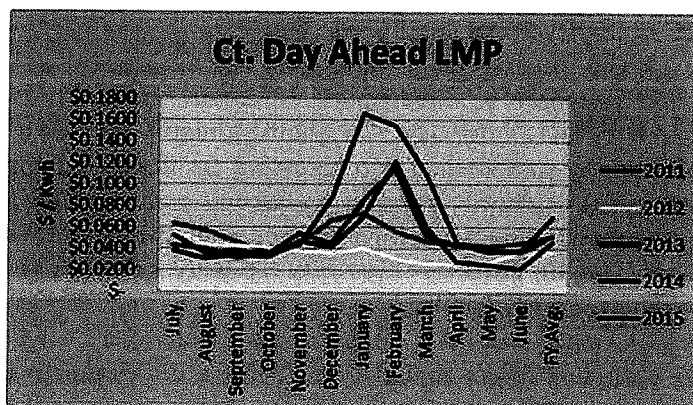
¹ SCRF = Special Capital Reserve Fund of the State of Connecticut.

² The 2010 Series A Bonds refunded the 1998 Series A Bonds originally issued in the amount of \$87,650,000 on August 18, 1998.

NR = Not Rated

Economic Factors and Outlook

The most significant economic factors with the potential to adversely affect the Authority is the CSWS business model's reliance on wholesale energy revenue to keep solid waste disposal fees below the levels that trigger customer contract termination provisions, the limited options available to the Authority through other divisions to relieve this pressure on tip fees when energy revenues are low, reduced energy production associated with the aging CSWS resource recovery facility, and an anticipated redevelopment of the CSWS in the context of this model that is not targeted for completion until June 30, 2024.



The Connecticut Solid Waste System – The business model for CSWS provides that participating town waste disposal fees (“tip fees”) are to be set at the level necessary to fund the net cost of operation of the CSWS. The net cost of operation is the total operating budget less non-disposal fee revenue where non-disposal fee revenue primarily consists of the sale of electricity and use of the CSWS by non-members. Consequently, price volatility in the wholesale energy market directly impacts the tip fees charged to member towns. Some of the Authority’s member town contracts include tip fee caps above which the towns may terminate the contract (“opt out tip fee”). In the last five fiscal years, day ahead average wholesale electric prices ranged from a high of \$0.0703 per Kwh to a low of \$0.0375 per Kwh. Based on the current FY 2016 business model, this is sufficient to reduce tip fees to a low of \$49 per ton (26% below the long term contract opt out), or to increase tip fees to a high of \$81 per ton (23% above the long term contract opt out). To address this matter, management has established a “Tip Fee Stabilization Fund” which may be drawn upon to support the CSWS net cost of operation when wholesale energy prices are low, thereby avoiding the opt out price, and which is to be

reimbursed as wholesale energy prices rebound. The tip fee stabilization fund was established within the Authority's Property Division primarily with income from the Authority's Jet Peaking Units. The value of the tip fee stabilization fund at June 30, 2015 was \$5.2 million plus \$1.4 million due from the CSWS. Property Division income will continue to flow to this fund in FY 2016 to an authorized level of \$7.0 million pending further evaluation and adaptation to CSWS's evolving needs. Management has also undertaken the RFP and contracting process to establish a fixed price independent of the wholesale energy markets for a portion of the CSWS energy production. The process was concluded in December 2014 and established a fixed price of \$0.067 per Kwh for the first 20 megawatts of CSWS energy for the period January 1, 2015 to June 30, 2015. This proved to be a very effective hedge in that the contract price generated approximately \$1.0 million in revenue above what would have been earned at day ahead wholesale prices. A second contract period established a fixed price of \$.054 per Kwh for the first 20 megawatts of CSWS energy for all of FY 2016. Additional cost control measures have been implemented to manage the budget model within the confines of the opt out price.

The Authority's Property Division – The primary source of revenue to the Property Division is participation in the wholesale energy markets of the Authority's Jet Peaking Units. The majority of revenue from the peaking units is derived specifically from ISO New England's Forward Capacity Reserve and Real Time Reserve markets. In these reserve markets, wholesale energy providers are compensated to have electric generation capacity available, not to produce and export energy to the grid. The Authority's peaking units are infrequently called to produce energy because they are older and less economically efficient to operate than other power plants in New England. This inefficiency triggers certain federal and State air quality and emissions regulations requiring issuance of a "Trading Order" that permits the peaking units to run for a limited number of hours subject to the Authority's acquisition of "Discrete Emission Reduction Credits" (DERCs). While the Authority's existing Trading Order extends through May 31, 2017, the Capacity Supply Obligations it has incurred to ISO New England extend through May 31, 2019. To address this matter, in FY 2015 management undertook a study to determine the feasibility of retrofitting the peaking units to meet air quality standards and eliminate the need for the Trading Order, evaluated the process necessary to "delist" the peaking units from the pool of electric generating resources available to ISO New England and avoid further extending the Authority's Capacity Supply Obligations and assessed the feasibility of extending the Trading Order as a stop gap measure. The conclusion of these efforts is that a retrofit is technically feasible at a cost of approximately \$14.3 million but that a DEEP proposed phased compliance program that could extend the Trading Order through May 31, 2022 provided the optimum present value cash flow available to sustain the tip fee stabilization fund through completion of the CSWS planned redevelopment. Accordingly, management is deferring implementation of a retrofit, continuing to incur Capacity Supply Obligations and monitoring DEEP progress on implementing the phased compliance program.

The Authority's Landfill Division – In FY 2014, under State mandate, the Authority transferred its landfill post closure care obligations with respect to five landfills to DEEP and \$31 million of its landfill post closure care reserves to the State. The transfer of these obligations and reserves did not otherwise affect the Authority's ownership and/or leasehold interest in the landfills or reduce the Authority's landfill liability. See Notes 4 and 10 to the Financial Statements for additional information concerning these transfers. To address this matter,

management has secured a pollution legal liability insurance policy including coverage for the five landfills for a term of thirty-eight months commencing August 1, 2014. The policy provides coverage of \$40 million per occurrence and \$40 million aggregate over the policy term with a \$250,000 deductible. The Authority has also negotiated a long term access agreement and power purchase agreement with the City of Hartford addressing the ownership and maintenance of a solar array the Authority installed on top of the Hartford landfill as part of its final capping and closure. These agreements are expected to be executed in early FY 2016 and generate adequate revenue for the Landfill Division to remain financially self-sufficient.

Redeveloping CSWS

In FY 2014, the State passed Public Act 14-94 (the “Act”) forming the Authority and designating it as successor to the Connecticut Resources Recovery Authority (CRRA). One of the core objectives of the Act is to set a process in motion, with specific roles and deadlines for the Authority, DEEP and the private sector that will bring about the redevelopment of the CSWS. The major milestones of this initiative are summarized below.

- By January 1, 2016 DEEP, in consultation with the Authority, is to issue a Request for Proposals to redevelop the CSWS.
- By January 1, 2017 not more than three short-listed respondents selected by DEEP are to conduct and complete any required feasibility studies with the Authority’s cooperation. DEEP is required to hold a public hearing concerning the feasibility studies but the deadline is not specified in the legislation.
- By July 1, 2017 the short-listed respondents are to submit final proposals to DEEP.
- By September 15, 2017 DEEP is to submit a report on the nature and status of CSWS redevelopment proposals to the State legislature.
- By October 30, 2017 the State legislature may hold a public hearing concerning DEEP’s status report.
- By December 31, 2017 DEEP may select one final proposal and direct the Authority to enter into an agreement with the applicable respondent for the redevelopment of the CSWS.

While the nature, cost and funding mechanisms for this redevelopment are not yet determined, the underlying legislation did include proposal selection criteria sensitive to these matters. The Act requires DEEP to consider the level of investment proposed and whether the proposal is in the best interest of the municipalities under contract with the Authority, including maintenance or reduction of tip fees. The Act further provides that the selection of a final proposal by DEEP, in consultation with the Authority, is not to be construed as a legislative mandate that otherwise would increase the “opt out tip fee” established in certain municipal contracts.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 100 Constitution Plaza – 6th Floor, Hartford, CT 06103.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2015 AND JUNE 30, 2014
(Dollars in Thousands)

EXHIBIT I
Page 1 of 2

ASSETS	June 2015	June 2014
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 53,771	\$ 58,827
Accounts receivable, net of allowances	12,122	14,058
Inventory	5,916	6,069
Prepaid expenses	2,442	2,328
Total Unrestricted Assets	74,251	81,282
Restricted Assets:		
Cash and cash equivalents	1,800	2,694
Total Restricted Assets	1,800	2,694
TOTAL CURRENT ASSETS	76,051	83,976
NON-CURRENT ASSETS		
Capital Assets:		
Depreciable, net	72,507	79,068
Nondepreciable	32,769	31,407
Development costs, net	392	784
TOTAL NON-CURRENT ASSETS	105,668	111,259
TOTAL ASSETS	181,719	195,235

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION (Continued)
AS OF JUNE 30, 2015 AND JUNE 30, 2014
(Dollars in Thousands)

EXHIBIT I
Page 2 of 2

LIABILITIES	<u>June 2015</u>	<u>June 2014</u>
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Closure and post-closure care of landfills	\$ -	\$ 43
Accounts payable	4,535	4,740
Accrued expenses and other current liabilities	9,992	8,498
Unearned revenue	2,586	2,592
Total payable from unrestricted assets	<u>17,113</u>	<u>15,873</u>
Payable from restricted assets:		
Accrued expenses and other current liabilities	1,752	4,096
Total payable from restricted assets	<u>1,752</u>	<u>4,096</u>
TOTAL CURRENT LIABILITIES	<u>18,865</u>	<u>19,969</u>
LONG-TERM LIABILITIES		
Payable from unrestricted assets:		
Other liabilities	3,500	3,500
Total payable from unrestricted assets	<u>3,500</u>	<u>3,500</u>
TOTAL LONG-TERM LIABILITIES	<u>3,500</u>	<u>3,500</u>
TOTAL LIABILITIES	<u>22,365</u>	<u>23,469</u>
NET POSITION		
Net: Investment in capital assets	<u>105,277</u>	<u>110,476</u>
Restricted for:		
Covanta Wallingford escrow	-	500
Other restricted net position	48	48
Total Restricted	<u>48</u>	<u>548</u>
Unrestricted	<u>54,029</u>	<u>60,742</u>
TOTAL NET POSITION	<u>\$ 159,354</u>	<u>\$ 171,766</u>

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Dollars in Thousands)

EXHIBIT II

	June 2015	June 2014
Operating Revenues		
Service charges:		
Members	\$ 31,005	\$ 45,588
Others	17,020	16,513
Energy sales	46,921	56,451
Other operating revenues	3,319	4,810
Total Operating Revenues	98,265	123,362
 Operating Expenses		
Solid waste operations	81,852	97,583
Maintenance and utilities	1,144	1,313
Closure and post-closure care of landfills	-	(3,392)
Legal services - external	1,760	3,012
Administrative and Operational services	6,210	6,191
Distribution to SCRRA	-	1,375
Total Operating Expenses	90,966	106,082
 Operating Income before depreciation and amortization	7,299	17,280
Depreciation and amortization	17,614	16,101
Operating Income (Loss)	(10,315)	1,179
 Non-Operating Revenues (Expenses)		
Investment income	60	109
Gain on transfer of landfill post-closure care liabilities	-	4,751
Other income (expenses), net	(2,157)	(2,521)
Non-Operating Revenues (Expenses), Net	(2,097)	2,339
 Change in Net Position	(12,412)	3,518
 Total Net Position, beginning of period	171,766	168,248
 Total Net Position, end of period	\$ 159,354	\$ 171,766

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Dollars in Thousands)

EXHIBIT III

	2015	2014
Cash Flows Provided (Used) by Operating Activities		
Payments received from providing services	\$ 100,195	\$ 126,561
Payments to suppliers and employees	(92,024)	(107,180)
Distribution to member towns	(1,039)	-
Distribution to SCRRA	-	(1,375)
Net Cash Provided by Operating Activities	7,132	18,006
Cash Flows Provided by Investing Activities		
Proceeds from investments	-	8,184
Interest on investments	60	109
Net Cash Provided (Used) by Investing Activities	60	8,293
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Proceeds from sales of equipment	62	595
Payments for landfill closure and post-closure care liabilities	-	(14,200)
Cash transfer to State for post-closure care liabilities		(31,000)
Acquisition and construction of capital assets	(13,203)	(11,786)
Net Cash Used by Capital and Related Financing Activities	(13,141)	(56,391)
Cash Flows Used by Non-Capital Financing Activities		
Other interest and fees	(1)	(2,651)
Net Cash Used by Non-Capital Financing Activities	(1)	(2,651)
Net decrease in cash and cash equivalents	(5,950)	(32,743)
Cash and cash equivalents, beginning of year	61,521	94,264
Cash and cash equivalents, end of year	\$ 55,571	\$ 61,521
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities:		
Operating (loss) Income	\$ (10,315)	\$ 1,179
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation of capital assets	17,222	15,709
Amortization of development costs	392	392
Provision for closure and post-closure care of landfills	(43)	-
Other income (expenses)	(1,039)	-
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	1,936	3,014
Inventory	153	475
Prepaid expenses and other current assets	(114)	(1,973)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(1,060)	(790)
Net Cash Provided by Operating Activities	\$ 7,132	\$ 18,006

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Materials Innovation and Recycling Authority (the "Authority") was created by the State of Connecticut (the "State") under Public Act 14-94 (the "Act"). The Authority constitutes a successor authority to the Connecticut Resources Recovery Authority ("CRRA") which was created in 1973 under Chapter 446c of the State Statutes. The Authority is a public instrumentality and political subdivision of the State and is included as a component unit in the State's Comprehensive Annual Financial Report.

The Authority became CRRA's successor effective June 6, 2014 when it assumed control over all of CRRA's assets, rights, duties and obligations and continued CRRA's ongoing business. The Act and related statutes outlined below specified the transfer of responsibilities from CRRA to the Authority in a manner that assured continuity.

- The Authority's designation as CRRA's successor did not represent a grant of new authority by the State. The Authority replaced CRRA and CRRA no longer exists;
- Any effective orders or regulations of CRRA remain effective under the governance of the Authority;
- To the extent that CRRA was a party to any action or proceeding (civil or criminal), the Authority was substituted for CRRA in that action or proceeding;
- Any contract, right of action or matter undertaken or commenced by CRRA is now being undertaken and completed by the Authority;
- The officers and employees of CRRA have been transferred to the Authority; and
- All property of CRRA was delivered to the Authority.

The Authority is authorized to have a board consisting of eleven directors and eight ad-hoc members. The Governor appoints three directors and all eight ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. All appointments require the advice and consent of both houses of the General Assembly.

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State is contingently liable to restore deficiencies in debt service reserves established for certain Authority bonds. The Authority has no taxing power.

Under the Act, the Authority's purpose continues to be the planning, design, construction, financing, management, ownership, operation and maintenance of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan. The Authority continues to provide solid waste management services to municipalities, regions and persons within the State by receiving solid wastes at Authority facilities, recovering resources from such solid wastes, and generating revenues from such services sufficient for the Authority to operate on a self-sustaining basis.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A. Entity and Services *(Continued)*

The Act established a new consultative partnership between the Authority and the State's Department of Energy and Environmental Protection ("DEEP"), specifically for redevelopment of the Authority's Connecticut Solid Waste System ("CSWS") described below, and generally for the development of new waste management industries, technologies and commercial enterprises on property owned by the Authority. The Act charged DEEP with revising the State's solid waste management plan and undertaking these consultative efforts consistent with the revised plan. The Act also transferred responsibility for statewide recycling education to a newly created "Recycle CT Foundation". The Authority continues to provide educational facilities and services to its customers as of June 30, 2015.

CRRA's original core mission was to develop a network of resource recovery and related facilities within the State to move the State away from the process of landfilling its municipal solid waste. Facilities were constructed in Hartford, Preston, Bridgeport and Wallingford, Connecticut, which have historically been known as the Mid Connecticut, Southeast, Bridgeport and Wallingford projects, respectively. CRRA secured financing, facility developer, operator and customer contracts, and administered these projects throughout their various stages over the last four decades. While the initial underlying contracts for the Southeast Project remain in effect, those for Mid Connecticut, Bridgeport and Wallingford have expired resulting in a distribution and/or reformation of project assets which formed the foundation for CRRA's core project / division and financial structure at the time of assumption by the Authority. The Authority continues to recognize CRRA's projects / divisions and financial structure outlined below.

Mid Connecticut Project and the Connecticut Solid Waste System - CRRA retained title to the resource recovery facility in Hartford (South Meadows), all support facilities and land when the initial underlying project contracts expired for the Mid Connecticut Project on November 15, 2012. No property transferred to the facility operator. CRRA assigned these assets to its Property Division and put them into service in the form of the **Connecticut Solid Waste System**. Assets in service to the CSWS include the resource recovery facility, four transfer stations and a major recycling facility. The CSWS presently provides solid waste disposal services to 50 Connecticut municipalities and 41 private waste haulers under contract with the Authority. The CSWS is the primary operating division of the Authority. All operating revenues and expenses of the CSWS, other than depreciation and amortization of assets, are assigned to the CSWS division. Prior Mid Connecticut Project assets not in service to the CSWS include the Education and Trash Museum and certain jet turbine powered electric generating peaking units. All revenues and expenses associated with the assets not in service to CSWS are assigned to the Property Division. The Mid Connecticut Project remains active administratively for project close out activities including funds distribution.

Wallingford Project – Title to the resource recovery facility and underlying land was transferred to the operator upon expiration of the project on June 30, 2010, but CRRA retained rights to a portion of the facility's waste processing capacity, which is presently used primarily for CSWS waste diversion purposes. While no Capital Assets were retained by CRRA, the Authority assumed CRRA's interests and obligations with respect to retained facility capacity, project close out and asset transfer activities.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A. Entity and Services *(Continued)*

Southeast Project – The initial underlying structure of this project remains in place. CRRA issued its Resource Recovery Revenue Bonds, and subsequently Refunding Bonds, (the “Bonds”), to finance construction of this resource recovery facility located in Preston, Connecticut and the supporting Special Capital Reserve Fund held by the State Treasurer. CRRA owned the facility and leased it to a private operator under a long-term contract. The private operator runs the facility pursuant to a Service Agreement with CRRA, under which CRRA is obligated to meet certain solid waste delivery requirements. To meet these requirements, the Southeastern Connecticut Regional Resource Recovery Authority (“SCRRRA”) was established and SCRRRA entered into agreements with its twelve member municipalities requiring them to deliver waste to SCRRRA for disposal at the facility. Under a Bridge and Management Agreement between CRRA and SCRRRA, the Authority causes the facility to be operated and maintained and SCRRRA causes its members to deliver waste. Based on this structure, CRRA’s Statements of Net Position do not include the Capital Assets comprising the facility as they will revert to operator ownership upon expiration of the underlying contracts. Likewise, the Authority’s Statements of Net Position do not reflect the Current or Long Term Liabilities associated with these Capital Assets (debt service on the Bonds), which is secured solely by the pledge of revenue derived from the facility. CRRA’s responsibility, among other things, has been to manage the flow of funds under the Bond Indenture. Accordingly, the Statement of Revenues, Expenses and Changes in Net Position include revenues and funds distributed by the Authority pursuant to the Bond Indenture. The Authority has assumed CRRA’s interests and obligations under the Bonds, Lease, Service Agreement, Bridge and Management Agreement and reports this activity consistent with the structure noted above.

Bridgeport Project and Southwest Division – CRRA retained title to the land and a major recycling facility located in Stratford upon expiration of initial project underlying contracts on December 31, 2008. It transferred title to the resource recovery facility to the operator, but retained rights to a portion of the facility’s waste processing capacity through June 30, 2014. CRRA leased the land to the operator and used its retained facility capacity to serve the waste processing needs of twelve towns in the Southwest area of the State. The processing of waste through this retained facility capacity is reflected in CRRA’s **Southwest Division**, which was formed for this purpose, but ceased operations on June 30, 2014. Revenue from the facility lease was assigned to the Property Division. The Authority has assumed CRRA’s interests and obligations in these assets and reports this activity consistent with the structure noted above.

Property Division – All Capital Assets retained by CRRA upon expiration of the Mid Connecticut and Bridgeport projects other than those associated with landfills have been assigned to this division. The division derives operating income primarily from the lease of property and the sale of jet turbine electric generating capacity in various ISO New England energy markets. The Authority has assumed CRRA’s interests and obligations in the Property Division and reports this activity consistent with the structure noted above.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A. Entity and Services *(Continued)*

Landfill Division – As of June 6, 2014, the Authority assumed CRRA’s ownership interests in three closed landfills in the State, and certain adjoining properties, which have been assigned to the Landfill Division. Certain plant and equipment installations associated with these landfills, and the leased Hartford landfill, have also been assigned to this division. The Authority has also assumed CRRA’s interests and obligations pursuant to State statute and agreement with DEEP concerning the transfer of CRRA’s landfill post closure care obligations to DEEP and the transfer of funds reserved for post closure care activities to the State. See Note 4 for additional information.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority is considered to be an Enterprise Fund. The Authority’s activities are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses.

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The Authority’s financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Interest on revenue bonds, used to finance the construction of certain assets, is capitalized during the construction period, net of interest earned on the investment of unexpended bond proceeds.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services and sales of electricity. Operating expenses include the cost of solid waste operations, maintenance and utilities, administrative expenses, rebates and distribution of funds associated with active Authority projects (CSWS and Southeast) and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses including distribution of funds associated with closeout of inactive projects (Wallingford and Recycling Division).

C. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheets and the reported amounts of revenues and expenses during the reporting period. Such estimates are subsequently revised as deemed necessary when additional information becomes available. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

All unrestricted and restricted highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

E. Accounts Receivable, Net

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral from non-municipalities. The Authority has established an allowance for the estimated portion that is not expected to be collected of \$234,000 at June 30, 2015 and \$254,000 at June 30, 2014.

F. Inventory

The Authority's spare parts inventory is stated at the lower of cost or market using the weighted-average costing method. The Authority's fuel inventory is stated at the lower of cost or market using a first-in first-out (FIFO) method. Inventories at June 30, 2015 and 2014 are summarized as follows:

Inventories	Fiscal Year	
	2015 (\$000)	2014 (\$000)
Spare Parts	\$ 4,699	\$ 4,687
Fuel	1,217	1,382
Total	\$ 5,916	\$ 6,069

G. Investments

Investments are stated at fair value. Gains or losses on sales of investments are determined using the specific identification method.

Interest on investments is recorded as revenue in the year the interest is earned, unless capitalized as an offset to capitalized interest expense on assets acquired with tax-exempt debt.

H. Restricted Positions

Under provisions of various bond indentures and certain other agreements, restricted assets are used for debt service, special capital reserve funds and other debt service reserve funds, development, construction and operating costs.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Development Costs

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning and permitting are capitalized. When the project begins commercial operation, the development costs are amortized using the straight-line method over the estimated life of the project.

Development costs at June 30, 2015 and 2014 are presented in the following table:

Southeast Development Costs	Fiscal Year	
	2015	2014
	(\$000)	(\$000)
Development Costs	\$ 10,006	\$ 10,006
Less accumulated amortization	9,614	9,222
Total development costs, net	\$ 392	\$ 784

Remaining unamortized development costs are expected to be amortized during the year ended June 30, 2016.

J. Capital Assets

Capital assets with a useful life in excess of one year are capitalized at historical cost. Depreciation of exhaustible capital assets is charged as an expense against operations. Depreciation is charged over the estimated useful life of the asset using the straight-line method. The estimated useful lives of capital assets are as follows:

Capital Assets	Years
Resources Recovery Buildings	30
Other Buildings	20
Resources Recovery Equipment	30
Gas and Steam Turbines	10-20
Recycling Equipment	10
Rolling Stock and Automobiles	5
Office and Other Equipment	3-5
Roadways	20

The Authority's capitalization threshold for property, plant, and equipment and for office furniture and equipment is \$5,000 and \$1,000, respectively. Improvements, renewals, and significant repairs that extend the useful life of a capital asset are capitalized; other repairs and maintenance costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any related gains or losses are recorded.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

The Authority reviews its capital assets used in operations for impairment when prominent events or changes in circumstances that may be indicative of impairment of a capital asset has occurred. The Authority records impairment losses and reduces the carrying value of a capital asset when both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. During the years ended June 30, 2015 and 2014, no impairment losses were recognized.

Construction in progress includes all associated cumulative costs of a constructed capital asset and deposits held by third parties for capital purchases. Construction in progress is relieved at the point at which an asset is placed in service for its intended use.

K. Compensated Absences

The Authority's liability for vested accumulated unpaid vacation and personal amounts is included in accrued expenses and other current liabilities in the accompanying balance sheet. The liability for compensated absences at June 30, 2015 and 2014 and the related changes for the years ended June 30, 2015 and 2014 are presented in the following table:

	Balance at July 1, 2013 (\$000)	Increases (Decreases) (\$000)	Balance at June 30, 2014 (\$000)	Increases (Decreases) (\$000)	Balance at June 30, 2015 (\$000)
Compensated Absences	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accrued vacation and personal time	<u>\$ 328</u>	<u>\$ 41</u>	<u>\$ 369</u>	<u>\$ 10</u>	<u>\$ 379</u>
Total	<u>\$ 328</u>	<u>\$ 41</u>	<u>\$ 369</u>	<u>\$ 10</u>	<u>\$ 379</u>

L. Net Position

The Authority's net position is reported in one of the following three components:

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position, consists of the portion of net position that has been either restricted by enabling legislation or that contain various externally imposed restrictions by creditors, grantors or laws and regulations of other governments. Restricted net position totaled \$48,000 and \$548,000 as of June 30, 2015 and 2014, respectively. None of the Authority's net position has been restricted by enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position (Continued)

Unrestricted net position, consists of the portion of net position not included in the other components of net position and has been divided into designated and undesignated portions. Designated net position represent the Authority's self-imposed limitations on the use of otherwise unrestricted net position. Unrestricted net position has been designated by the Board of Directors of the Authority for various purposes. Such designations totaled \$24.4 million and \$25.7 million as of June 30, 2015 and 2014, respectively. Unrestricted net position at June 30, 2015 and 2014 are summarized as follows:

Unrestricted Net Position	2015 (\$000)	2014 (\$000)
Undesignated	\$ 29,593	\$ 35,007
Designated:		
Debt service reserve	2,100	175
Enron litigation expense	-	394
Future loss contingencies	694	6,663
General	7,930	4,534
Improvements	2,113	5,343
Landfill development	297	296
Legal	601	508
Litigation reserve	-	790
Landfill Operating	3,552	1,783
Post-project closure	181	144
Project-closure	988	1,633
Recycling	-	190
Severances	792	874
Tip fee stabilization	5,188	2,408
	24,436	25,735
Total Unrestricted Net Position	\$ 54,029	\$ 60,742

M. New Accounting Pronouncements

Effective July 1, 2014, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The adoption of these statements did not have a material effect on the Authority's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2015 and 2014:

Cash and Cash Equivalents	2015 (\$000)	2014 (\$000)
Unrestricted:		
Cash deposits	\$ 8,999	\$ 8,935
Cash equivalents:		
STIF *	44,772	49,892
	53,771	58,827
Restricted – current:		
Cash deposits	1,794	1,788
Cash equivalents:		
STIF *	6	584
Money Market Funds	-	322
	1,800	2,694
Total	\$ 55,571	\$ 61,521

* STIF = Short-Term Investment Fund of the State of Connecticut

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

As of June 30, 2015 and 2014, approximately \$8.9 million and \$9.9 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2015 (\$000)	2014 (\$000)
Uninsured and Uncollateralized	\$ 7,645	\$ 8,495
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	1,269	1,427
Total	\$ 8,914	\$ 9,922

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits – Custodial Credit Risk (Continued)

All of the Authority’s deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank’s risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments in the State of Connecticut Short-Term Investment Fund (“STIF”) and Money Market Funds as of June 30, 2015 and 2014 are included in cash and cash equivalents in the accompanying Statement of net position. For purposes of disclosure, such amounts are considered investments and have been included in the investment disclosures that follow.

Investments

Interest Rate Risk

As of June 30, 2015, the Authority’s investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$ 44,778	\$ 44,778	\$ -	\$ -	\$ -
Total	\$ 44,778	\$ 44,778	\$ -	\$ -	\$ -

As of June 30, 2014, the Authority’s investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$ 50,476	\$ 50,476	\$ -	\$ -	\$ -
Total	\$ 50,476	\$ 50,476	\$ -	\$ -	\$ -

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk (Continued)

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares.

As of June 30, 2015 and 2014, STIF had a weighted average maturity of 37 days and 40 days; respectively. The Money Market Funds invest exclusively in short-term U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. This fund complies with Securities and Exchange Commission regulations regarding money market fund maturities, which requires that the weighted average maturity be 90 days or less. As of June 30, 2014, the weighted average maturity of this fund was 40 days.

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority is limited to investment maturities as required by specific bond resolutions or as needed for immediate use or disbursement. Those funds not included in the foregoing may be invested in longer-term securities as authorized in the Authority's investment policy. The primary objectives of the Authority's investment policy are the preservation of principal and the maintenance of liquidity.

Credit Risk

The Authority's investment policy delineates the investment of funds in securities as authorized and defined within the bond resolutions governing the Southeast Projects for those funds established under the bond resolution and held in trust by the Authority's trustee. For all other funds, Connecticut state statutes permit the Authority to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

As of June 30, 2015, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$ 44,778	AAAm	Not Rated	Not Rated

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

As of June 30, 2014, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$ 50,476	AAA _m	Not Rated	Not Rated
Money Market Funds	\$ 322	AAA _m	Aaa-mf	AAA _{mmf}

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not include provisions for custodial credit risk, as the Authority does not invest in securities that are held by counterparties. None of the Authority's investments require custodial credit risk disclosures. STIF is not subject to regulatory oversight nor is it registered with the Securities and Exchange Commission as an investment company.

Concentration of Credit Risk

The Authority's investment policy places no limit on the amount of investment in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for Authority needs. As of June 30, 2015 and 2014, substantially all of the Authority's investments are in STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity, thereby satisfying the primary objectives of the Authority's investment policy.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2014 and 2015:

	Balance at June 30, 2013 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2014 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2015 (\$000)
Depreciable assets:									
Plant	\$ 195,566	\$ -	\$ 4,242	\$ (1,662)	\$ 198,145	\$ -	\$ 7,731	\$ (4,089)	\$ 201,788
Equipment	234,741	137	6,336	(1,034)	240,179	34	4,088	(2,055)	242,246
Total at cost	<u>430,307</u>	<u>137</u>	<u>10,577</u>	<u>(2,697)</u>	<u>438,324</u>	<u>34</u>	<u>11,820</u>	<u>(6,143)</u>	<u>444,034</u>
Less accumulated depreciation for:									
Plant	\$ (157,496)	\$ (6,460)	\$ -	\$ 1,325	\$ (162,631)	\$ (7,599)	\$ -	\$ 3,626	\$ (166,604)
Equipment	(188,294)	(9,249)	-	918	(196,625)	(9,823)	-	1,525	(204,923)
Total accumulated depreciation	<u>(345,790)</u>	<u>(15,709)</u>	<u>-</u>	<u>2,243</u>	<u>(359,256)</u>	<u>(17,422)</u>	<u>-</u>	<u>5,151</u>	<u>(371,527)</u>
Total depreciable assets, net	<u>\$ 84,517</u>	<u>\$ (15,572)</u>	<u>\$ 10,577</u>	<u>\$ (454)</u>	<u>\$ 79,068</u>	<u>\$ (17,388)</u>	<u>\$ 11,820</u>	<u>\$ (992)</u>	<u>\$ 72,507</u>
Nondepreciable assets:									
Land	\$ 28,181	\$ -	\$ -	\$ -	\$ 28,181	\$ -	\$ -	\$ -	\$ 28,181
Construction-in-progress	2,161	11,649	(10,583)	-	3,226	13,169	(11,807)	-	4,587
Total nondepreciable assets	<u>\$ 30,342</u>	<u>\$ 11,649</u>	<u>\$ (10,583)</u>	<u>\$ -</u>	<u>\$ 31,407</u>	<u>\$ 13,169</u>	<u>\$ (11,807)</u>	<u>\$ -</u>	<u>\$ 32,768</u>
Total depreciable and nondepreciable assets	<u>\$ 114,859</u>	<u>\$ (3,923)</u>	<u>\$ (6)</u>	<u>\$ (454)</u>	<u>\$ 110,475</u>	<u>\$ (4,220)</u>	<u>\$ 13</u>	<u>\$ (992)</u>	<u>\$ 105,276</u>

4. LONG-TERM LIABILITIES FOR CLOSURE AND POST-CLOSURE CARE OF LANDFILLS

The Authority has historically operated five landfills located within the State. Three landfills (located in Ellington, Waterbury and Shelton) are owned in fee simple by the Authority and two landfills (located in Hartford and Wallingford) have been leased by the Authority.

Federal, State and local regulations require the Authority to place final cover on these landfills when it stops accepting waste at them (closure obligations), and to perform certain maintenance and monitoring functions for periods that may extend thirty years after closure (post closure obligations).

The Authority estimates its liability for closure and post-closure care costs and records any increases or decreases to the liability as an operating expense. For landfills presently open, such estimate is based on landfill capacity used as of the fiscal year end. The liability for these costs is reduced when the costs are actually paid, which is generally after the landfill is closed. Actual costs may be higher due to inflation or changes in permitted capacity, technology or regulation. As of June 30, 2014, all five of the Authority's landfills had no capacity available since 100% of their capacity had been used, and all landfills other than Hartford had been closed in compliance with applicable Federal, State and local regulations.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

4. LONG-TERM LIABILITIES FOR CLOSURE AND POST-CLOSURE CARE OF LANDFILLS (Continued)

During the year ended June 30, 2014, pursuant to applicable State statute as described further under Note 10, the Authority transferred \$35.8 million in post closure care obligations for all of its landfills to DEEP and concurrently transferred \$31 million of its landfill reserve accounts and trust funds to the State's General Fund. The Authority's closure obligation for the Hartford landfill was not transferred to DEEP.

During the year ended June 30, 2015, the Authority completed closure of the Hartford landfill in compliance with applicable Federal, State and local regulations. Accordingly, the accompanying Statement of Net Position as of June 30, 2015 no longer includes liabilities associated with the post closure or closure care of the Authority's landfills as these obligations were either assumed by DEEP during the year ended June 30, 2014 or have been completed by the Authority during the year ended June 30, 2015.

There were no capital assets transferred pursuant to these statutes. While the Authority retains fee simple ownership of the Ellington, Waterbury and Shelton landfills and related assets, the associated post closure care obligations have been assumed by DEEP. The Hartford landfill lease expired during the year ended June 30, 2015 (upon completion of the Authority's closure obligations) and its surviving post closure care obligations have been assumed by DEEP. The Wallingford Landfill lease previously expired and its surviving post closure care obligations have been assumed by DEEP.

The nature and status of these statutes and their implementation are described further under Note 10.

The following presents the liabilities for closure and post closure care of landfills as of June 30, 2015 and 2014 and the related changes in the liabilities for the years ended June 30, 2015 and 2014.

Landfill	Liability at June 30, 2013				Liability at June 30, 2014			Liability at June 30, 2015	Amounts Due Within One Year
	2013 (\$000)	Expense (\$000)	Paid (\$000)	Transfers (\$000)	2014 (\$000)	Expense (\$000)	Paid (\$000)	2015 (\$000)	(\$000)
Ellington	\$ 3,300	\$ -	\$ (187)	\$ (3,113)	\$ -	\$ -	\$ -	\$ -	\$ -
Hartford	30,608	(3,392)	(9,392)	(17,781)	43	6	(49)	-	-
Shelton	10,128	-	(350)	(9,778)	-	-	-	-	-
Wallingford	4,298	-	(137)	(4,161)	-	-	-	-	-
Waterbury	942	-	(25)	(917)	-	-	-	-	-
Total	<u>\$ 49,276</u>	<u>\$ (3,392)</u>	<u>\$(10,091)</u>	<u>\$(35,750)</u>	<u>\$ 43</u>	<u>\$ 6</u>	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

5. MAJOR CUSTOMERS

Energy sales to ISO New England through the Authority's lead market participant Nextera Energy Power Marketing represented 26% of the Authority's operating revenues for the year ended June 30, 2015. Energy sales to Eversource represented 22% of operating revenue during the same period. Energy sales to Nextera Energy Power Marketing and Northeast Utilities totaled 29% and 17%, respectively, of the Authority's operating revenues for the year ended June 30, 2014.

Service charge revenues from All Waste, Inc. totaled 8.6% and 6.3% of the Authority's operating revenues for the years ended June 30, 2015 and 2014, respectively.

6. RETIREMENT BENEFIT PLAN

The Authority is the Administrator of its 401(k) Employee Savings Plan. This defined contribution retirement plan covers all eligible employees.

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions are five percent of payroll plus a dollar for dollar match of employees' contributions up to five percent of employee wages. Authority contributions for the years ended June 30, 2015 and 2014 amounted to \$350,000 and \$392,000, respectively. Employees contributed \$334,000 to the plan during the year ended June 30, 2015 and \$390,000 to the plan during the year ended June 30, 2014.

In addition, the Authority is a participating employer in the State of Connecticut's defined contribution 457(b) Plan, which allows Authority employees to participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457. All amounts of compensation deferred under the 457(b) plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan; rather, fiduciary responsibility rests with the State Comptroller's office.

The Authority has no other post-employment benefit plans as of June 30, 2015 and 2014.

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss. The Authority endeavors to purchase commercial insurance for all insurable risks of loss that can be done so at reasonable expense. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years. The overall limit applies on a blanket basis, per occurrence, for property damage to all scheduled locations and provides coverage for business interruption and extra expense for the South Meadows facilities. The South Meadows waste-to-energy facility is the Authority's highest valued single facility.

The Authority is a member of the Connecticut Interlocal Risk Management Agency's ("CIRMA") Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is a guaranteed cost program. The premium for each of the policy periods from July 1, 2015 through July 1, 2016 and July 1, 2014 through July 1, 2015 was \$52,000 and \$66,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

8. COMMITMENTS

The Authority has various operating leases for office space and office equipment, which totaled \$353,000 and \$294,000 for the years ended June 30, 2015 and 2014, respectively.

The Authority also has agreements with various municipalities for payments in lieu of taxes (“PILOT”) for personal and real property. For the years ended June 30, 2015 and 2014, the PILOT payments, which are included as a cost of solid waste operations in the accompanying Statements of Revenues, Expenses and Changes in Net Position, totaled \$2,555,000 and \$3,304,000, respectively. The City of Hartford PILOT agreement for the CSWS was effective as of November 27, 2013. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2015 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2016	\$ 254	\$ 2,600
2017	191	1,145
2018	192	38
2019	196	38
2020	200	38
Thereafter	488	266
Total	\$ 1,521	\$ 4,125

The Authority has executed contracts with the operators/contractors of the resources recovery facilities, regional recycling centers, transfer stations, and landfills containing various terms and conditions. Major operators/contractors and their contract expiration dates are as follows:

Operator/Contractor	Contract expiration date
Covanta Southeast	2/17/2022
Wheelabrator Technologies	2/17/2017
NAES Corporation	6/30/2016
Copes Rubbish Removal, Inc	6/30/2016
CWPM, LLC	6/30/2016
FCR Inc	6/30/2017

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

8. COMMITMENTS (Continued)

Generally, operating charges are derived from various factors such as tonnage processed, energy produced, and certain pass-through operating costs.

The approximate amount of contract operating charges, included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2015 and 2014 were as follows:

Project	2015 (\$000)	2014 (\$000)
Connecticut Solid Waste System	\$ 45,447	\$ 46,208
Mid-Connecticut	456	(793)
Southeast	19,437	20,349
SouthWest	(23)	12,907
Property	1,073	1,054
Landfill	218	750
Recycling	1	-
Total	\$ 66,609	\$ 80,475

9. OTHER FINANCING

The Authority served as a conduit issuer for several bonds pursuant to bond resolutions to fund the construction of waste processing facilities built and operated by independent contractors. The only bonds that remain outstanding relate to the Authority's Southeast project. The revenue bonds were issued by the Authority to lower the cost of borrowing for the contractor/operator of the projects. The Authority was not involved in the construction activities, and construction requisitions by the contractor were made from various trustee accounts. See note 1A to the Financial Statements for additional information on the structure of Southeast project.

The Authority is not obligated for the repayment of debt on these issues other than through the revenues of the Southeast project. In the event of default, and except in cases where the State has a contingent liability, the payment of debt is not guaranteed by the Authority or the State. Therefore, the Authority does not record the assets and liabilities related to these bond issues on its financial statements. The principal amounts of these bond issues outstanding at June 30, 2015 and 2014 are as follows:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

9. OTHER FINANCING (Continued)

Project	2015	2014
	(\$000)	(\$000)
<hr/>		
Southeast -		
1992 Series A - Corp. Credit	\$ 30,000	\$ 30,000
2001 Series A - Covanta Southeastern Connecticut Company - I	6,750	6,750
2001 Series A - Covanta Southeastern Connecticut Company - II	6,750	6,750
2010 Series A - Project Refunding	<u>5,270</u>	<u>11,295</u>
 Total	 <u>\$ 48,770</u>	 <u>\$ 54,795</u>

10. STATE PUBLIC ACTS

The Authority has implemented certain actions mandated by the State of Connecticut in its Public Act 13-247 and Section 99 of Public Act 13-184. These acts required the Authority to transfer all legally required obligations resulting from the closure of the Authority's landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to the State's Department of Energy and Environmental Protection ("DEEP"), and to transfer up to \$35 million of the Authority's resources to the State, to be credited to the resources of the State's General Fund, for the year ending June, 30, 2014.

The transfer of legal obligations resulting from the closure of landfills was addressed by a Memorandum of Understanding ("MOU") between the Authority and DEEP. The MOU became effective April 24, 2014, at which point in time DEEP began reimbursing the Authority for all of its post closure care and maintenance expenses at all landfills, other than the Hartford landfill, while the parties undertook a transition process for DEEP to begin performance of the work and assume all relevant federal and state licenses, permits and orders ("Authorizations") related to the landfills.

During the year ended June 30, 2015, the Authority continued to perform landfill post closure work at these four landfills subject to reimbursement by DEEP. As of August 7, 2014 all solid waste Authorizations concerning the landfills have been transferred to DEEP. As of December 5, 2014 the Authority completed its closure work for the Hartford landfill and DEEP began reimbursing the Authority for all of its post closure care expenses at the Hartford landfill. The transfer of up to \$35 million of the Authority's resources to the State as required by Public Act 13-184 was addressed by resolution of the Authority's Board of Directors. The Authority received written confirmation from the State that the transfer of \$31 million will fully satisfy the requirements of Public Act 13-184 and the Board directed the transfer of \$31 million in stages based on the occurrence of certain relevant milestones that included i) execution of the MOU, ii) issuance of a purchase order providing for reimbursement of the Authority's ongoing work during the transition period, iii) transfer of certain Authorizations, iv) termination of certain trust agreements, and v) action required by certain local government policy boards. As of June 30, 2014, all of these milestones have been achieved and the Authority had transferred the \$31 million to the State. No additional actions or transactions were required during the year ended June 30, 2015 to fully implement this act.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

10. STATE PUBLIC ACTS *(Continued)*

The implementation of Public Acts 13-247 and 13-184 is reflected on the Authority's Financial Statements as and for the year ended June 30, 2014 as a liquidation of the \$31 million in trust and reserve funds previously held as financial assurance for post closure care obligations, a write off of long term liabilities associated with such post closure care obligations, and recognition of non-operating revenue representing the difference between such funds and the related liabilities.

During the year ended June 30, 2015, all work associated with the closure of the Hartford landfill was completed and as of June 30, 2015 the Authority no longer recognizes any liability for such closure on its Statement of Net Position. All landfill expense reimbursements received from DEEP during the year ended June 30, 2015 have been recorded as Other Operating Revenue on the Authority's Statement of Revenues, Expenses and Changes in Net Position. These reimbursements totaled \$112,000 in FY2015.

11. CONTINGENCIES

Mid-Connecticut Project

On October 7, 2009, The Metropolitan District Commission ("MDC") initiated an arbitration proceeding against the Authority seeking a declaratory judgment that the Authority is responsible for certain post-employment benefits and other costs that MDC may incur following the expiration of its contract for the operation of a portion of the Mid-Connecticut Project (the "Contract") on December 30, 2011. The MDC did not specify the amount of its monetary claim in its demand for a declaratory judgment in arbitration; however, the MDC subsequently asserted an amended demand for arbitration based on similar underlying legal arguments and asserting a claim for unspecified damages. On February 26, 2013, MDC also filed an application for a prejudgment remedy (the "PJR Application"), asserting that an attachment or garnishment of \$47 million, or more, is necessary to secure a remedy for its claims. MDC's application acknowledged, however, that it had only actually expended \$2.1 million of its alleged \$47 million claimed obligation. On April 1, 2013, the Authority filed a motion to dismiss MDC's PJR Application, which was granted on October 1, 2013. On October 22, 2013, MDC filed a new application for a prejudgment remedy, seeking an attachment of CRRA's assets to secure an alleged \$52 million obligation. The Authority filed a motion to dismiss the application on November 8, 2013; the court has not ruled on the motion. Twenty-seven days of hearings on the question of liability only were held before a three-member arbitration panel between March 31, 2014 and June 25, 2015; a unanimous decision was received from the panel on August 21, 2015. The panel found that MDC failed to budget for the cited post-employment benefits until the final years of the Project, and is therefore largely not entitled to recover its claims for those costs, with the exception of certain costs related to the final years of the Contract and certain miscellaneous employee termination costs. The panel directed the parties to meet and confer regarding the calculation of the indicated costs, and to report to the panel on those discussions within 60 days. If the parties are unable to agree on the amount of damages owed by the Authority, additional discovery and arbitration hearings will be required.

The Authority believes that it has reserves sufficient to cover the costs it is likely to owe pursuant to the arbitration decision.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

11. CONTINGENCIES (Continued)

In March 2013, Tremont Public Advisors filed a complaint against the Authority in Connecticut Superior Court, claiming that the Authority illegally awarded a contract for Municipal Government Liaison Services and violated Connecticut's Antitrust Act, and seeking injunctions, damages, interest, and attorneys' fees and costs. The Authority denies the allegations and has asserted several defenses. On January 21, 2014, the Authority filed a motion to dismiss the complaint, supplemented on March 24, 2015, by a Motion to Strike the Antitrust count. On August 17, 2015, the court granted the Authority's Motion to Dismiss the second count of the complaint and the Authority's Motion to Strike the first count. The plaintiff had fifteen days to file a substitute complaint; plaintiff has requested, and been granted, an extension of time to file until September 11, 2015. (to be updated as of report date)

CSWS

On August 21, 2014, the Authority was served with a Complaint of a former NAES Corporation employee, alleging that he was injured while employed by NAES at the Authority's waste-to-energy facility in Hartford. Pursuant to the terms of the Agreement between the Authority and NAES Corporation for the operation and maintenance of the facility, NAES is providing the Authority with indemnity and a defense of this claim.

Bridgeport Project

In the early 1990's, the Authority was named as a Potentially Responsible Party in the now-combined federal and State of New Jersey suits to recover the costs of remediation of the landfill known as Combe Fill South. The Authority's liability was substantially resolved in the spring of 2009 as a result of a mediated global settlement. However, one of the settling parties is pursuing a contribution action against certain non-settling entities. The Authority continues to monitor remaining case activities to the extent they may implicate the Authority.

Other Issues; Resolved Matters; Unasserted Claims and Assessments

The Municipal Solid Waste Management Agreement ("MSA") between the Authority and the City of Waterbury expired on June 30, 2013. On July 30, 2013, the City underpaid the Authority's invoice for June waste disposal services, indicating that it disputed the remainder of the invoice. On May 30, 2014, the Authority filed a Demand for Arbitration, alleging breach of contract, and claiming damages, together with late payment charges and costs of collection. An arbitration hearing concluded in July, 2015; on August 18, 2015, the Authority was awarded damages in the amount of \$241,468.41. The Authority has not recognized this gain as of June 30, 2015 and will account for the decision in the period the awarded amount is received from the City.

The MDC has included in several monthly invoices to the Authority a claim for reimbursement of certain MDC legal and consulting fees. The Authority has disputed these charges on the grounds that they are not related to the MDC's obligation to operate, maintain, and repair the WPF during the term of the Authority-MDC Agreement.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

11. CONTINGENCIES *(Continued)*

On March 31, 2009, the Authority submitted a timely water discharge renewal application seeking the re-issuance of the Authority's National Pollutant Discharge Elimination System ("NPDES") Permit to the Connecticut Department of Environmental Protection, now known as the Connecticut Department of Energy and Environmental Protection ("DEEP"). Review of the Authority's permit renewal application by DEEP is ongoing, including whether the current location, design, construction and capacity of the cooling water intake structures at the Authority's South Meadows Facility represents best technology available ("BTA") for minimizing adverse environmental impact and, if not, what additional operational and/or technological measures reflecting BTA will need to be implemented at the Facility.

The Authority is subject to numerous federal, state and local environmental and other laws and regulations and management believes it is in substantial compliance with all such governmental laws and regulations.

12. NEW ACCOUNTING

PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2015. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Authority's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Authority's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Authority's reporting period beginning July 1, 2015. The Authority does not expect this statement to have a material effect on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

12. NEW ACCOUNTING

PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED *(Continued)*

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2016. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2017. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2015. The Authority does not expect this statement to have a material effect on its financial statements.

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority	Connecticut	Mid-Connecticut	Southwest	SouthEast	Property	Landfill	Recycling	Eliminations	Total
	General	Solid Waste	Project	Division	Project	Division	Division	Division		
	Fund	System								
ASSETS										
CURRENT ASSETS										
Unrestricted Assets:										
Cash and cash equivalents	\$ 1,658	\$ 12,760	\$ 17,916	\$ 4,371	\$ 4,371	\$ 13,170	\$ 3,896	\$ -	\$ -	\$ 53,771
Accounts receivable, net of allowances	-	3,828	-	7,667	-	617	10	-	-	12,122
Inventory	-	4,216	-	-	-	1,700	-	-	-	5,916
Prepaid expenses	12	2,277	27	4	-	85	37	-	-	2,442
Due from other funds	655	2	9	-	-	1,354	-	-	(2,020)	-
Total Unrestricted Assets	2,325	23,083	17,952	12,042	-	16,926	3,943	-	(2,020)	74,251
Restricted Assets:										
Cash and cash equivalents	-	139	6	1,607	-	48	-	-	-	1,800
Total Restricted Assets	-	139	6	1,607	-	48	-	-	-	1,800
TOTAL CURRENT ASSETS	2,325	23,222	17,958	13,649	-	16,974	3,943	-	(2,020)	76,051
NON-CURRENT ASSETS										
Capital Assets:										
Depreciable:										
Plant	864	-	-	-	-	175,571	25,353	-	-	201,788
Equipment	1,237	-	3,507	-	-	235,199	2,303	-	-	242,246
	2,101	-	3,507	-	-	410,770	27,656	-	-	444,034
Less: Accumulated depreciation	(2,069)	-	(614)	-	-	(341,188)	(27,656)	-	-	(371,527)
Total Depreciable, net	32	-	2,893	-	-	69,582	-	-	-	72,507
Nondepreciable:										
Land	-	-	-	-	-	12,072	16,109	-	-	28,181
Construction in progress	-	-	-	-	-	4,588	-	-	-	4,588
Total Nondepreciable	-	-	-	-	-	16,660	16,109	-	-	32,769
Development costs, net	-	-	-	392	-	-	-	-	-	392
TOTAL NON-CURRENT ASSETS	32	-	2,893	392	-	86,242	16,109	-	-	105,668
TOTAL ASSETS	\$ 2,357	\$ 23,222	\$ 20,851	\$ 14,041	\$ -	\$ 103,216	\$ 20,052	\$ -	\$ (2,020)	\$ 181,719

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
LIABILITIES										
CURRENT LIABILITIES										
Payable from unrestricted assets:										
Accounts payable	25	1,843	407	686	-	1,564	10	-	-	4,535
Accrued expenses and other current liabilities	579	2,091	3,000	4,155	-	109	58	-	-	9,992
Due to other funds	-	1,860	20	24	-	100	16	-	(2,020)	-
Unearned revenue	-	2,066	425	-	-	95	-	-	-	2,586
Total payable from unrestricted assets	604	7,860	3,852	4,865	-	1,868	84	-	(2,020)	17,113
Payable from restricted assets:										
Accrued expenses and other current liabilities	-	139	6	1,607	-	-	-	-	-	1,752
TOTAL CURRENT LIABILITIES	604	7,999	3,858	6,472	-	1,868	84	-	(2,020)	18,865
LONG-TERM LIABILITIES										
Payable from unrestricted assets:										
Other liabilities	-	-	3,500	-	-	-	-	-	-	3,500
TOTAL LONG-TERM LIABILITIES	-	-	3,500	-	-	-	-	-	-	3,500
TOTAL LIABILITIES	604	7,999	7,358	6,472	-	1,868	84	-	(2,020)	22,365

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
NET POSITION										
Net: investment in capital assets	33	-	2,894	-	-	86,241	16,109	-	-	105,277
Restricted	-	-	-	-	-	48	-	-	-	48
Unrestricted	1,720	15,223	10,599	7,569	-	15,059	3,859	-	-	54,029
TOTAL NET POSITION	<u>1,753</u>	<u>15,223</u>	<u>13,493</u>	<u>7,569</u>	<u>-</u>	<u>101,348</u>	<u>19,968</u>	<u>-</u>	<u>-</u>	<u>159,354</u>

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
Operating Revenues										
Service charges:										
Members	\$ -	\$ 23,351	\$ -	\$ 7,577	\$ 67	\$ 10	\$ -	\$ -	\$ -	\$ 31,005
Others	-	16,483	-	537	-	-	-	-	-	17,020
Energy sales	-	17,984	-	21,799	-	7,067	71	-	-	46,921
Other operating revenues	-	2,609	-	-	-	559	151	-	-	3,319
Total Operating Revenues	-	<u>60,427</u>	-	<u>29,913</u>	<u>67</u>	<u>7,636</u>	<u>272</u>	-	-	<u>98,265</u>
Operating Expenses										
Solid waste operations	-	49,489	601	30,001	(43)	2,413	182	1	(792)	81,852
Maintenance and utilities	-	607	(25)	-	-	387	175	-	-	1,144
Legal services - external	-	235	1,529	13	-	(22)	(15)	-	-	1,760
Administrative and Operational services	240	4,630	29	214	-	905	192	-	-	6,210
Total Operating Expenses	240	<u>54,981</u>	<u>2,134</u>	<u>30,228</u>	<u>(43)</u>	<u>3,683</u>	<u>534</u>	<u>1</u>	<u>(792)</u>	<u>90,966</u>
Operating Income (Loss) before Depreciation and Amortization	(240)	5,446	(2,134)	(315)	110	3,953	(312)	(1)	792	7,299
Depreciation and amortization	21	-	614	392	-	16,587	-	-	-	17,614
Operating Income (Loss)	(261)	5,446	(2,748)	(707)	110	(12,634)	(312)	(1)	792	(10,315)
Non-Operating Revenues (Expenses)										
Investment income	-	27	15	4	-	12	2	-	-	60
Other income (expenses), net	34	-	-	-	-	(1,654)	-	(537)	-	(2,157)
Non-Operating Revenues (Expenses), net	34	<u>27</u>	<u>15</u>	<u>4</u>	-	<u>(1,642)</u>	<u>2</u>	<u>(537)</u>	-	<u>(2,097)</u>
Income (Loss) before Transfers	(227)	5,473	(2,733)	(703)	110	(14,276)	(310)	(538)	792	(12,412)
Transfers in (out)	420	(9,380)	(2,417)	(1)	(265)	10,043	2,416	(24)	(792)	-
Change in Net Position	193	<u>(3,907)</u>	<u>(5,150)</u>	<u>(704)</u>	<u>(155)</u>	<u>(4,233)</u>	<u>2,106</u>	<u>(562)</u>	-	<u>(12,412)</u>
Total Net Position, beginning of period	1,560	19,130	18,643	8,273	155	105,581	17,862	562	-	171,766
Total Net Position, end of period	\$ 1,753	\$ <u>15,223</u>	\$ <u>13,493</u>	\$ <u>7,569</u>	\$ -	\$ <u>101,348</u>	\$ <u>19,968</u>	\$ -	\$ -	\$ <u>159,354</u>

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015
(Dollars in Thousands)

Authority	General	Connecticut	Southwest	Southwest	Southwest	Property	Landfill	Recycling	Eliminations	Total
Fund	System	Project	Project	Project	Division	Division	Division	Division		
Cash Flows Provided (Used) by Operating Activities										
Payments received from providing services	\$ 61,057	\$ 34	\$ 29,826	\$ 1,235	\$ 7,795	\$ 248	\$ -	\$ -	\$ -	\$ 100,195
Payments to suppliers and employees	(56,308)	(3,565)	(28,418)	(1,187)	(2,122)	(796)	(22)	(792)	(792)	(92,024)
Payments to other funds	893	102	(4)	-	(908)	(124)	(59)	-	-	-
Distribution to member towns	-	-	-	-	(502)	-	(537)	-	-	(1,039)
Net Cash Provided (Used) by Operating Activities	5,642	(3,429)	1,404	48	4,263	(672)	(618)	792	792	7,132
Cash Flows Provided by Investing Activities										
Interest on investments	27	15	4	-	12	2	-	-	-	60
Net Cash Provided by Investing Activities	27	15	4	-	12	2	-	-	-	60
Cash Flows Used by Capital and Related Financing Activities										
Proceeds from sales of equipment	34	-	-	-	28	-	-	-	-	62
Acquisition and construction of capital assets	(34)	-	-	-	(13,169)	-	-	-	-	(13,203)
Net Cash Used by Capital and Related Financing Activities	-	-	-	-	(13,141)	-	-	-	-	(13,141)
Cash Provided (Used) by Non-Capital Financing Activities										
Other interest and fees	-	-	-	-	(1)	-	-	-	-	(1)
Transfer in / (out)	420	(9,380)	(2,417)	(1)	10,043	2,417	(25)	(792)	(792)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	420	(9,380)	(2,417)	(1)	10,042	2,417	(25)	(792)	(792)	(1)
Net decrease in cash and cash equivalents	122	(3,711)	5,831	(217)	1,176	1,747	(643)	-	-	(5,950)
Cash and cash equivalents, beginning of year	1,536	16,610	23,753	217	12,042	2,149	643	-	-	61,521
Cash and cash equivalents, end of year	1,658	12,899	17,922	5,978	13,218	3,896	-	-	-	55,571

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Operating (loss) income	\$ (261)	\$ 5,446	\$ (2,748)	\$ (707)	\$ 110	\$ (12,634)	\$ (312)	\$ (1)	\$ 792	\$ (10,315)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:										
Depreciation of capital assets	21	-	614	-	-	16,587	-	-	-	17,222
Amortization of development costs	-	-	-	392	-	-	-	-	-	392
Provision for closure and post-closure care of landfills	-	-	(43)	-	-	-	-	-	-	(43)
Other income (expenses)	-	-	-	-	-	(502)	-	(537)	-	(1,039)
Changes in assets and liabilities, net of transfers: (increase) decrease in:										
Accounts receivable, net	-	731	34	(87)	1,168	64	26	-	-	1,936
Inventory	-	(12)	-	-	-	165	-	-	-	153
Prepaid expenses and other current assets	(12)	(5)	(27)	(4)	-	(29)	(37)	-	-	(114)
Increase (decrease) in:										
Accounts payable, accrued expenses and other liabilities	(146)	(1,411)	(1,361)	1,814	(1,230)	1,520	(225)	(21)	-	(1,060)
Due to/from other funds	100	893	102	(4)	-	(908)	(124)	(59)	-	-
Net Cash Provided by Operating Activities	\$ (298)	\$ 5,642	\$ (3,429)	\$ 1,404	\$ 48	\$ 4,263	\$ (672)	\$ (618)	\$ 792	\$ 7,132

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Total
Net position, net investment in capital assets	\$ 33	\$ -	\$ 2,894	\$ -	\$ -	\$ 86,241	\$ 16,109	\$ -	\$ 105,277
Restricted net position:									
Current restricted cash and cash equivalents :									
City of Hartford recycling education fund	-	-	6	-	-	-	-	-	6
Customer guarantees of payment	-	139	-	-	-	-	-	-	139
Revenue fund	-	-	-	1,607	-	-	-	-	1,607
Town of Ellington trust - pooled funds	-	-	-	-	-	48	-	-	48
Total current restricted cash and cash equivalents	-	139	6	1,607	-	48	-	-	1,800
Less liabilities to be paid with current restricted assets:									
Other liabilities	-	139	6	1,607	-	-	-	-	1,752
Total liabilities to be paid with current restricted assets	-	139	6	1,607	-	-	-	-	1,752
Total restricted net position	-	-	-	-	-	48	-	-	48

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

Unrestricted net position:	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Total
Designated for:									
Debt service reserve	\$ -	\$ 2,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100
Future loss contingencies	-	442	-	252	-	-	-	-	694
General fund	-	916	6,154	-	-	860	-	-	7,930
Improvement	-	-	-	-	-	2,113	-	-	2,113
Landfill development	-	-	297	-	-	-	-	-	297
Legal	-	601	-	-	-	-	-	-	601
Litigation reserve	-	-	-	-	-	-	-	-	0
Post-closure	-	-	-	-	-	-	3,552	-	3,552
Project/Post-project closure	-	-	988	-	-	181	-	-	1,169
Severance	792	-	-	-	-	-	-	-	792
Tip fee stabilization	-	-	-	-	-	5,188	-	-	5,188
Undesignated	928	11,164	3,160	7,317	-	6,717	307	-	29,593
Total unrestricted net position	1,720	15,223	10,599	7,569	-	15,059	3,859	-	54,029
Total Net Position	\$ 1,753	\$ 15,223	\$ 13,493	\$ 7,569	\$ -	\$ 101,348	\$ 19,968	\$ -	\$ 159,354

See Independent Auditor's Report

TAB 4

**RESOLUTION TRANSFERRING FUNDS FROM PROPERTY DIVISION
GENERAL FUND TO CSWS IMPROVEMENT FUND**

WHEREAS, on March 26, 2015 this Board of Directors resolved to dissolve certain Short-Term Investment Fund ("STIF") reserves in the amount of \$398,564 and deposit these funds into the Property Division's General Fund; and

WHEREAS, these funds are not pledged to other activities and can be used at the discretion of the Board; and

WHEREAS, CSWS operating income has been adversely affected by lower than anticipated wholesale electric pricing, lower than anticipated production and higher than anticipated ancillary expenses related to the spring turbine outage; and

WHEREAS, this impact to budgeted income has adversely affected the rollover CSWS Improvement Funds from Fiscal Year 2015 to Fiscal Year 2016 and prevented the September and October budgeted contributions to the CSWS Improvement Fund totaling \$1,371,072; and

WHEREAS, this funding is needed to maintain the outage maintenance scheduled for this fall; and

WHEREAS, the Board desires to off-set this funding shortfall with the \$398,564 that it resolved to transfer to the Property Division General Fund on March 26, 2015.

NOW THEREFORE, be it

RESOLVED: that \$398,564 be transferred from the Property Division's General Fund account into the CSWS Improvement Fund account as part of the approved Fiscal Year 2016 budgeted contributions into the CSWS Improvement Fund; and

FURTHER RESOLVED: that this transfer shall reduce the budgeted contributions from CSWS operating revenues by \$398,564.

TAB 5

ATTACHMENT 3 - RECOMMENDED DRAFT RESOLUTION FOR MIRA BOARD OF DIRECTORS

**INCREASING THE CSWS TIP FEE STABILIZATION FUND AND MODIFYING THE ASSOCIATED
FLOW OF FUNDS PROCEDURES**

WHEREAS, The Authority has previously established a tip fee stabilization fund within its Property Division intended to be drawn upon by the Connecticut Solid Waste System (CSWS) during periods of relatively low wholesale energy prices and refunded to the Property Division during periods of relatively high energy prices as a means to mitigate inflationary pressures on CSWS solid waste disposal fees; and

WHEREAS, The Authority has previously adopted procedures for the monthly flow of funds within the CSWS and Property Division that establish and govern the criteria under which funds may be drawn from, and must be refunded to, such tip fee stabilization fund; and

WHEREAS, The Authority has previously authorized and approved a maximum tip fee stabilization fund value of seven million dollars (\$7,000,000.00) which maximum value has been attained; and

WHEREAS, the combined effects of low wholesale energy prices, reduced energy production and increasing major maintenance costs associated with the CSWS have been estimated in an updated long term financial plan to necessitate increasing the maximum tip fee stabilization fund value and modifying the criteria under which such funds are drawn upon.

NOW THEREFORE, be it

RESOLVED: The Board of Directors approves the Property Division Flow of Funds procedure attached hereto as Exhibit A.

RESOLVED: The Board of Directors approves the CSWS Flow of Funds procedure attached hereto as Exhibit B.

RESOLVED: Effective with the disbursement of receipts for the period ending September 30, 2015 and continuing through and including the disbursement of receipts for the period ending June 30, 2016, the Board of Directors authorizes all Property Division receipts remaining within the Property Division Clearing Account after disbursement to the Property Division Operating STIF to be transferred directly to the CSWS Tip Fee Stabilization Fund in lieu of the Property Division general fund and the maximum tip fee stabilization fund value is hereby increased by the amount of such transfers.

Exhibit A
Connecticut Resources Recovery Materials Innovation and Recycling Authority
Property Division
Flow of Funds

Total Operating Revenue – Actual receipts of Total Operating Revenue (as described in the adopted Operating Budget for the Property Division) are to be coded to customer and revenue account codes and deposited to the Bank of America Property Division Clearing Account within 1 business day of receipt. Property Division receipts are to be considered “Pledged Revenues” for the purposes of future ~~CRRRA~~ Authority bond issuances as designated by the Board of Directors.

Disbursements - Within the first five (5) business days of each month, total receipts held within the Bank of America Property Division Clearing Account as of the last day of the preceding month are to be disbursed to the following accounts, in the following order:

1. **To Property Division Operating STIF** – Transfer the next month’s Total Operating Expense Budget as described in the adopted Operating Budget for the Property Division. For example, Property Division revenue received in the month of January is to be fully disbursed by the 5th business day in February which is to include disbursement of the Property Division’s Total Operating Expense Budget for March.

The Property Division Operating STIF is to be used to fund all operating expenses of the Division. The account is to be funded to a maximum of 180 days cash on hand (budget basis) to be assessed and adjusted annually with the start of each fiscal year. Operating expenses of the Property Division include all items of expense reflected in the adopted Total Operating Expense Budget and incurred pursuant to applicable Authority procurement policies and procedures.

2. **To Property Division General Fund (STIF)** – Transfer the balance of all funds remaining within the Property Division Clearing Account. ~~Also transfer any amount due to the CSWS Tip Fee Stabilization Fund pursuant to the CSWS Flow of Funds that would result in an over-funding of the CSWS Tip Fee Stabilization Fund.~~ This account is to be used to further supplement any existing fund established within the Property Division at the direction of the Board of Directors, for debt service and debt service coverage for authorized Authority Bond issues.
3. **To Property Division Improvement Fund STIF** – From funds available within the Property Division General Fund, transfer the amount equivalent to the next month’s Property Division Improvement Fund reserve contribution included in the adopted Operating Budget for Property Division. This account is to be used to pay the eligible cost of approved major maintenance, capital improvement and equipment acquisition projects associated with facilities assigned to the Property Division including the “Jets”, Education and Trash Museum at 211 Murphy Road in Hartford, and presently vacant facilities at 171 Murphy Road in Hartford and 1410 Honey Spot Road in Stratford.
4. **To CSWS Improvement Fund STIF** - From funds available within the Property Division General Fund, transfer the amount equivalent to the next month’s CSWS Improvement Fund reserve contribution included in the adopted Operating Budget for Property Division. This account is to be used to pay

the eligible cost of approved major maintenance, capital improvement and equipment acquisition projects associated with facilities comprising the CSWS Division including Ellington, Essex, Torrington and Watertown transfer stations, the South Meadows Waste Processing Facility and Power Block, Operations Center and Recycling Center at 211 Murphy Road. The CSWS Operating Budget will include direct transfers to this account in addition to any authorized distribution from Property Division revenues.

5. **To CSWS Tip Fee Stabilization Fund STIF** - Transfer the balance of available funds remaining within the Property Division General Fund. ~~Subject to available funding, this account is to be funded to a maximum value equivalent to \$7.00 for each budgeted Aggregate Ton of MSW (as defined in the Municipal Service Agreements) anticipated to be processed at CSWS in accordance with the adopted Operating Budget for CSWS.~~ The Maximum Tip Fee Stabilization Fund value is to be established with the start of each fiscal year. The CSWS Tip Fee Stabilization Fund is to be used to supplement receipts available in the CSWS Division Clearing Account when such receipts are otherwise insufficient to disburse funds to the CSWS Division Operating STIF, ~~and~~ the CSWS Division Debt Service Fund and the CSWS Improvement Fund as required by the CSWS Flow of Funds. Each transfer to the CSWS Operating STIF from the Tip Fee Stabilization Fund is to be recorded on CSWS books and records as an amount due to the Tip Fee Stabilization Fund. The CSWS Flow of Funds includes direct transfers back to the Tip Fee Stabilization Fund whenever such amounts remain due.

Exhibit B

~~Connecticut Resources Recovery~~ Materials Innovation and Recycling Authority CSWS Division Flow of Funds

Total Operating Revenue – Actual receipts of Total Operating Revenue (as described in the adopted ~~FY 2015~~ Operating Budget for the CSWS Division) are to be coded to customer and revenue account codes and deposited to the Bank of America CSWS Division Clearing Account within 1 business day of receipt. CSWS Division receipts are to be considered “Pledged Revenues” for the purposes of future ~~CRRA~~ Authority bond issuances as designated by the Board of Directors.

Disbursements - Within the first five (5) business days of each month, total receipts held within the Bank of America CSWS Division Clearing Account as of the last day of the preceding month are to be disbursed to the following accounts, in the following order:

1. **To CSWS Division Operating STIF** – Transfer the next month’s Total Operating Expense Budget as described in the adopted Operating Budget for the CSWS Division. For example, CSWS Division revenue received in the month of January is to be fully disbursed by the 5th business day in February which is to include disbursement of the CSWS Division’s Total Operating Expense Budget for March.

The CSWS Division Operating STIF is to be used to fund all operating expenses of the Division. The account is to be funded to a maximum of 120 days cash on hand (budget basis) to be assessed and adjusted annually with the start of each fiscal year. Operating expenses of the CSWS Division include all items of expense reflected in the adopted Total Operating Expense Budget and incurred pursuant to applicable ~~CRRA~~ Authority procurement policies and procedures.

2. **To CSWS Debt Service Fund** – Transfer the amount equivalent to the next month’s CSWS Division Debt Service Fund contribution included in the adopted Operating Budget for CSWS. This account is to be used to pay principal, interest and additional costs related to ~~CRRA~~ Authority bond issuances as designated by the Board of Directors. This account may be used to supplement the CSWS Improvement Fund in lieu of such bond issuances as designated by the Board of Directors.
3. **To CSWS Division General Fund (STIF)** – Transfer the balance of all funds remaining within the CSWS Division Clearing Account. This account is to be used to further supplement any existing fund established within the CSWS Division at the direction of the ~~CRRA~~ Authority Board of Directors, for debt service and debt service coverage for authorized ~~CRRA~~ Authority Bond issues.
4. **To CSWS Improvement Fund STIF** – From funds available within the CSWS Division General Fund, transfer the amount equivalent to the next month’s CSWS Division Improvement Fund reserve contribution included in the adopted Operating Budget for CSWS together with such amount that may have been deferred for cash flow purposes from the budgeted contributions of prior months. This account is to be used to pay the eligible cost of approved major maintenance, capital

improvement and equipment acquisition projects associated facilities comprising the CSWS Division including the Ellington, Essex, Torrington and Watertown transfer stations, the South Meadows Waste Processing Facility and Power Block, Operations Center and Recycling Facility located at 211 Murphy Road.

5. **To CSWS Risk Fund** - From funds available within the CSWS Division General Fund, transfer the amount equivalent to the next month's CSWS Risk Fund reserve contribution included in the adopted Operating Budget for CSWS. This account is to be used to pay deductibles on CSWS insurance claims under applicable general liability, auto liability, umbrella, pollution liability, public officials' liability and fiduciary policies.
6. **To CSWS Legal Fund** - From funds available within the CSWS Division General Fund, transfer the amount equivalent to the next month's CSWS Legal Fund reserve contribution included in the adopted Operating Budget for CSWS. This account is to be used to pay attorney's fees and other costs incurred in defense of claims and suits made against the CSWS or such costs incurred in the assertion of claims or suits made by ~~CRRA~~ the Authority on behalf of the CSWS against others.
7. **To ~~CRRA~~ Severance Fund** - From funds available within the CSWS Division General Fund, transfer the amount equivalent to the next month's ~~CRRA~~ Severance Fund reserve contribution included in the adopted Operating Budget for CSWS. This account is to be used to pay severance to ~~CRRA~~ Authority employees separated from service in accordance with applicable policies, procedures and contractual requirements
8. **To CSWS Tip Fee Stabilization Fund** - Transfer the balance of all funds remaining within the CSWS Division General Fund to the CSWS Tip Fee Stabilization Fund provided that, and only to the extent that, amounts remain due to such fund in accordance with the ~~CRRA~~ Property Division Flow of Funds.

TAB 6

**RESOLUTION REGARDING DISTRIBUTION OF RECYCLING
REBATES TO CONNECTICUT SOLID WASTE SYSTEM
PARTICIPATING MUNICIPALITIES**

WHEREAS, the Authority has encouraged municipalities to recycle to the maximum extent possible by not charging a tipping fee for the acceptance of recyclables at the Authority's regional recycling facilities since commencing operations; and

WHEREAS, the Board of Directors adopted the Fiscal Year 2015 Connecticut Solid Waste System Budget anticipating that a rebate of \$10.00 per ton of acceptable recyclables delivered from member municipalities would be possible; and

WHEREAS, applicable CSWS MSA provisions provide for a rebate of surplus funds derived from CSWS recycling operations and relieve Tier 1 customers of recycling commitments in the event a \$10.00 per ton rebate is not provided; and

WHEREAS, the Connecticut Solid Waste System operations only generated sufficient revenues to rebate \$5.00 per ton delivered by the municipalities and therefore the Authority reduce the budgeted rebate expenditure from \$10.00 per ton to \$5.00 per ton; and

WHEREAS, the Authority has accrued sufficient funds for such a rebate and the Fiscal Year 2015 audit has been performed and the auditors have confirmed that the funds are accrued and available.

NOW THEREFORE, be it

RESOLVED: That the Board of Directors approves the use of \$218,772.45 to provide a \$5.00 per ton rebate to the Connecticut Solid Waste System municipalities with contractual recycling commitments based on their pro-rata share of acceptable recycling tonnage delivered to the CSWS Regional Recycling Center system during Fiscal Year 2015 as shown on Exhibit A.

**CSWS RECYCLING TONNAGE AND ADOPTED REBATE FOR FY15
For the Period of July 1, 2014 through June 30, 2015**

Based on a \$5.00 per ton Rebate

CSWS Municipalities with Recycling Commitments

Tier 1 Long-Term

Municipality	TONS	Rebate Amount
AVON	2,096.06	\$ 10,480.30
BETHLEHEM	329.80	\$ 1,649.00
BLOOMFIELD	1,717.45	\$ 8,587.25
CANAAN	90.00	\$ 450.00
CANTON	970.61	\$ 4,853.05
CLINTON	1,148.22	\$ 5,741.10
COLEBROOK	188.30	\$ 941.50
CORNWALL	147.34	\$ 736.70
DEEP RIVER	424.66	\$ 2,123.30
EAST GRANBY	442.49	\$ 2,212.45
EAST HAMPTON	948.05	\$ 4,740.25
ELLINGTON	1,414.88	\$ 7,074.40
ESSEX	657.56	\$ 3,287.80
FARMINGTON	2,281.44	\$ 11,407.20
GLASTONBURY	3,686.69	\$ 18,433.45
GOSHEN	320.49	\$ 1,602.45

Tier 1 Short-Term

BEACON FALLS	321.48	\$ 1,607.40
HADDAM	645.38	\$ 3,226.90
HARTFORD	5,373.16	\$ 26,865.80
MIDDLEBURY	872.53	\$ 4,362.65

Tier 3

CHESTER ¹	0.00	\$ -
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Municipality	TONS	Potential Rebate Amount
GRANBY	1,461.07	\$ 7,305.35
HARWINTON	515.08	\$ 2,575.40
KILLINGWORTH	464.03	\$ 2,320.15
LYME	0.00	\$ -
MARLBOROUGH	684.40	\$ 3,422.00
NORFOLK	167.77	\$ 838.85
NORTH CANAAN	231.41	\$ 1,157.05
OLD LYME	7.74	\$ 38.70
OLD SAYBROOK	1,105.05	\$ 5,525.25
PORTLAND	609.82	\$ 3,049.10
ROCKY HILL	1,655.59	\$ 8,277.95
ROXBURY	183.64	\$ 918.20
RRDD#1	1,799.12	\$ 8,995.60
TORRINGTON	3,003.82	\$ 15,019.10
WATERTOWN	1,757.90	\$ 8,789.50
WETHERSFIELD	2,710.11	\$ 13,550.55

Sub-Total 33,220.59 \$ 166,102.95

OXFORD	779.51	\$ 3,897.55
SHARON/SALISBURY	1,079.19	\$ 5,395.95
WOODBURY	901.26	\$ 4,506.30

Sub-Total 9,972.51 \$ 49,862.55

THOMASTON	561.39	\$ 2,806.95
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Sub-Total 561.39 \$ 2,806.95

Total-Rebate 43,754.49 \$ 218,772.45

¹ The municipality does not control its recycling deliveries. Recycling delivered from this municipality is delivered as spot.

TAB 7

**RESOLUTION AUTHORIZING FISCAL YEAR 2016
TEMPORARY SERVICES FOR CSWS**

WHEREAS, the Board of Directors adopted the Fiscal Year 2016 Connecticut Solid Waste System Budget which included funding for personal services related to directly allocated personal services; and

WHEREAS, the budget contemplated all directly allocated services would be fulfilled by regular MIRA employees; and

WHEREAS, the Authority currently does not have the budgeted compliment of permanent employees to meet its CSWS scalehouse/enforcement needs and now needs to employ temporary services within the CSWS budget; and

WHEREAS, the Board must approve unbudgeted expense accounts that exceed \$5,000 annually; and

WHEREAS, the Authority has sufficient funds budgeted in the CSWS personnel services account to offset these unbudgeted temporary staffing services expenses.

NOW THEREFORE, be it

RESOLVED: That the President is hereby authorized to procure temporary services for the CSWS Division in excess of \$5,000 provided that the CSWS Division's total expenses do not exceed the CSWS Division budget adopted by the Board on February 19, 2015.

TAB 8

**RESOLUTION REGARDING AN AGREEMENT WITH
ELECTRICAL ENERGY SYSTEMS CORPORATION
AND
A POWER PURCHASE AGREEMENT WITH
THE CITY OF HARTFORD**

WHEREAS, in July 2015 the Board of Directors approved a Power Purchase Agreement (“PPA”) with the City of Hartford for the sale of solar energy directly to the City of Hartford (“City”) and a Settlement Agreement with the City for the settlement of all claims associated with MIRA’s operation (including closure) of the Hartford Landfill; and

WHEREAS, the PPA authorization included a contribution by MIRA of \$162,500 for the design and construction of the physical connection of the Solar Energy Generating Facility to the City Public Works facility; and

WHEREAS, the Settlement Agreement authorization includes a payment by MIRA of \$693,000 to the City; and

WHEREAS, MIRA issued a Request for Proposals for the physical connection that resulted in one proposal from a qualified proposer which increases the design and construction cost to approximately \$419,129, which includes approximately \$30,000 in design cost; and

WHEREAS, MIRA and the City have agreed that it would benefit both parties to proceed with the physical connection with both parties sharing equally in the cost of design and construction above the \$162,500 contribution by MIRA;

NOW, THEREFORE, BE IT:

RESOLVED: That the Board of Directors authorizes the President to draw \$693,000 for the settlement from the Mid-Connecticut Post Project Closure Reserve; and

FURTHER RESOLVED: That the Board of Directors authorizes the President to pay \$549,685.50 of the settlement drawn from the Mid-Connecticut Post Project Closure Reserve to the City; and

FURTHER RESOLVED: That the Board of Directors authorizes the President to transfer the remaining \$143,314.50 of the settlement drawn from the Mid-Connecticut Post Project Closure Reserve to the Landfill Operating Account; and

FURTHER RESOLVED: That the Board of Directors authorizes the President to enter into an Agreement with Electrical Energy Systems Corporation for \$389,129, to be paid out of the Landfill Operating Account for construction of facilities for Medium Voltage Interconnection From MIRA PV To Hartford DPW; and

FURTHER RESOLVED: That the Board of Directors authorizes the President to utilize \$30,000 from the Landfill Operating Account as a contingency against additional project costs; and

FURTHER RESOLVED: That 50% of any unused contingency will be refunded to the City from the Landfill Operating Account, substantially as discussed and presented at this meeting;

Materials Innovation and Recycling Authority

Contract Summary for Contract Entitled

Medium Voltage Interconnection From MIRA PV To Hartford DPW

Presented to the MIRA Board on: September 17, 2015

Vendor/ Contractor(s): Electrical Energy Systems Corporation

Effective date: Upon Execution

Contract Type/Subject matter: Agreement for the construction of facilities to connect the Solar EGF to the City Public Works Building at 50 Jennings Road

Facility Affected: Hartford Landfill

Term: 180 days from the Notice to Proceed

Contract Dollar Value: \$419,129 (includes \$30,000 contingency)

Note: City of Hartford to contribute approximately \$128,314.50 towards construction through reduction in previously authorized MIRA settlement payment.

Term Extensions: NA

Scope of Services: Installation of medium voltage electrical transmission line, new transformer, and other incidentals necessary to connect existing Solar EGF on the top of the Hartford Landfill directly to the City of Hartford Public Works Facility at 50 Jennings Road. All work to occur on City of Hartford owned property.

Other Pertinent Provisions: None

Materials Innovation and Recycling Authority

Contract Summary for Contract Entitled

Power Purchase Agreement

Presented to the MIRA Board on: September 17, 2015

Vendor/ Contractor(s): City of Hartford

Effective date: Upon Execution

Contract Type/Subject matter: Agreement for the purchase of power from the Solar EGF by the City of Hartford

Facility Affected: Hartford Landfill

Term: 21 Years from the Date of Execution with option for one 5 year extension

Contract Dollar Value: \$1,198,185.50 - Revenue to MIRA

This estimate based on:
projected energy production revenue
and proposed energy sale revenue of
\$1,504,000, less expected MIRA
contribution to connect EGF to City
DPW building of \$305,814.50.

Term Extensions: One (5 year option)

Scope of Services: MIRA contracts and pays up to \$449,129 for design and construction of facilities to connect City Public Works Facility at 50 Jennings Road to EGF; City contributes 50% of the cost of the design and construction above \$162,500 through a reduction in the settlement payment from MIRA to City; MIRA sells City all energy generated by the EGF; MIRA continues to operate and maintain the EGF.

Other Pertinent Provisions: None

Materials Innovation and Recycling Authority Hartford Landfill

Agreement for Medium Voltage Interconnection From MIRA PV To Hartford DPW and Power Purchase Agreement

September 17, 2015

Executive Summary

This is to request Board of Directors authorization for the President to:

1. enter into an Agreement with Electrical Energy Systems Corporation for the construction of Medium Voltage Interconnection From MIRA PV To Hartford DPW, and
2. enter into a Power Purchase Agreement with the City of Hartford whereby the costs, above the first \$162,500, for connecting the Solar Energy Generating Facility (“EGF”) are shared equally with the City of Hartford.

The purpose of these agreements is to allow both MIRA and the City to benefit from the electricity generated by the EGF through a direct sale of the power from MIRA to the City.

Discussion

General

As part of the final phase of capping and closure of the Hartford Landfill, MIRA constructed a one megawatt Solar EGF on the top of the Landfill. Energy and ZRECs currently produced by the EGF are sold to Eversource and the revenue received from such sales is shared with the City of Hartford on a 50/50 basis, after expenses, as outlined in an existing Site Access Agreement.

In May of 2014, the City of Hartford contacted MIRA to discuss options for the disposition of the EGF and the energy it produces. After several months of discussions and research, it was determined that the EGF would provide maximum benefit to both parties if MIRA continued to own, operate and maintain the EGF while sharing ZREC revenues with the City, and connect the EGF to the City public works building adjacent to the Landfill at 50 Jennings Road so that the energy generated by the EGF could be sold directly to the City for its use.

The authorization of the Power Purchase Agreement (“PPA”) by the Board in July 2015 included a contribution to the construction of the connection between the EGF and 50 Jennings Road by

MIRA of \$162,500, along with the authority to negotiate with the City the sharing of costs in excess of \$162,500. On August 7, 2015, MIRA received one proposal for construction of the connection between the EGF and 50 Jennings Road. The cost of the proposal, \$389,129, plus the cost of design of approximately \$30,000, increases the expected cost of the project to \$419,129. Staff is requesting the Board authorize total spending on the project of \$449,129, which cost is made up of the following:

\$30,000	Design Cost
\$389,129	Contractors Proposal
<u>\$30,000</u>	<u>Contingency</u>
\$449,129	Total

Solicitation Process for Construction of Physical Connection

MIRA issued an RFP for the project on June 29, 2015. At the time, all documents related to this request for qualifications were posted to the "Current Bids, RFP and RFQ" page of the MIRA website. The "Notice to Firms" was also posted to the State Contracting Portal at the Connecticut Department of Administrative Services website at that time.

The availability of the RFP was in the following publications on Sunday June 28, 2015, or the next publication date thereafter:

- the Hartford Courant,
- La Vos Hispania
- the Northeast Minority News

The availability of the RFP was also sent via e-mail notification to the firms that attended the Pre-Proposal Site Tour for the Phase II MSW Area Closure and Photovoltaic System Project in 2013 (for the original installation of the photovoltaic system).

On July 8, 2015, MIRA hosted a mandatory pre-proposal site tour for the "RFP for Medium Voltage Interconnection From MIRA PV To Hartford DPW." Five firms attended this mandatory site tour:

- Electrical Energy Systems Corporation ("EESC")
- Henkels & McCoy, Inc.
- Island Lighting & Power Systems, Inc.
- L. Holzner Electric Company
- USNE, Inc.

Of those firms, MIRA received a notice from Henkels & McCoy, Inc., indicating it would not be submitting a proposal due to scheduling conflicts.

On August 7, 2015, MIRA received one proposal in the amount of \$389,129, from EESC. In its proposal, EESC indicates it will be employing USNE, Inc., as a subcontractor. Neither Island Lighting and Power Systems, Inc. nor L. Holzner Electric Company submitted a proposal.

MIRA staff reviewed the proposal from EESC and found it to be administratively complete. Information submitted with the proposal describing EESC's work experience indicates EESC has completed over 60 projects of similar scope and size in the last five years, the majority of which were completed for municipal or government clients. Therefore, staff believes that EESC is capable of performing the work.

Power Purchase Agreement – Key Terms

- PPA Term shall be for 21 years, with one 5 year option to extend at end of first PPA term.
- MIRA shall retain ownership and responsibility for operation and maintenance of the existing solar panel system including the panels and related supporting infrastructure, connections to the grid, metering and monitoring systems and equipment.
- MIRA to fund design and construction and interconnection of system to 50 Jennings Road.
 - Design cost of approximately \$30,000 and construction cost approximately \$419,129
 - Portion of design and construction cost MIRA responsible for – approximately \$305,814.50
 - Portion of design and construction cost City responsible for – approximately \$143,314.50. City to make payment to MIRA through reduction in previously agreed upon settlement payment from MIRA to City of \$693,000, which will be reduced to approximately \$549,685.50.
- PPA rate: \$45/MWH for first 10 years; \$55/MWH for last 11 years. To be invoiced quarterly.

Financial Summary

Agreement with EESC

The requested authorization includes payment of \$389,129, plus a \$30,000 contingency (only if necessary) to be paid out of the Landfill Operating Account. There are sufficient funds in the account to pay these costs.

Power Purchase Agreement

Under the terms of the Power Purchase Agreement, the City will pay MIRA a contribution to the construction approximately \$143,314.50 through a reduction in the previously authorized settlement payment of \$693,000. City will also pay MIRA for all of the energy generated by the EGF. The rate which the City will pay for the first 10 years of the Agreement is \$45/MWH, and for the final 11 years of the Agreement is \$55/MWH.

MIRA Receives first 10 years of payments ($\$45/\text{MWH} \times 14,600\text{MWH}$) ---\$657,000
MIRA Receives next 11 years of payments ($\$55/\text{MWH} \times 15,400\text{MWH}$) ---\$847,000
Approximate Maximum Payment to MIRA by City -----\$1,504,000

TAB 9

**RESOLUTION REGARDING THE
AUTHORIZATION AND EXECUTION OF A
GOVERNMENTAL EQUIPMENT LEASE-
PURCHASE AGREEMENT WITH CATERPILLAR**

WHEREAS, the Materials Innovation and Recycling Authority (the "Authority"), a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut, is authorized to purchase, acquire and lease personal property for use in its facilities and operations, and to enter into contracts in connection therewith; and

WHEREAS, the Authority desires to lease, purchase, and finance a Caterpillar 980H Wheel Loader from Caterpillar Financial Services Corporation and an authorized Caterpillar dealer ("Caterpillar") by entering into a Governmental Equipment Lease-Purchase Agreement (the "Agreement") with Caterpillar;

NOW, THEREFORE, it is hereby

RESOLVED: That i) the Agreement, including all schedules and exhibits attached thereto, is approved in substantially the form presented and discussed at this meeting, with any Approved Changes (as defined below), ii) the Authority enter in the Agreement with Caterpillar, and iii) the Agreement when executed will constitute a binding obligation of the Authority; and

Further RESOLVED: That changes may be made by the President to the form of the Agreement in accordance with the Authority's policies and procedures (the "Approved Changes"), and that the signing of the Agreement and any related documents is conclusive evidence of the approval of the changes; and

Further RESOLVED: That the President of the Authority, Thomas D. Kirk, be and he hereby is, authorized, directed and empowered, on behalf of the Authority, to i) sign and deliver the Agreement to Caterpillar, together with any related documents, and ii) take or cause to be taken all action which he deems necessary or advisable to acquire the Caterpillar 980H Wheel Loader, including the signing and delivery of the Agreement and related documents; and

Further RESOLVED: That the Corporate Secretary of the Authority is authorized to attest to these resolutions.

Materials Innovation and Recycling Authority

Contract Summary for Contract entitled

Governmental Equipment Lease-Purchase Agreement Purchase of a 980H Wheel Loader CSWS Waste Processing Facility

Presented to the MIRA Board on:	September 17, 2015
Vendor/ Contractor(s):	Caterpillar Financial Services Corporation
Effective date:	Upon Execution
Contract Type/Subject matter:	Lease-to-Purchase Agreement.
Facility (ies) Affected:	Waste Processing Facility
Term:	Through Fiscal Year 2016
Contract Dollar Value:	\$458,336.68
Amendment(s):	Not applicable
Term Extensions:	Not applicable
Scope of Services:	Purchase of a Rebuilt Caterpillar 980H Wheel Loader.
Other Pertinent Provisions:	N/A

Materials Innovation and Recycling Authority CSWS Waste Processing Facility

Equipment Lease-Purchase Agreement 980H Wheel Loader

September 17, 2015

Executive Summary

This is to request that the MIRA Board of Directors authorize the President to execute a Governmental Equipment Lease-Purchase Agreement with Caterpillar Financial Services Corporation in order to purchase a Caterpillar 980H Wheel Loader. This piece of Equipment will be used at the Waste Processing Facility.

Discussion

During FY2015 NAES Corporation identified a rebuilt Caterpillar 980H Wheel Loader available for purchase. The Wheel Loader has undergone a certified CAT rebuild which included the powertrain, hydraulic system, and cab; it has a warranty on the powertrain and hydraulic system of 3 years or 5000 hours. It was formerly used at a landfill, and is equipped with the standard Caterpillar "trash package." It is located in Georgia. NAES personnel, along with a Caterpillar representative from the local dealership have inspected the loader and confirmed that it is in satisfactory condition.

MIRA and NAES agree that it is preferable to purchase this rebuilt unit rather than pay to rebuild one of our exiting Caterpillar 966 Wheel Loaders. We are effectively purchasing a "like new loader" for significantly less money than the cost of a new unit.

A new 980H Wheel Loader equipped with the "trash package" costs approximately \$675,000.

Such an equipment purchase as this would usually be undertaken directly by NAES using funds from the capital budget, and the piece of equipment would be purchased outright, with MIRA taking title to the machine.

In this case, in order to maximize funds available within the CSWS Improvement Fund for PBF major maintenance activity, we have elected to undertake the lease-to-purchase option, making 11 monthly payments of \$38,194.64 and a 12th monthly payment of \$38,195.64 from the existing approved NAES operating and maintenance budget for the

WPF after which the Wheel Loader will be fully paid and title will pass to MIRA. Sufficient funds are available within the existing total FY 2016 WPF O&M budget without increase to accommodate the lease - to - purchase payments, and the associated loader projects previously intended to be funded from the CSWS Improvement Fund have been eliminated. The interest rate associated with the lease is 3.2%.

Significantly, MIRA is the party that needs to be on the Lease-Purchase Agreement because MIRA is the party to which the title will pass when the purchase is completed. (Pursuant to our contract with NAES, title to MIRA's equipment cannot be held by NAES; accordingly, NAES cannot enter into this lease-purchase agreement.) The monthly payments will be made by NAES, and will be disbursed from the Funds that MIRA transfers to NAES each month for O&M activities.

Financial Summary

This expenditure has been included in the FY2016 NAES O&M budget for the Waste Processing Facility. There are sufficient funds in the budget for this expenditure.