



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

**CT GENERAL STATUTES SECTION 1-123(a) and  
22a-268e  
ANNUAL REPORT  
FOR  
FISCAL YEAR ENDING JUNE 30, 2017**



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January 25, 2018

The Honorable Dannel P. Malloy  
Governor  
State of Connecticut  
Executive Chambers  
State Capitol  
Hartford, CT 06106

**RE: Connecticut General Statutes, Section 1-123(a) and  
Connecticut General Statutes, Section 22a-268e  
Materials Innovation and Recycling Authority - Annual Report Requirements – Fiscal Year  
2017**

Dear Governor Malloy:


Attached herewith is information submitted to meet the Materials Innovation and Recycling Authority's (the "Authority") fiscal year 2017 Annual Report requirements under Sections 1-123(a) and 22a-268e of the Connecticut General Statutes ("CGS"). Also enclosed is the Authority's Comprehensive Annual Financial Report for the Year Ended June 30, 2017 and Independent Auditor's Report.

The Authority's annual reporting requirements are summarized in the table below. The Authority's initiatives to evolve to an organization focused on the operation and redevelopment of the Connecticut Solid Waste System ("CSWS") as contemplated under Public act 14-94 are outlined in section 7 concerning planned activities.

<b>Required Submission under CGS Section 1-123(a):</b>	<b>Item #</b>
(1) A list of all bond issues for the preceding fiscal year, including, for each such issue, the financial advisor and underwriters, whether the issue was competitive, negotiated or privately placed, and the issue's face value and net proceeds;	1
(2) A list of all projects other than those pertaining to owner-occupied housing or student loans receiving financial assistance during the preceding fiscal year, including each project's purpose, location, and the amount of funds provided by the agency;	2
(3) A list of all outside individuals and firms receiving in excess of five thousand dollars in the form of loans, grants or payments for services, except for individuals receiving loans for owner-occupied housing and education;	3
(4) A balance sheet showing all revenues and expenditures;	4
(5) The cumulative value of all bonds issued, the value of outstanding bonds, and the amount of the state's contingent liability;	5
(6) The affirmative action policy statement, a description of the composition of the agency's work force by race, sex, and occupation and a description of the agency's affirmative action efforts; and	6
(7) A description of planned activities for the current fiscal year.	7
<b>Required Submission under CGS Section 22a-268e:</b>	
A description of efforts to mitigate the effects of Authority-Enron-Connecticut Light and Power Company transaction.	8


Please contact me if you have any questions or concerns regarding this submission.

Best Regards,



Thomas D. Kirk  
President

Enclosure: Fiscal Year 2017 CAFR

cc: State Auditors of Public Accounts  
Legislative Program Review and Investigations Committee (2 copies)  
General Assembly's Joint Standing Committee for Finance, Revenue and Bonding  
 Mark Daley, Chief Financial Officer (w/o enclosure)  
Laurie Hunt, Esq., Director of Legal Services (w/o enclosure)  
Deepa Krishna, Manager of Accounting and Financial Reporting (w/o enclosure)

1. **BONDS ISSUED DURING FISCAL YEAR 2017**

No bonds were issued by the Authority during fiscal year 2017.

## **2. FINANCIAL ASSISTANCE PROVIDED DURING FISCAL YEAR 2017**

The Authority did not provide any financial assistance<sup>1</sup> during Fiscal Year 2017.

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<sup>1</sup>Excludes inter-fund transfers among MIRA projects / divisions and rebates/distributions of surplus funds to project member municipalities.

**3. VENDORS PAID \$5,000 OR MORE DURING FISCAL YEAR 2017**

100-200 CORPORATE PLACE, LLC  
A J BELLIVEAU RAILROAD CONSTRUCTION INC  
ADP  
ADT SECURITY SERVICES INC  
AMERICAN ARBITRATION ASSOC  
AMERITAS LIFE INSURANCE CORP  
ATLANTIC NUCLEAR CORP  
B G MECHANICAL SERVICE INC  
BANK OF AMERICA  
BEECHER CARLSON/ MASTER TRUST  
BESTECH INC. OF CONNECTICUT  
BOSTON INSURANCE EMPLOYEE BENEFIT TRUST  
CAPITOL CLEANING CONTRACTORS INC  
CASELLA WASTE SYSTEM, INC.  
CITY OF HARTFORD  
COHN BIRNBAUM & SHEA  
COMM REVENUE SERVICES, ST OF CT  
COMPLETE DISPOSAL COMPANY, INC.  
CONN NATURAL GAS CORPORATION  
CONNECTICARE, INC.  
COPEES RUBBISH REMOVAL  
COPEES WASTE SOLUTIONS  
COX MEDIA, LLC  
CT COMMUNITY NON PROFIT ALLIANCE, INC.  
CT STATE OF DEPARTMENT OF ENERGY  
CWPM LLC  
DAYMARK ENERGY ADVISORS  
DELL MARKETING LP  
DIME OIL COMPANY  
E. T. & L. CORPORATION  
ELECTRICAL ENERGY SYSTEMS CORPORATION  
ENVIRONMENTAL SERVICES, INC.  
EPICOR SOFTWARE CORPORATION  
ESSEX, TOWN OF  
EVERSOURCE ENERGY  
FIBER TECHNOLOGIES NETWORKS, LLC  
FIDELITY INVESTMENTS  
FRONTIER  
FRONTIER COMMUNICATIONS CORPORATION  
FUSS AND ONEILL INC  
HALLORAN AND SAGE LLP  
HARTFORD CITY OF  
HARTFORD CITY OF TREASURER  
HARTFORD SPRINKLER CO INC

HATCH MOTT MACDONALD  
HDR ENGINEERING INC  
HDR, INC  
HEALTH EQUITY, INC.  
HOOKER & HOLCOMBE INVESTMENT ADVISORS, I  
HRP ASSOCIATES INC  
ISO NEW ENGLAND INC  
JOE ROCCO RUBBISH REMOVAL LLC  
KAINEN ESCALERA & MCHALE PC  
LINCOLN NATIONAL LIFE INSURANCE CO  
LINIUM STAFFING SERVICES  
LOUREIRO ENGINEERING ASSOCIATES  
MAHONEY SABOL  
MDC  
MELICK & PORTER, LLP  
METLIFE - GROUP BENEFITS  
METTLER TOLEDO INC  
MIRA PROPERTY DIVISION  
MOTT MACDONALD  
MR VALUATION CONSULTING  
NAES CORP.  
NAES CORPORATION  
NEXTERA ENERGY POWER MARKETING, LLC  
PFIZER INC  
PREMIUM ASSIGNMENT CORPORATION  
PRIMARY LANDSCAPING, LLC  
PROJECT MANAGEMENT ASSOCIATES, LLC  
PRUDENTIAL RETIREMENT INSURANCE & ANNUIT  
REGIONAL REFUSE DISPOSAL DISTRICT ONE  
SHELL FLEET PLUS  
SIR SPEEDY BLOOMFIELD  
SNI COMPANIES  
SONITROL SECURITY SYSTEMS HTFD INC  
SOUTHEASTERN CT REG RESOURCES RECOV AUTH  
STAPLES BUSINESS ADVANTAGE  
STERICYCLE ENVIRONMENTAL SOLUTIONS, INC  
TASCA  
THE WALKER GROUP  
TORRINGTON TOWN OF  
TORRINGTON, TOWN OF  
TOWN OF ESSEX  
TOWN OF TORRINGTON  
TRC ENVIROMENTAL CORP  
UNITED ILLUMINATING COMPANY  
USDA WILDLIFE SERVICES  
VERIZON WIRELESS



*The Honorable Dannel P. Malloy*

VIMINI ASSOCIATES  
WAGeworks, INC.  
WALKER GROUP, THE  
WASTE MANAGEMENT OF MASSACHUSETTS  
WASTE MANAGEMENT OF MASSACHUSETTS, INC.  
WATERTOWN TOWN OF  
WHEELABRATOR TECHNOLOGIES INC.  
WILLIAM B. MEYER, INC.  
ZETTA, INC.

**4. FINANCIAL STATEMENTS AS OF JUNE 30, 2017**

**MATERIALS INNOVATION AND RECYCLING AUTHORITY**  
**A Component Unit of the State of Connecticut**  
**STATEMENTS OF NET POSITION**  
**AS OF JUNE 30, 2017 AND JUNE 30, 2016**  
**(Dollars in Thousands)**

**EXHIBIT I**  
**Page 1 of 2**

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Unrestricted Assets:		
Cash and cash equivalents	\$ 41,605	\$ 43,682
Accounts receivable, net of allowances	4,982	4,952
Inventory	5,937	5,954
Prepaid expenses	<u>2,322</u>	<u>3,295</u>
Total Unrestricted Assets	<u>54,846</u>	<u>57,883</u>
Restricted Assets:		
Cash and cash equivalents	<u>204</u>	<u>207</u>
Total Restricted Assets	<u>204</u>	<u>207</u>
<b>TOTAL CURRENT ASSETS</b>	<u>55,050</u>	<u>58,090</u>
<b>NON-CURRENT ASSETS</b>		
Capital Assets:		
Depreciable, net	58,939	69,458
Nondepreciable	<u>27,163</u>	<u>29,038</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>86,102</u>	<u>98,496</u>
<b>TOTAL ASSETS</b>	<u>141,152</u>	<u>156,586</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 NET POSITION (Continued)**  
**AS OF JUNE 30, 2017 AND JUNE 30, 2016**  
**(Dollars in Thousands)**

**EXHIBIT I**  
**Page 2 of 2**

	2017	2016
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payable from unrestricted assets:		
Accounts payable	1,854	2,615
Accrued expenses and other current liabilities	4,425	3,874
Unearned revenue	3,117	2,879
Total payable from unrestricted assets	9,396	9,368
Payable from restricted assets:		
Accrued expenses and other current liabilities	155	158
Total payable from restricted assets	155	158
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,551</b>	<b>9,526</b>
<b>LONG-TERM LIABILITIES</b>		
Payable from unrestricted assets:		
Other liabilities	5,000	5,000
Total payable from unrestricted assets	5,000	5,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>5,000</b>	<b>5,000</b>
<b>TOTAL LIABILITIES</b>	<b>14,551</b>	<b>14,526</b>
<b>NET POSITION</b>		
Net Investment in capital assets	86,102	98,496
Restricted	49	49
Unrestricted	40,450	43,515
<b>TOTAL NET POSITION</b>	<b>\$ 126,601</b>	<b>\$ 142,060</b>

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, 2017 AND 2016**  
**(Dollars in Thousands)**

**EXHIBIT II**

	2017	2016
<b>Operating Revenues</b>		
Service charges:		
Members	\$ 24,200	\$ 26,103
Others	15,478	21,493
Energy sales	20,375	33,347
Other operating revenues	3,373	2,393
<b>Total Operating Revenues</b>	<b>63,426</b>	<b>83,336</b>
<b>Operating Expenses</b>		
Solid waste operations	50,722	66,148
Maintenance and utilities	1,522	1,098
Legal services - external	1,713	580
Administrative and Operational services	4,999	5,718
Distribution to SCRRA	-	5,875
<b>Total Operating Expenses</b>	<b>58,956</b>	<b>79,419</b>
<b>Operating Income before depreciation and amortization</b>	<b>4,470</b>	<b>3,917</b>
Depreciation and amortization	22,638	19,422
<b>Operating Loss</b>	<b>(18,168)</b>	<b>(15,505)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Investment income	208	99
Settlement income	-	638
Settlement expenses	-	(693)
Other revenues (expenses), net	2,501	(1,833)
<b>Non-Operating Revenues (Expenses), Net</b>	<b>2,709</b>	<b>(1,789)</b>
<b>Change in Net Position</b>	<b>(15,459)</b>	<b>(17,294)</b>
<b>Total Net Position, beginning of year</b>	<b>142,060</b>	<b>159,354</b>
<b>Total Net Position, end of period</b>	<b>\$ 126,601</b>	<b>\$ 142,060</b>

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, 2017 AND 2016**  
**(Dollars in Thousands)**

**EXHIBIT III**

	<b>2017</b>	<b>2016</b>
<b>Cash Flows Provided (Used) by Operating Activities</b>		
Payments received from providing services	\$ 63,659	\$ 90,774
Payments to suppliers and employees	(58,205)	(82,544)
Distribution to member towns	-	(181)
Distribution to SCRRRA	-	(5,875)
Settlement income	-	638
Settlement expense	-	(693)
Net Cash Provided by Operating Activities	5,454	2,119
<b>Cash Flows Provided by Investing Activities</b>		
Proceeds from investments	4,888	-
Interest on investments	208	100
Net Cash Provided by Investing Activities	5,096	100
<b>Cash Flows Provided (Used) by Capital and Related Financing Activities</b>		
Proceeds from sales of equipment	9	102
Acquisition and construction of capital assets	(12,639)	(14,003)
Net Cash Used by Capital and Related Financing Activities	(12,630)	(13,901)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,080)</b>	<b>(11,682)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>43,889</b>	<b>55,571</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 41,809</b>	<b>\$ 43,889</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>		
Operating loss	\$ (18,168)	\$ (15,505)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation of capital assets	22,637	19,030
Amortization of development costs	-	392
Other income (expenses)	-	(237)
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	(30)	7,170
Inventory	17	(38)
Prepaid expenses and other current assets	973	(853)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	25	(7,840)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,454</b>	<b>\$ 2,119</b>

The accompanying notes are an integral part of these financial statements

## **5. BOND STATUS AS OF JUNE 30, 2017**

As of June 30, 2017, the Authority had no outstanding long term debt carried on its books and there were no corporate credit revenue bonds outstanding in connection with the Southeast Project or any Authority project or division.

During fiscal year 2016, 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, matured and were fully paid, as were two additional 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. With maturity of the 2010 Series A Refunding Bonds, there was no longer any contingent liability of the State via a SCRF associated with the Authority.

During fiscal year 2017 (in November 2016) Covanta retired its \$30 million in outstanding debt known as the 1992 Series A Corporate Credit Revenue Bonds associated with the Southeast Project.

**6. AFFIRMATIVE ACTION POLICY STATEMENT**



**Materials Innovation and Recycling Authority  
Ethnic Composition of Total Work Force  
Summary of EEOC Report  
Updated June 30, 2017**

	Males										Females					
	Total Males	White	Black or African American	Hispanic or Latino	Asian	Native Hawaiian or Other Pacific Islander	Two or More Races	Total Females	White	Black or African American	Hispanic or Latino	Asian	Asian Indian	Native Hawaiian or Other Pacific Islander	Two or More Races	
<b>TOTAL</b>	7	5	0	0	0	0	0	2	1	0	0	0	1	0	0	
Executive Managerial	20.6%	14.7%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	2.9%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%	
Technicians	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sales Workers	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Professionals	35.3%	7	0	0	0	0	5	14.7%	4	0	0	1	0	0	0	
Office and Clerical	44.1%	9	8	1	0	0	6	17.6%	2	3	0	0	1	0	0	
<b>TOTALS</b>	100.0%	34	21	1	0	0	13	38.2%	7	3	0	1	2	0	0	
		58.8%	2.9%	0.0%	0.0%	0.0%	33.2%	20.6%	8.8%	0.0%	2.9%	5.9%	0.0%	0.0%	0.0%	



**EQUAL EMPLOYMENT OPPORTUNITY  
AND  
AFFIRMATIVE ACTION  
STATEMENT AND PLAN**

**ADOPTED by CRRA– NOVEMBER 14, 2003  
MIRA is CRRA's successor**

## **EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION STATEMENT AND PLAN**

The Materials Innovation and Recycling Authority (MIRA) is an equal opportunity and affirmative action employer, dedicated to a policy of nondiscrimination in employment on any basis prohibited by law. It is the MIRA's policy to provide equal employment and advancement opportunities to all individuals without regard to age, sex, race, color, religion, national origin, marital status, veteran status, disability, sexual orientation or any other legally protected status, and to maintain an environment free from discrimination or harassment based upon these grounds.

The MIRA is committed to providing equal opportunities in terms of its recruiting and hiring practices, including without limitation, by notifying its recruitment sources of the MIRA's nondiscrimination policies and by placing "help-wanted" advertisements containing the phrase "An Equal Opportunity Employer." The MIRA is also committed to providing equal opportunities to its employees in all of its employment practices, including but not limited to compensation, training, transfers, promotions and disciplinary procedures, and in the provision of all of its employee benefit programs. Personnel decisions will be made on the basis of the needs of the MIRA and an individual's job-related skills, ability and merit.

The MIRA further pledges its strong commitment to ensure that all contractors and subcontractors who do business with the MIRA provide equal opportunities in employment to all qualified persons solely on the basis of job-related skills, ability and merit. The participation of minority business enterprises meeting qualifications established by applicable regulations shall further be solicited and encouraged.

The MIRA shall include an equal opportunity clause in all of its contracts and shall not enter into any contract with any person, agency or organization if it has knowledge that such person, agency or organization engages in unlawful discriminatory practices.

The MIRA further pledges that all MIRA-sponsored training and social and recreational programs will be administered without regard to any legally protected status.

As part of its commitment to equal opportunities, the MIRA expects all of its employees to adhere to this policy of nondiscrimination. The MIRA will take prompt action upon the receipt of a complaint of unlawful discrimination and will take appropriate corrective action, including disciplinary measures if necessary, to remedy any discriminatory conduct. Complaints should be referred to the Human Resources Manager, who is the MIRA's designated Equal Employment Opportunity (EEO) Officer. Alternatively, employees may submit complaints to the President of the MIRA or to any manager or supervisor.

The day-to-day responsibility for administering and complying with this policy is delegated to the various department heads with respect to the employees within their respective departments. The President and the Board of Directors will provide necessary procedural guidance in the coordination and application of the policy and any changes or modifications to the policy as may be required.

The MIRA's plan for implementing its equal employment and affirmative action policy could include any or all of the following actions:

1. Attempt to hire and promote qualified female and minority candidates through efforts to increase the number of highly qualified female and minority applicants for each vacancy, with the ultimate goal that MIRA's workforce will mirror the diversity of the labor pool.
2. Attempt to reach a greater number and diversity of representative groups to notify them of employment opportunities with MIRA. Wherever possible, target the Hispanic, African-American, Asian Pacific/Islander and Native American communities by contacting organizations and educational institutions that promote the interests of such individuals.
3. Explore the creation of an internship program to create interest among minority students in career opportunities at MIRA.
4. Take the following steps to ensure that all applicants and employees are aware that MIRA is an equal opportunity employer and of MIRA's affirmative action recruitment efforts:
  - a. Publicize the Equal Employment Opportunity Statement and Affirmative Action policy in MIRA's Personnel Policy Manual and post the same on MIRA bulletin boards.
  - b. Publicize the accomplishments and/or promotions of minorities and females internally.
  - c. Assess the equal opportunity and affirmative action efforts and achievements prior to the promotion of employees or the execution of discretionary salary increases.
  - d. Conduct meetings to discuss equal employment opportunity policies and responsibilities with MIRA employees, including during employee orientation and training sessions.
  - e. Advise all recruiting sources of MIRA's Equal Employment Opportunity Statement and Affirmative Action policy.
  - f. Notify all bidders, contractors, and suppliers of MIRA's Equal Employment Opportunity Statement and Affirmative Action policy and ensure that all contracts for services and materials include a statement in which the

contractor agrees to abide by affirmative action and fair employment principles.

- g. Attend job fairs where the potential for exposure to potential female and minority applicants is high.
- h. Continue to encourage participation of minority business enterprises and not to contract with any entity debarred from participation in state or federal contract programs.
- i. Notify minority and women's organizations, community organizations, state and local employment security and vocational rehabilitation agencies, schools and colleges of MIRA's Equal Employment Opportunity Statement and Affirmative Action policy.
- j. Place advertisements for employees containing the phrase "MIRA is an Affirmative Action/Equal Opportunity Employer" within the appropriate classified section of newspapers and/or job posting websites.
- k. Send outreach letters, job postings and job descriptions to various minority organizations throughout the state to increase awareness of employment opportunities at MIRA in the region's minority communities.
- l. Conduct outreach meetings via telephone with minority organizations during the year to maintain and improve the lines of communication between MIRA and these organizations as well as increase the awareness of MIRA's affirmative action efforts throughout the state's minority communities.

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Approved By: Board of Directors

P&P No.: BOD 013  
Effective Date: November 11, 2003

<b>AFFIRMATIVE ACTION EFFORTS TO DATE</b>
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The Authority did not have any hiring in Fiscal year 2017.

When job openings are available, the Authority's efforts to increase diversity in its workforce included the following measures:

- Print advertising with Connecticut Post, Journal Inquirer, Hartford Courant, La Voz Hispania, New Haven Register, Northeast Minority News and Waterbury Republican.
- Web postings of Authority jobs appeared on the following sites:
  1. Authority Internet Employment Opportunities Page

**7. PLANNED ACTIVITIES FOR FISCAL YEAR 2017**

During fiscal year 2017, the Authority continued its efforts to evolve to an organization focused on the operation and redevelopment of the Connecticut Solid Waste System. These efforts culminated shortly after the year came to a close when the Authority concluded its involvement in the Southeast Project and resolved a major outstanding condition precedent to closing out the Mid Connecticut Project (settlement of contract claims with MDC). These efforts built on prior year activities in which the Authority closed out its obligations with respect to the Bridgeport and Wallingford projects, the Southwest Connecticut Regional Recycling Operating Committee (SWEROC) and the Authority's Recycling Division.

The Authority is focused on operating the existing CSWS on a self-sustaining basis through its planned redevelopment. This commitment was originally made as part of a statutorily mandated transition plan and ten year financial plan prepared by CRRA in the lead up to the Authority's creation and assumption of control of CRRA's assets, rights, duties and obligations. This commitment spans the ten year period ending June 30, 2024. To aid in ensuring the fulfillment of this commitment, the Authority annually reviews the ten year plan in the context of current circumstances, adopts and implements necessary modifications as part of its annual budget development process. These modifications have addressed:

- Development and adaptation of the Authority's Tip Fee Stabilization Fund.
- Sustainability of funding sources for the Authority's Tip Fee Stabilization Fund.
- Operating performance of the CSWS resource recovery facility.
- Major maintenance requirements for the resource recovery facility.
- Methods to address declining energy, commodity and service pricing.
- Sale of surplus property to enhance the Authority's cash position.

During fiscal year 2017, wholesale energy prices and the operational performance of the CSWS resource recovery facility remained poor, and CSWS non-disposal fee revenue continued to decline. These trends were again examined in the context of the ten year plan as part of the Authority's fiscal year 2018 budget development process. While the Authority has been successful in establishing tip fees below contractual opt-out provisions from the inception of the CSWS through adoption of its fiscal year 2017 budget, the Authority concluded this would not be possible in fiscal year 2018. While the adopted tip fee exceeded the opt-out tip fee, none of the Authority's Tier 1 Long Term contract customers opted out of the contract. To the contrary, during fiscal year 2017, after adoption of the fiscal year 2018 budget, the Authority offered to renew its Tier 1 Short Term contracts that expire June 30, 2017. Ten of twelve municipalities representing 93% of the waste delivered pursuant to these expiring agreements opted to renew. Nine of the renewing municipalities entered into Tier 1 Long Term agreements expiring June 30, 2027 and one entered into a Tier 1 Short Term agreement expiring June 30, 2022.

The Authority is also focused on moving beyond operation of the existing CSWS by working closely with DEEP in a redevelopment process mandated by Public Act 14-94. The Act provides that DEEP, in consultation with MIRA, shall issue a request for proposals for the purpose of redeveloping the CSWS and that DEEP may select one final proposal and direct MIRA to enter into an agreement for the redevelopment of the CSWS. DEEP's RFP, termed



“Resource Rediscovery”, was issued November 6, 2015 comfortably in advance of the January 1, 2016 statutory deadline. During fiscal year 2016, initial Phase One proposals for redevelopment of the CSWS were received and evaluated. During fiscal year 2017, DEEP announced the selection of three finalists which were invited to participate in a second phase RFP and final selection process. The Phase II RFP was issued March 31, 2017 and final proposals were received July 31, 2017. As of the date of MIRA’s CAFR, DEEP continued its evaluation and final selection process. Public Act 14-94 provides that the final selection will be made by December 31, 2017.

While the nature, cost and funding mechanisms for this redevelopment are not yet determined, the Act 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.

Formulation of the Phase II RFP and the nature of final proposals received have served to identify the technologies available to enhance diversion of municipal solid waste in accordance with DEEP’s goals, as well as the challenges DEEP and the Authority will need to overcome in order to achieve the vision of a CSWS redeveloped in accordance with the criteria noted above. These challenges relate to the interdependencies of governance, risk and financial feasibility.

With regard to governance and risk, the Phase II RFP included the contract principles DEEP expected final proposals to adhere to. The contract principles and other provisions of the RFP call upon the Authority to transfer key aspects of its governance of the CSWS to the private sector in return for the private sector assuming the financial risk of redeveloping, operating and maintaining the CSWS subject to firm tip fees. The key aspects of governing authority that would be transferred to the private sector include the authority to grant access to the CSWS, use CSWS surplus revenue, establish terms related to the generation of non-disposal fee revenue and the fee structure applicable to participating towns that are dependent on the use of regional transfer stations. Final proposals were also to assume that the Authority is paid no more than \$1 million annually for its project oversight and to fulfill its other statutory duties.

With regard to financial feasibility, two of the three final proposals received indicate the project may not be financeable under the conditions of Resource Rediscovery and propose certain changes to municipal service agreement terms, or revenue guarantees from MIRA, as solutions to move forward. The third proposal does not require financing as it does not propose a redevelopment of the CSWS. The nature of the changes and guarantees requested signal the private sector’s hesitance to accept the financial risk of redeveloping the CSWS.

As of the date of MIRA’s CAFR, the Authority has reviewed with DEEP alternative approaches to establish a framework sufficiently supportive for one of the proposed redevelopments of the CSWS to proceed. This necessarily involves some form of public support of the project. The Authority has also developed and reviewed with DEEP an

alternative redevelopment concept which involves the Authority refurbishing the existing CSWS resource recovery facility and complementing it with technology identified through Resource Rediscovery. The Authority believes that its alternate redevelopment concept provides DEEP an additional avenue to successfully increase diversion, reduce environmental impacts, increase the host community benefit and provide a cost competitive service.

**8. EFFORTS TO MITIGATE THE EFFECTS OF AUTHORITY-ENRON-CL&P TRANSACTION DURING FISCAL YEAR 2017**

During Fiscal Year 2017, the Authority continued to pursue a few remaining Enron-related financial institutions under the aegis of the State's Attorney General.