MIRA

Materials Innovation and Recycling Authority

MEMORANDUM

TO: **MIRA Board of Directors**

FROM: **Donald S. Stein**

DATE: **September 7, 2018**

RE: Notice of Regular Board Meeting

There will be a regular meeting of the Board of Directors of the Materials Innovation and Recycling Authority (MIRA) ***on Wednesday September 12, 2018 at 9:30 a.m. in the Board Room at 200 Corporate Place, Suite 202, Rocky Hill CT. 06067.***

I. Pledge of Allegiance

II. Public Comment – 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.

III. Review and Approve –June 26, 2018 Board Meeting Minutes (***Attachment 1***).

IV. Review and Approve- July 17, 2018 Special Board Meeting Minutes (***Attachment 2***).

V. Review and Approve- July 26, 2018 Special Board Meeting Minutes (***Attachment 3***).

VI. Finance Committee Report.
   a. Board action will be sought for Resolution Regarding accepting the Authority's Fiscal Year 2018 Annual Financial Report. (***Attachment 4***).

VII. Policies and Procurement Committee Report:
   a. Board action will be sought for Resolution Regarding Contract Amendment with Nextera Energy Marketing LLC ***(Attachment 5***).
   b. Board action will be sought for Resolution Regarding Market Driven Purchase of Solid Waste Disposal Capacity associated with Diversion of Municipal Solid Waste from MIRA's CSWS (***Attachment 6***).
   c. Board action will be sought for Resolution Regarding Agreements for Human Resources Consulting and Staffing Services (***Attachment 7***).
   d. Board action will be sought for Resolution Regarding an Agreement with a Class 2 Renewable Energy Certificate Brokerage Firm (***Attachment 8***).
   e. Board action will be sought for Resolution Regarding a Construction Easement Agreement with the Connecticut Department of Transportation at the South Meadow Station Site (***Attachment 9***).

VIII. Other
   a. Board Action will be sought for Resolution Regarding a Recycling Rebate

IX. Chairman and President's Report
   a. Attached Supplemental Information / Other Matters

X. Executive Session will be held to discuss pending security matters, feasibility estimates, evaluations and pending RFP's.

TAB 1

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND EIGHTY SIX **JUNE 26, 2018**

A Special Telephonic meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Tuesday June 26, 2018 in the Board Room at 200 Corporate Place, Suite 202, Rocky Hill, CT 06067.Those present on the phone were:

Directors:

Chairman Don Stein
Vice-Chairman Dick Barlow
John Adams
Jim Hayden (joined at 10:10)
Scott Shanley
Patricia Widlitz
Lizz Milardo
Bob Painter

Present from MIRA:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Operations and Environmental Affairs
Kanchan Arora, General Accountant/Board Administrator

Public Present: None

Chairman Stein called the meeting officially to order at 10:00 a.m. and said that 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 who wished to address the Board, the meeting commenced.

EXECUTIVE SESSION

Chairman Stein requested a motion to enter into Executive Session to discuss trade secrets, security matters and feasibility estimates and evaluations. The motion was made by Director Shanley and seconded by Director Widlitz.

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

Tom Kirk

Mark Daley
Peter Egan
Laurie Hunt

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

The Executive Session began at 10:01 a.m. And concluded at 10:14 a.m. Chairman Stein noted that no votes were taken in Executive Session.

The meeting was reconvened at 10:15 a.m. The door was opened, and the Board Secretary and all members of the public were invited back in for the continuation of the public session.

TAKE FROM THE TABLE

Chairman Stein requested a motion to take from the table the four matters that were tabled at the June 21, 2018 Regular Board Meeting. The motion was made by Director Shanley and seconded by Director Barlow.

The motion previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-chairman Barlow, Director Hayden, Director Adams, Director Painter, Director Widlitz, Director Milardo and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Scott Shanley	X		
Pat Widlitz	X		

APPROVAL OF FOUR RESOLUTIONS

Chairman Stein requested a motion on the four matters listed below. The motion was made by Director Shanley and seconded by Director Hayden.

REVIEW AND APPROVE RESOLUTION REGARDING CASUALTY INSURANCE PROGRAM FOR FY 2019.

WHEREAS, MIRA purchases the insurance coverages for Auto, General Liability, Property, Public Officials, Umbrella Liability, and Workers Compensation annually in June for the upcoming fiscal year; and

WHEREAS, the Property insurance coverage for the next fiscal year is being reviewed and will be addressed at a subsequent Board of Directors' meeting.

NOW THEREFORE, be it

RESOLVED: That MIRA purchase the insurance coverages for Auto, General Liability, Public Officials, Umbrella Liability, and Workers Compensation according to the recommended options from its broker Beecher Carlson as presented and discussed in this meeting; and

FURTHER RESOLVED: That MIRA finance its casualty insurance renewal premiums over a ten month period through Premium assignment Corporation at the financing rate of 2.79%; and

FURTHER RESOLVED: That MIRA will finance its property insurance renewal premiums in October once the extension period expires.

REVIEW AND APPROVE RESOLUTION REGARDING FY 2019 PROJECTED LEGAL EXPENDITURES.

WHEREAS, MIRA has negotiated three-year Legal Services Agreements with various law firms for the provision of legal services beginning July 1, 2017; and

WHEREAS, MIRA now seeks Board authorization for projected legal expenditures pursuant to said Agreements during Fiscal Year 2019; and

WHEREAS, The Board of Directors has approved Fiscal Year 2019 budgeted legal expenditures in the Authority Budget operating account, the CSWS operating account, the Property Division operating account, and the Landfill Division operating account; and

WHEREAS, MIRA has not previously established a budget, nor identified a funding source, for legal fees and expenses which may be incurred in connection with the redevelopment of the Connecticut Solid Waste System, and now finds funding necessary; and

WHEREAS, MIRA wishes to engage its General Counsel, Halloran & Sage, to provide legal services, including assistance with drafting and negotiation of term sheets and comprehensive development agreements with DEEP's selected developer, Sacyr Rooney Recovery Team, LLC, and to identify moneys available in MIRA's Landfill Division as the source of funds for payment for such services; and

WHEREAS, Funding is requested at this time from Mid-Connecticut Project reserves not approved through the budget process;

NOW THEREFORE, it is

RESOLVED: That the following amounts be authorized for projected legal fees to be incurred during FY '19:

Firm:	**Amount:**
Cohn Birnbaum & Shea	20,000
Day Pitney	15,000
Halloran & Sage	300,000
Kainen, Escalera & McHale	25,000

Further RESOLVED: That the President be authorized to expend up to $20,000 from the Mid-Connecticut Post Project Closure Reserve for payment of legal fees incurred in fiscal year 2019 in connection with continuing Mid-Connecticut Project obligations; and

Further RESOLVED: That a budget of $250,000 be established for payment of FY 19 legal fees and expenses incurred in connection with the DEEP initiative known as Resource Rediscovery; that $250,000 from the Landfill Division be available as the funding source for such budget; and that the President be authorized to expend up to that budgeted amount for payment of such legal costs; and

Further RESOLVED: That Management shall report the legal expenditures monthly on an accrual basis reconciled to the Authority's general ledger.

REVIEW AND APPROVE RESOLUTION REGARDING AGREEMENT FOR ON-CALL TRANSPORTATION SERVICES FOR DIVERSION OF MUNICIPAL SOLID WASTE.

RESOLVED: That the President is hereby authorized to enter into an agreement with the following firm for On-Call Municipal Solid Waste Diversion Transportation Work, substantially as discussed and presented at this meeting:

- CWPM, LLC

REVIEW AND APPROVE RESOLUTION REGARDING AGREEMENTS WITH CLASS 2 RENEWABLE ENERGY CREDIT BROKERGE FIRMS.

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

WHEREAS, MIRA owns and operates the CSWS Waste to Energy Facility ("Facility"), which generates certain power products including Connecticut Class II Renewable Energy Certificates ("RECs"); and

WHEREAS, in order to optimize REC revenue within sometimes volatile REC markets, from time to time MIRA requires the services of a qualified firm to perform brokerage services on MIRA's behalf; and

WHEREAS, MIRA further desires to establish a process that will allow it to move competitively, quickly and efficiently into the REC market at times when prices are considered optimal and supportive of the need to provide budget certainty and financial stability; and

WHEREAS, MIRA has undertaken the "Competitive Process" required under its Procurement Policies and Procedures and has negotiated a contractual structure with Trident Brokerage Services, LLC that will provide for the required brokerage services.

THEREFORE, BE IT:

RESOLVED, that the President is hereby authorized to execute agreements with Trident Brokerage Services, LLC for the provision of brokerage services for the RECs generated by the Facility, substantially as presented and discussed at this meeting.

The motion previously made and seconded was approved unanimously by roll call. Chairman Stein, Vice-chairman Barlow, Director Hayden, Director Adams, Director Painter, Director Widlitz, Director Milardo and Director Shanley voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Scott Shanley	X		
Pat Widlitz	X		

ADJOURNMENT

Chairman Stein requested a motion on the above-referenced item. The motion was made by Director Shanley and seconded by Director Widlitz.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Milardo, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Lizz Milardo	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

There being no other business to discuss, the meeting adjourned at 10:20 a.m.

Respectfully Submitted,

Kanchan Arora
General Accountant/Board Administrator

TAB 2

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND EIGHTY SEVEN **JULY 17, 2018**

A Special meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Tuesday July 17, 2018 in the Board Room at 200 Corporate Place, Suite 202, Rocky Hill, CT 06067.Those present were:

Directors:

Vice-Chairman Dick Barlow
John Adams (present on the Telephone)
Jim Hayden
Scott Shanley
Patricia Widlitz
Bob Painter

Present from MIRA:

Tom Kirk, President
Mark Daley, Chief Financial Officer
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Operations and Environmental Affairs
Kanchan Arora, General Accountant/Board Administrator

Public Present: None

Vice-Chairman Barlow called the meeting officially to order at 9:53 a.m. and said that a quorum was present.

PUBLIC PORTION

Vice-Chairman Barlow 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 who wished to address the Board, the meeting commenced.

EXECUTIVE SESSION

Vice-Chairman Barlow requested a motion to enter into Executive Session to discuss security matters, feasibility estimates, evaluations and pending RFP's. The motion was made by Director Shanley and seconded by Director Widlitz.

Vice-Chairman Barlow asked the following people to join the Directors in the Executive Session:

Tom Kirk
Mark Daley

Peter Egan
Laurie Hunt

The motion was approved. Vice-Chairman Barlow, Director Painter, Director Adams, Director Hayden, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

The Executive Session began at 9:56 a.m. and concluded at 11:14 a.m. Vice-Chairman Barlow noted that no votes were taken in Executive Session.

The meeting was reconvened at 11:20 a.m. The door was opened, and the Board Secretary and all members of the public were invited back in for the continuation of the public session.

ADJOURNMENT

Vice-Chairman Barlow requested a motion on the above-referenced item. The motion was made by Director Shanley and seconded by Director Widlitz.

The motion was approved. Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

There being no other business to discuss, the meeting adjourned at 11:22 a.m.

Respectfully Submitted,

Kanchan Arora
General Accountant/Board Administrator

TAB 3

MATERIALS INNOVATION AND RECYCLING AUTHORITY

FOUR HUNDRED AND EIGHTYEIGHT **JULY 26, 2018**

A Special meeting of the Materials Innovation and Recycling Authority Board of Directors was held on Thursday July 26, 2018 in the Board Room at 211 Murphy Rd., Hartford, CT 06114.Those present were:

Directors:

Chairman Don Stein
Vice-Chairman Dick Barlow
John Adams
Jim Hayden
Scott Shanley
Patricia Widlitz
Bob Painter

Present from MIRA:

Tom Kirk, President
Mark Daley, Chief Financial Officer(by phone)
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Operations and Environmental Affairs
Kanchan Arora, General Accountant/Board Administrator

Public Present:

Brian Kirby, Sacyr Rooney
David Pennington, BMO
Jim Binder, DEEP
Peggy Diaz, DEEP
Lee Sawyer, DEEP
Jose Manuel Naharro Castrillo, SRRT
Luis De La Parte, SRRT
Kevin Moore, SRRT
Jose Luis Adalid, GFO
Ed Spinella, USA HAULING
Mike Calandra, CWPM
Robert Klee, DEEP
Bob Kaliszweski, DEEP
Bryan Garcia, Connecticut Green Bank
Chris Magalhaes, Connecticut Green Bank
Steve Cheng, CT Chapter NWRA
Matt Pilon, Hartford Business Journal
Russ Lallier, All Waste
Josh Hughes, Capitol Consulting

Jim Sandler, Hartford SWTF
James Otis, Zuvic Carr
Mike Sullivan, OPM
J.Sanchez, Hartford City Council
E. Pestarv, DEEP

Chairman Stein called the meeting officially to order at 10:00 a.m. and said that 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.

Edward Spinella, USA Hauling, addressed the Board. He said that it's crucial for the public and the commercial haulers to know what the future brings with the new facility, including tip fees for next 20 years, the proposed capacity of the new MIRA facility, and whether deliveries to the transfer stations will continue.

PRESENTATION FROM THE CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION.

Robert Klee, Commissioner of The Department of Energy and Environment Protection (DEEP), expressed his confidence in the Sacyr Rooney Team, their proposal and their project, and his desire that the project move forward as quickly as possible due to increasing concerns about the reliability of the existing MIRA facility. Mr. Klee discussed the details of the Sacyr Rooney proposal, and said that he looks forward to MIRA's support in bringing it to fruition.

Lee Sawyer, DEEP, Peggy Diaz, DEEP, Jim Binder, J.Binder Consulting and Chris Magalhaes, Connecticut Green Bank, addressed the Board, presenting and explaining the RFP background, goals, submittals, financial analysis, selection process and recommendations.

PRESENTATION FROM SACYR ROONEY

The Sacyr Rooney team introduced themselves and presented their proposed project and plans for its development and financing.

ADJOURNMENT

Chairman Stein requested a motion on the above-referenced item. The motion was made by Director Shanley and seconded by Director Widlitz.

The motion was approved. Chairman Stein, Vice-Chairman Barlow, Director Hayden, Director Painter, Director Adams, Director Widlitz, and Director Shanley, voted yes.

Directors	Aye	Nay	Abstain
Chairman Stein	X		
Vice-Chairman Barlow	X		
John Adams	X		
Jim Hayden	X		
Bob Painter	X		
Pat Widlitz	X		
Scott Shanley	X		

There being no other business to discuss, the meeting adjourned at 12:00 p.m.

Respectfully Submitted,

Kanchan Arora
General Accountant/Board Administrator

TAB 4

MATERIALS INNOVATION AND RECYCLING AUTHORITY

A Component Unit of the State of Connecticut

ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

This document is printed on recycled content paper

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Materials Innovation and Recycling Authority
Rocky Hill, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Materials Innovation and Recycling Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Materials Innovation and Recycling Authority, as of June 30, 2018 and 2017, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

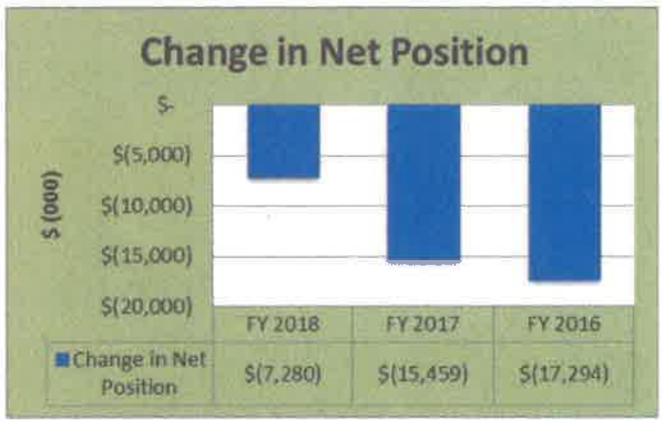
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September ___, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Certified Public Accountants
Glastonbury, Connecticut
September ___, 2018

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 years ended June 30, 2018 and 2017. 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.



In fiscal year 2018, the Authority generated total operating revenue of $73.89 million and incurred $57.12 million in operating expenses before depreciation, resulting in operating income before depreciation of $16.77 million. Total operating revenues increased by 16.5%, total operating expenses before depreciation decreased by 3.1%, and income before depreciation increased by 275.2% from fiscal year 2017 to fiscal year 2018. The major factors contributing to these trends and performance include a $10.46 million increase in operating revenue led by improved energy pricing and member service charges, combined with a $1.84 million reduction in operating expenses before depreciation led by project closeouts and reduced spending in all Authority divisions other than the Connecticut Solid Waste System (CSWS). The CSWS experienced a $3.14 million (5.7%) increase in operating revenue and a $0.99 million (1.8%) increase in operating expenses. After $21.43 million in depreciation and amortization expenses, the Authority incurred a $4.66 million operating loss. The Authority also incurred net non-operating expenses of $2.62 million led by settlement milestones and project closeout activities which resulted in a total reduction in the Authority's net position of $7.28 million.

The Authority's total assets decreased by $13.70 million (9.7%) reflecting reductions in cash and cash equivalents associated with settlement milestones and project closeouts, as well as reduced depreciable assets. The Authority's total liabilities declined by $6.42 million (44.1%) also related to settlement milestones.

The most significant economic factors with the potential to adversely affect the Authority, discussed further under the Economic Factors and Outlook section of this MD&A, are its CSWS business model, the status and economic framework of the Department of Energy and Environmental Protection's (DEEP's) proposed redevelopment of the CSWS and a significant contraction of alternative waste disposal facilities readily accessible to New England states.

The CSWS business model is challenging due to its reliance on volatile non-disposal fee revenue to maintain disposal fees for CSWS participating municipalities below the levels that trigger their contract termination provisions. While the Authority has mitigated this challenge by subsidizing disposal fees for CSWS participating municipalities to the extent it can with income and reserves from its Property Division, the adopted tip fees for fiscal years 2018 and 2019 exceeded these triggers.

On December 31, 2017, DEEP selected its preferred redevelopment of the CSWS and the Authority has since been engaged in discussions aimed at bringing the project to fruition by addressing its key challenges. The economic framework of the proposed redevelopment is challenging in terms of its consistency with both the Authority's enabling legislation and the terms of its municipal service agreements, the nature of revenue sources being relied upon to support a proposed private financing of the project, as well as the transfer of governance from the public to the private sector that the proposed framework entails. The Authority is evaluating this framework, developing contract objectives and alternative frameworks supportive of the CSWS participating municipality's best interests and undertaking its discussions accordingly.

The Authority is also aware and concerned over several large scale landfill closures that may substantially increase the potential costs to divert waste from the CSWS in the event of planned or un-planned service disruptions. The Authority has modified its business interruption insurance accordingly and is also re-assessing the means by which it will divert large quantities of waste in the event that becomes necessary.

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 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 MD&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, 2018 between the various operating divisions and 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 1A to the Financial Statements (Entity and Services). For fiscal year 2018, these projects and divisions include:

- Authority General Fund
- Connecticut Solid Waste System
- Property and Landfill Divisions
- Mid Connecticut and Southeast Projects (for project closeout purposes)

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, 2018 (total assets less total liabilities) was $119,321 which represents a $7,280 (5.8%) reduction from the prior year. The $7,280 reduction in net position is the result of a decrease in total assets of $13,703 partially offset by a reduction in total liabilities of $6,423.

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

	2018	2017	2016
ASSETS			
Current unrestricted assets	$ 47,013	$ 54,846	$ 57,883
Current restricted assets	206	204	207
Total current assets	47,219	55,050	58,090
Non-current assets:			
Capital assets, net	80,230	86,102	98,496
Total non-current assets	80,230	86,102	98,496
TOTAL ASSETS	$ 127,449	$ 141,152	$ 156,586
LIABILITIES AND NET POSITION			
LIABILITIES			
Current unrestricted liabilities	$ 7,971	$ 9,396	$ 9,368
Current restricted liabilities	157	155	158
Total current liabilities	8,128	9,551	9,526
Long-term unrestricted liabilities	-	5,000	5,000
Total long-term liabilities	-	5,000	5,000
TOTAL LIABILITIES	8,128	14,551	14,526
NET POSITION			
Net investment in capital assets	80,230	86,102	98,496
Restricted	49	49	49
Unrestricted	39,042	40,450	43,515
TOTAL NET POSITION	119,321	126,601	142,060
TOTAL LIABILITIES AND NET POSITION	$ 127,449	$ 141,152	$ 156,586

Assets

The Authority's total assets are further summarized on Table 2. The $13,703 reduction in total assets is attributed to the reductions in cash and cash equivalents 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 cash equivalents are reported in unrestricted and restricted portions. As shown on Table 2, unrestricted cash declined by $8,878 (21.3%) and restricted cash increased by $2 (1.0%).

The $8,878 (21.3%) reduction in unrestricted cash and cash equivalents reflects a $10,971 (81.4%) decline in Mid Connecticut and Southeast project funds associated with settlement and project closeout activities offset by a $2,093 (7.4%) increase in funds associated with the Authority's active divisions (CSWS, Property and Landfill divisions, and the Authority General Fund).

Mid Connecticut Project funds declined by $9,894 (79.8%) primarily due to settlement activity and payment of participating town distributions. During fiscal year 2018, the Authority and the Metropolitan District Commission (MDC) entered into a Settlement Agreement and Absolute Release related to MDC services to the Mid Connecticut Project. Pursuant to this agreement, the Authority paid MDC $8,250 and the MDC released the Authority from all claims associated with the project. The Mid Connecticut Project also received, by transfer from the Authority's Property Division, $2,361 reflecting its remaining allocated portion of all net settlements in the matter known as CRRA v. Lay, et al. These major milestones allowed the Authority to authorize a $3,500 interim distribution of surplus funds to the Mid Connecticut Project participating towns. Additional reductions in cash are due to payment of legal expenses and other activities including filing of land use restrictions needed for environmental site certification purposes. As of June 30, 2018, the Mid Connecticut Project had total remaining funds of $2,512. The Authority continues its efforts to address all remaining matters reflected in Note 10 to financial statements.

Southeast Project funds declined by $1,077 (100.0%) reflecting the Authority's final closeout of this project. During fiscal year 2018 the Authority and the Southeast Connecticut Regional Resource Recovery Authority (SCRRRA) entered an Assignment, Release and Indemnification Agreement effectively ending the Authority's interests and obligations in the Southeast Project by assignment or termination of relevant project contracts. As part of this agreement, the Authority retained $0.41 million of Southeast project funds for its use without restriction and paid $0.66 million, representing all remaining Southeast project reserves, to SCRRRA.

Unrestricted cash and equivalents associated with the Authority's active divisions increased by $2,093 (7.4%) during fiscal year 2018. Active divisions include the Property Division, CSWS, Landfill Division and General Fund. Property Division funds increased by $4,562 (39.2%) primarily reflecting its financial performance and flow of funds activities, as well as its allocated portion of net settlements received in the matter known as CRRA v. Lay, et al. CSWS operating funds decreased by $2,266 (19.6%) due to its financial performance and flow of funds activities. The Authority's General Fund and Landfill Division funds decreased by $69 and $134, respectively.

The $2 (1.0%) increase in restricted cash and equivalents is exclusively related to a $8 increase in CSWS customer security deposits offset by closure of the $6 Mid Connecticut Project Recycling Education Fund. Modest increases in other Current Assets including accounts receivable, inventory and prepaid expenses are associated with the Authority's normal business cycle.

The consolidated nature of the Authority's current assets summarized on Table 2 does not reflect amounts due from other funds. Amounts due from other funds increased significantly within the Property Division from fiscal year 2017 to fiscal year 2018 due to increased borrowings from the Property's Division's tip fee stabilization fund. Amounts borrowed and used to supplement the CSWS operating account are recognized as due from other funds in the Authority's Combining Schedule of Statement of Net Position attached as Exhibit A to the Financial Statements. Tip fee stabilization funds loaned and used to supplement the CSWS improvement fund are not recognized as due from other funds in the Authority's financial statements as both of these funds reside within the Property Division. These funds are internally tracked and considered contingently due to the tip fee stabilization fund.

Non-Current Assets

The $5,872 (6.8%) reduction in non-current assets reflects a $10,954 (18.6%) reduction in depreciable assets partially offset by a $5,082 (18.7%) increase in non-depreciable assets. The reduction in depreciable assets reflects depreciation expense and asset write offs which exceed additions to capital assets. These depreciable asset write offs are primarily associated with the Hartford resource recovery facility equipment. The increase in non-depreciable assets is exclusively an increase in construction in progress also primarily associated with the Hartford resource recovery facility.

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

	2018	2017	2018 Increase/ (Decrease) from 2017	2018 Percent Increase/ (Decrease)	2016	2017 Increase/ (Decrease) from 2016	2017 Percent Increase/ (Decrease)
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	$ 32,727	$ 41,605	$ (8,878)	(21.3%)	$ 43,682	$ (2,077)	(4.8%)
Accounts receivable, net of allowances	5,587	4,982	605	12.1%	4,952	30	0.6%
Inventory	6,203	5,937	266	4.5%	5,954	(17)	(0.3%)
Prepaid expenses	2,496	2,322	174	7.5%	3,295	(973)	(29.5%)
Total Unrestricted Assets	47,013	54,846	(7,833)	(14.3%)	57,883	(3,037)	(5.2%)
Restricted Assets:							
Cash and cash equivalents	206	204	2	1.0%	207	(3)	(1.4%)
TOTAL CURRENT ASSETS	47,219	55,050	(7,831)	(14.2%)	58,090	(3,040)	(5.2%)
NON-CURRENT ASSETS							
Capital Assets:							
Depreciable, net	47,985	58,939	(10,954)	(18.6%)	69,458	(10,519)	(15.1%)
Nondepreciable	32,245	27,163	5,082	18.7%	29,038	(1,875)	(6.5%)
TOTAL NON-CURRENT ASSETS	80,230	86,102	(5,872)	(6.8%)	98,496	(12,394)	(12.6%)
TOTAL ASSETS	$ 127,449	$ 141,152	$ (13,703)	(9.7%)	$ 156,586	$ (15,434)	(9.9%)

Liabilities

The Authority's total liabilities are further summarized on Table 3. The $6,423 (44.1%) reduction from fiscal year 2017 to fiscal year 2018 reflects a $1,423 (14.9%) reduction in current liabilities combined with a $5,000 (100.0%) reduction in long-term liabilities both of which are substantially related to Mid Connecticut Project settlement activity.

The $1,423 reduction in current liabilities includes a reduction in accounts payable, offset by an increase in unearned revenue, both of which occurred in the normal course of business through timely payment processing within all of the Authority's divisions and increased pre-paid tip fees held on CSWS customer accounts. It also includes a substantial $1,539 (34.8%) reduction in accrued expenses and other current liabilities. The majority of this reduction ($1,477) is within the Mid Connecticut Project and is associated with settlements achieved during fiscal year 2018. As of June 30, 2018, the Mid Connecticut Project's accrued expenses and other current liabilities have been reduced to $2. The $5,000 (100.0%) reduction in long-term liabilities is exclusively related to Mid Connecticut Project settlements achieved during fiscal year 2018. See Note 10 to the financial statements for additional information concerning contingencies associated with the Mid Connecticut Project. During fiscal year 2018, total liabilities associated with the Southeast Project were reduced by $15 (100%) as part of the final closeout of this project.

The consolidated nature of the Authority's current liabilities summarized on Table 3 does not reflect amounts due to other funds. Amounts due to other funds increased significantly within the CSWS from fiscal year 2017 to fiscal year 2018 due to increased borrowing from the Property's Division's tip fee stabilization fund. Amounts borrowed and used to supplement the CSWS operating account are recognized as due to other funds in the Authority's Combining Schedule of Statement of Net Position attached as Exhibit A to the Financial Statements. Tip fee stabilization funds loaned and used to supplement the CSWS improvement fund are not recognized as due from other funds in the Authority's financial statements as both of these funds reside within the Property Division. These funds are internally tracked and considered contingently due to the tip fee stabilization fund.

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

	2018	2017	2018 Increase/ (Decrease) from 2017	2018 Percent Increase/ (Decrease)	2016	2017 Increase/ (Decrease) from 2016	2017 Percent Increase/ (Decrease)
CURRENT LIABILITIES							
Payable from unrestricted assets:							
Accounts payable	$ 1,444	$ 1,854	$ (410)	(22.1%)	$ 2,615	$ (761)	(29.1%)
Acccrued expenses and other current liabilities	2,886	4,425	(1,539)	(34.8%)	3,874	551	14.2%
Unearned revenue	3,641	3,117	524	16.8%	2,879	238	8.3%
Total payable from unrestricted assets	7,971	9,396	(1,425)	(15.2%)	9,368	28	0.3%
Payable from restricted assets:							
Acccrued expenses and other current liabilities	157	155	2	1.3%	158	(3)	(1.9%)
Total payable from restricted assets	157	155	2	1.3%	158	(3)	(1.9%)
TOTAL CURRENT LIABILITIES	8,128	9,551	(1,423)	(14.9%)	9,526	25	0.3%
LONG-TERM LIABILITIES							
Payable from unrestricted assets:							
Other liabilities	-	5,000	(5,000)	(100.0%)	5,000	-	0.0%
Total payable from unrestricted assets	-	5,000	(5,000)	(100.0%)	5,000	-	0.0%
TOTAL LONG-TERM LIABILITIES	-	5,000	(5,000)	(100.0%)	5,000	-	0.0%
TOTAL LIABILITIES	$ 8,128	$ 14,551	$ (6,423)	(44.1%)	$ 14,526	$ 25	0.2%

Statements of Revenues, Expenses and Changes in Net Position

The reduction in the Authority's net position from June 30, 2017 to June 30, 2018 shown on Table 1 was generated from the change in net position shown on Table 4, Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2018. Changes in net position represent the results of operations of the Authority (i.e. its net income).

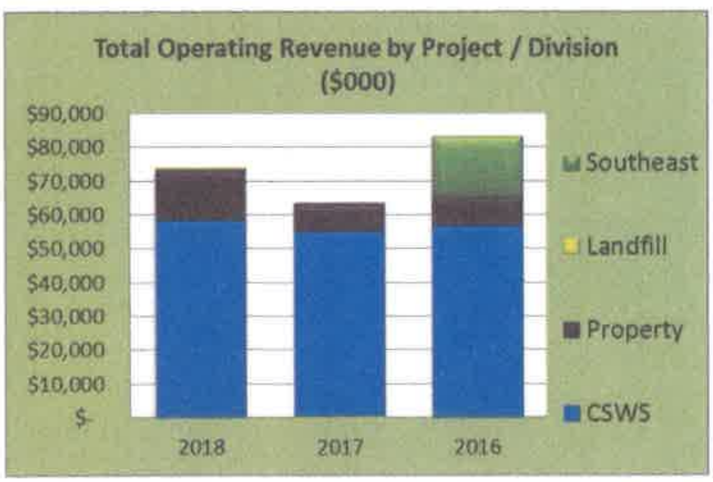
The $7,280 (5.8%) reduction in net position reflects total operating and non-operating revenues of $77,988 as shown on Table 5 being exceeded by total operating and non-operating expenses of $85,268 as shown on Table 6. The Authority generated $16,771 in income before depreciation and before certain net non-operating expenses. However, depreciation and amortization expenses totaled $21,431 and the Authority incurred net non-operating expenses of $2,620.

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

	2018	2017	2016
Operating revenues	$ 73,889	$ 63,426	$ 83,336
Operating expenses	57,118	58,956	79,419
Income before depreciation and amortization and other non-operating revenues and (expenses), net	16,771	4,470	3,917
Depreciation and amortization	21,431	22,638	19,422
Loss before other non-operating revenues and (expenses), net	(4,660)	(18,168)	(15,505)
Non-operating revenues (expenses), net	(2,620)	2,709	(1,789)
Change in net position	(7,280)	(15,459)	(17,294)
Total net position, beginning of year	126,601	142,060	159,354
Total net position, end of year	$ 119,321	$ 126,601	$ 142,060

Revenues

Table 5 summarizes total revenue (operating and non-operating) for the three prior fiscal years ended June 30, 2018.



As indicated in Table 5, operating revenue increased by $10,463 (16.5%) from fiscal year 2017 to fiscal year 2018. There are two primary contributing factors to this increase including improved energy sales and member service charges, which were partially offset by reduced other service charges.

The Authority's energy sales increased by $10,273 (50.4%) from fiscal year 2017 to fiscal year 2018. A substantial portion of this increase ($7,172 or 69.8% of this increase) occurred within the Property Division, 28.5% of the increase ($2,924) occurred within CSWS and the remainder ($177) was associated with the Authority's Landfill Division. Virtually all of the increase within the Property Division and CSWS is directly attributable to ISO New England's "Capacity Payments". In fiscal year 2018, the effective payment rate received by the Authority for its participation in ISO New England's Forward Capacity Auctions increased by 143.7%. Other energy market revenues reflected in the Property Division primarily include electricity sales, forward and real time reserve markets which increased a combined 6.1%. Other energy market revenues reflected within the CSWS primarily include electricity sales which increased a modest $46 (0.4%). The modest increase in CSWS electricity sales revenue is the product of declining energy production offset by increased energy sales prices. While CSWS energy production declined by 11.6% its average sales price increased by 13.6% from fiscal year 2017 to fiscal year 2018.

The Authority's member service charges increased by $1,319 (5.5%) from fiscal year 2017 to fiscal year 2018. This is exclusively attributed to CSWS tipping fees paid by CSWS participating municipalities under the Authority's municipal service agreements. The average municipal tipping fee increased by 5.1% while municipal waste deliveries increased by a modest 0.4%.

The increase in municipal service charges was offset by a $1,430 (9.2%) reduction in other service charges exclusively attributable to solid waste deliveries to the CSWS by non-participating municipalities through waste hauler contracts, interruptible contracts or through the spot market. The Authority curtailed deliveries of interruptible and spot waste due to the performance of the Hartford resource recovery facility resulting in a 20.3% reduction in waste deliveries associated with other service charges.

In total, CSWS operating revenues increased by $3,144 (5.7%) and Property Division operating revenues increased by $7,173 (86.8%). The remaining increase in operating revenue ($146) is associated with the Landfill Division.

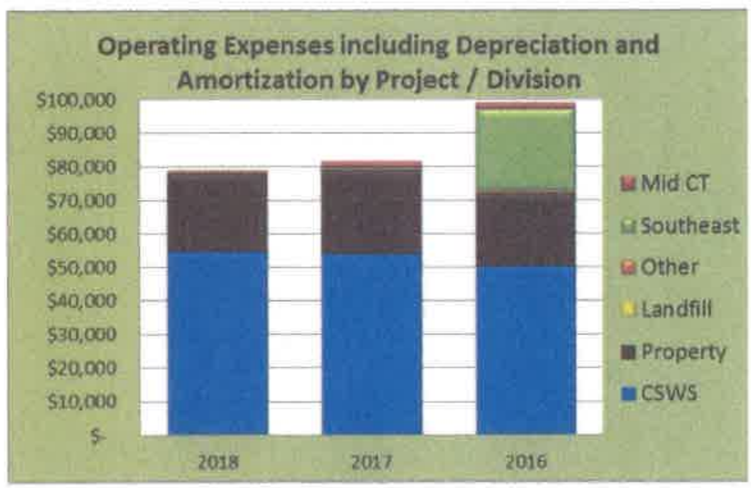
Table 5 also indicates that non-operating revenue increased by $936 (29.6%) from fiscal year 2017 to fiscal year 2018. While fiscal year 2017 non-operating revenue was dominated by a $2,955 gain on the sale of Authority property and equipment, fiscal year 2018 was dominated by $3,715 in settlement income from the matter known as CRRA v. Lay et. al. In addition to this, the Authority's investment income increased by $175 (84.1%) due to improved interest rates earned from the State Treasurer's Short Term Investment Fund.

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

	2018	2017	2018 Increase/ (Decrease) from 2017	2018 Percent Increase/ (Decrease)	2016	2017 Increase/ (Decrease) from 2016	2017 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	$ 25,519	$ 24,200	$ 1,319	5.5%	$ 26,103	$ (1,903)	(7.3%)
Other service charges	14,048	15,478	(1,430)	(9.2%)	21,493	(6,015)	(28.0%)
Energy sales	30,648	20,375	10,273	50.4%	33,347	(12,972)	(38.9%)
Other operating revenues	3,674	3,373	301	8.9%	2,393	980	41.0%
Total Operating Revenues	73,889	63,426	10,463	16.5%	83,336	(19,910)	(23.9%)
Non-Operating Revenues:							
Investment income	383	208	175	84.1%	99	109	110.1%
Settlement income	3,715	-	3,715	n/a	638	(638)	n/a
Other income	1	2,955	(2,954)	(100.0%)	102	2,853	2797.1%
Total Non-Operating Revenues	4,099	3,163	936	29.6%	839	2,324	277.0%
Total Revenues	$ 77,988	$ 66,589	$ 11,399	17.1%	$ 84,175	$ (17,586)	(20.9%)

Expenses

Table 6 summarizes total expenses (operating expenses, depreciation and non-operating expenses) for the three prior fiscal years ended June 30, 2018. As indicated, total expenses increased by $3,220 (3.9%) from fiscal year 2017 to fiscal year 2018.



Operating expenses (before depreciation) declined by $1,838 (3.1%) from fiscal year 2017 to fiscal year 2018. This reflects a $989 (1.8%) increase in CSWS operating expenses before depreciation offset by reductions in all other projects and divisions as described below:

- The $989 (1.8%) increase in CSWS operating expenses (before depreciation) was driven by a $1,056 (2.2%) increase in CSWS solid waste operations expense partially offset by reductions in CSWS maintenance and utilities, and legal services. The increase in CSWS solid waste operations expense relates primarily to the cost to divert CSWS waste deliveries to alternate sites due to increased downtime in the Hartford resource recovery facility for major maintenance purposes. In fiscal year 2018 the CSWS diverted approximately twenty-four thousand tons of waste (4.1% of total deliveries) to alternate disposal sites. Diversion costs increased by $1,691 (417.1%). Savings in other expenditures included within solid waste operations helped to mitigate the overall increase.

- Property Division operating expenses (before depreciation) declined by $751 (25.8%) from fiscal year 2017 to fiscal year 2018. Solid waste operations expense declined by $367 (22.1%) due to reduced costs for jet fuel, Discrete Emission Reduction Credits (DERCs) and contract operating charges. Maintenance and utilities declined by $450 (79.2%) with reductions in building and grounds maintenance and utilities as well as jets major maintenance expenses which were elevated during fiscal year 2017 for overhaul and related purposes. Legal services declined by $14 (37.8%) while administrative and operational services increased by $80 (12.4%).

- Landfill Division operating expenses (before depreciation) declined by $211 (62.8%) from fiscal year 2017 to fiscal year 2018. Solid waste operations expense increased by $23 (50.0%) due to increased contract operating charges. Maintenance and utilities declined by $132 (105.6%) due to reduced major maintenance which was elevated during fiscal year 2017 due to a lightning strike on the Authority's solar array. Legal services declined by $107 (201.9%) primarily due to the reversal of accrued fiscal year 2017 expenses while administrative and operational services increased by $5 (4.5%).

- The Authority's unallocated General Fund expenses declined by $68 (89.5%) from fiscal year 2017 to fiscal year 2018. These expenses were elevated during fiscal year 2017 due to employee severance paid from severance reserves.

- The Mid Connecticut Project's operating expenses were reduced by $1,768 (100.0%) as all costs associated with this project are now classified as non-operating expenses. Likewise, Southeast Project operating expenses were reduced by $29 (100%) as this project fully closed during fiscal year 2018. Final project distributions are classified as non-operating expenses.

Depreciation and amortization expenses decreased by $1,207 (5.3%) from fiscal year 2017 to fiscal year 2018. This decrease reflects the completed depreciation of major facilities at the close of fiscal year 2017, and in the first quarter of fiscal year 2018, including the Hartford recycling facility and the waste processing component of the Hartford resource recovery facility, respectively. This was offset by major maintenance activity occurring within the power block component of the Hartford resource recovery facility which is approaching the end of its useful life. Certain major maintenance activities within the resource recovery facility 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.

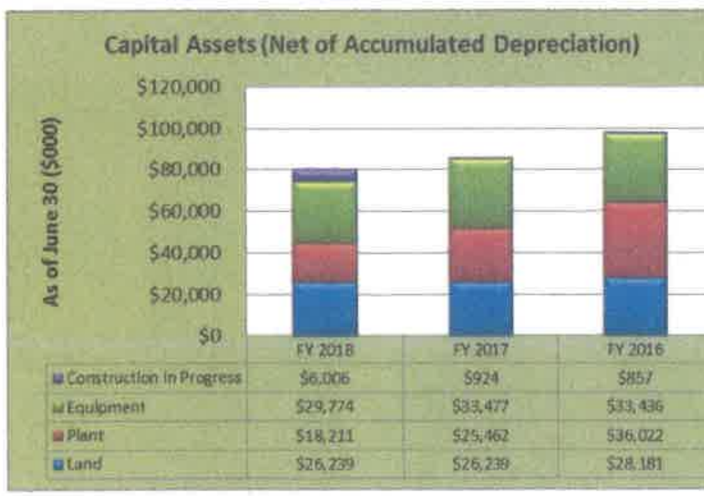
Non-operating expenses increased significantly from fiscal year 2017 to fiscal year 2018. During fiscal year 2017, non-operating expenses totaled only $454 and primarily represented the write-off of capital assets. In fiscal year 2018, non-operating expenses totaled $6,719 and primarily represented major milestones in the Authority's settlement and project closeout activities. This includes MDC settlement expenses, distributions to SCRRRA and Mid Connecticut Project municipalities as well as legal costs and the write-off of capital assets.

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

	2018	2017	2018 Increase/ (Decrease) from 2017	2018 Percent Increase/ (Decrease)	2016	2017 Increase/ (Decrease) from 2016	2017 Percent Increase/ (Decrease)
Operating Expenses:							
Solid waste operations	$ 51,420	$ 50,722	$ 698	1.4%	$ 66,148	$ (15,426)	(23.3%)
Maintenance and utilities	906	1,522	(616)	(40.5%)	1,098	424	38.6%
Legal services - external	(37)	1,713	(1,750)	(102.2%)	580	1,133	195.3%
Administrative and operational services	4,829	4,999	(170)	(3.4%)	5,718	(719)	(12.6%)
Distribution to SCRRRA	-	-	-	100.0%	5,875	(5,875)	0.0%
Total Operating Expenses	57,118	58,956	(1,838)	(3.1%)	79,419	(20,463)	(25.8%)
Depreciation and amortization	21,431	22,638	(1,207)	(5.3%)	19,422	3,216	16.6%
Operating Exenses Including Depreciation and Amortization	78,549	81,594	(3,045)	(3.7%)	98,841	(17,247)	(17.4%)
Non-Operating Expenses:							
Settlement expenses	2,324	-	2,324	n/a	693	(693)	n/a
Distribution to SCRRRA	656	-	656	100.0%	-	-	0.0%
Distribution to Towns	3,412	-	3,412	100.0%	-	-	0.0%
Other expenses	327	454	(127)	(28.0%)	1,935	(1,481)	(76.5%)
Total Non-Operating Expenses	6,719	454	6,265	1380.0%	2,628	(2,174)	(82.7%)
Total Expenses	$ 85,268	$ 82,048	$ 3,220	3.9%	$ 101,469	$ (19,421)	(19.1%)

Capital Assets

The Authority's investment in capital assets (net of accumulated depreciation) as of June 30, 2018 totaled $80,230. This represents a $5,872 (6.8%) reduction from net capital assets as of June 30, 2017 which totaled $86,102. 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, Shelton, Torrington, Waterbury and Watertown. Its plants primarily include the resource recovery facility in Hartford, four transfer stations and a recycling facility. 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, 2018, this primarily consisted of ongoing major maintenance work in the power block component of the Hartford resource recovery facility.

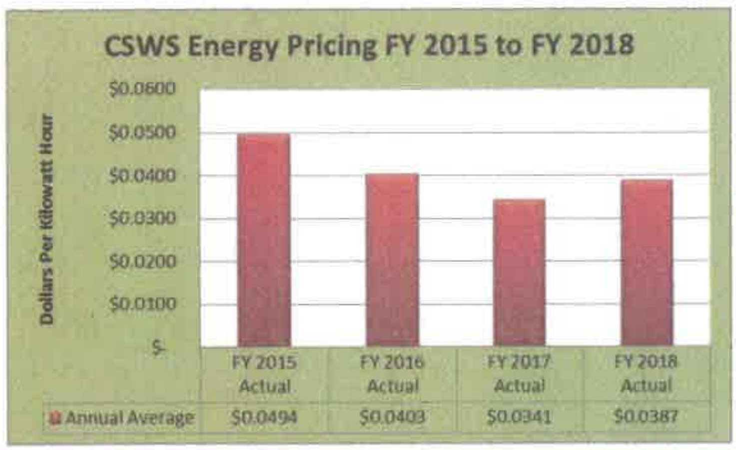
The reduction in net capital assets primarily reflects the cumulative effect of additions to construction in progress, less transfers out of construction in progress (to put assets into service), less net sales and disposals and depreciation expense as described more fully in Note 3.

Long-Term Debt Issuance, Administration and Credit Ratings

As of June 30, 2018, the Authority had no outstanding long-term debt carried on its books.

Economic Factors and Outlook

The most significant economic factors with the potential to adversely affect the Authority are its CSWS business model and the economic framework of the Department of Energy and Environmental Protection's (DEEP's) proposed redevelopment of the CSWS.



CSWS Business Model

The business model for the CSWS is structured by State statute and municipal service agreements such 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, recycling activities and disposal fees for waste not contractually committed to the CSWS ("non-participating towns"). Consequently, price volatility in these markets directly impacts the tip fees charged to participating towns. Most of the Authority's participating town contracts include tip fee caps above which the towns may terminate the contract ("opt-out tip fee").

To support the CSWS business model, the Authority established a tip fee stabilization fund which has been drawn upon to subsidize the CSWS net cost of operation when wholesale energy prices and other revenues are low, thereby avoiding the opt-out tip fee, and which is to be reimbursed as wholesale energy prices and other revenues 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 cash balance of the tip fee stabilization fund at June 30, 2018 was $2,151 and a total of $24,856 was reimbursable from the CSWS contingent upon its future financial performance and availability of surplus funds.

The Authority was successful in establishing tip fees below contractual opt-out provisions from the inception of the CSWS through adoption of its fiscal year 2017 budget. However, a series of planning initiatives undertaken during fiscal year 2017 concluded that continued erosion of non-disposal fee revenue driven by declining energy pricing and performance of the resource recovery facility would cause the Authority to exceed the opt-out tip fee. While the adopted tip fee has now exceeded the opt-out tip fee for both the fiscal year 2018 and fiscal year 2019 adopted budgets, none of the towns opted out of the contract.

The adopted budget for fiscal year 2019 included a second consecutive \$4.00 per ton increase in participating town tip fees as well as continued subsidy from the tip fee stabilization fund. Property Division income and reserves will continue to flow to this fund in fiscal year 2019 subject to an authorized cap of \$7,700 pending further action by the Authority's Board of Directors as necessary to address evolving needs. The tip fee stabilization fund relies on revenue from the Jet Peaking Unit's participation in ISO New England's forward capacity market and its forward and real time reserve markets. In these markets, wholesale energy providers are compensated to have electric generation capacity available, not to produce and export energy to the grid. The 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" by DEEP that permits the peaking units to run.

Critical to preservation of this source of funding was adoption by DEEP of its "Regulation Concerning NOx Emissions from Fuel-Burning Emission Units" which became effective December 22, 2016 (DEEP's Phased Compliance Program). This program provides the Authority with the compliance mechanism it needs to continue to operate the peaking units (acquisition and use of Discrete Emission Reduction Credits). The Authority's new Trading Order under the Phased Compliance Program (received during fiscal year 2018) extends through May 31, 2023. The Capacity Supply Obligations the Authority has incurred to ISO New England, for which it will receive established capacity payments for the peaking units, extend through May 31, 2022. These capacity payments have increased from \$5,754 in fiscal 2017 to \$12,898 in fiscal year 2018. They will peak in fiscal year 2019 at approximately \$16,651 and decline steadily to approximately \$8,000 in fiscal year 2022. The Authority forecasts that these payments will decline further to approximately \$5,500 in fiscal year 2023 in the event it incurs a final Capacity Supply Obligation for the last year of the Phased Compliance Program.

DEEP's Proposed Redevelopment of CSWS

In fiscal year 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 was 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 which have already been achieved include the conduct of a two-phase Request for Proposals (RFP) process, legislative reports and public hearings culminating in DEEP's selection of a preferred proposal and its December 31, 2017 direction to the Authority to enter into an agreement with the selected respondent (the Sacyr Rooney Recovery Team, LLC or "SRRT") for the redevelopment of the CSWS. The SRRT proposal represents a $222 million investment in the refurbishment of the resource recovery facility together with the incorporation of new "Diversion Technology" which would include new mechanical and biological treatment facilities and an aerobic digester. The proposal forecasts strong financial performance and returns to SRRT, achievement of the State's goal of 60% diversion of the Solid Waste generated in the State after January 1, 2024, and lower tip fees for some of the Authority's existing municipal customers. The Authority is both excited over the promises of the proposal, and cognizant that essential elements of the proposed Diversion Technology have experienced limited success when implemented in the US. DEEP's initial objective was that a contract providing for the redevelopment be executed by July 1, 2018. The redeveloped CSWS is expected to commence operations by July 1, 2023. The Authority's existing municipal service agreements would expire on June 30, 2027 (four years into the new project).

The second phase RFP included the contract principles DEEP expected final proposals to adhere to. The contract principles and other provisions of the RFP propose the Authority transferring key aspects of its governance of the CSWS to the private sector in return for the private sector's acceptance of risk and provision of firm pricing on tip fees for the Authority's participating municipalities. The key aspects of governance potentially to be transferred to the private sector include governing municipal access to the CSWS, the use of CSWS surplus revenue, the generation of non-disposal fee revenue from the system and the fee structure applicable to municipalities that use transfer stations. Final proposals were to assume that the Authority is paid no more than $1,000 annually for its project oversight and to fulfill its other statutory duties. The private sector is to assume the risk of developing, operating and maintaining the CSWS and providing waste management services subject to the firm prices proposed. In selecting a final participant, the Act required 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 current tip fees for contracted waste.

During fiscal year 2018, the Authority actively engaged in discussions aimed at bringing the proposed redevelopment project to fruition in a manner consistent with its municipal service agreements, the contracting requirements of its enabling legislation, relevant provisions of the Act and DEEP's RFP. These discussions will continue during fiscal year 2019 in an effort to fully address the key challenges posed by SRRT's proposal. The key challenges the Authority intends to resolve through these discussions and project due diligence include:

- Compliance among the SRRT proposal, the Authority's municipal service agreements and its enabling legislation;
- Establishing a feasible (firm) schedule of tip fees reflecting reasonable forecasts of project revenues and expenses;
- Ensuring the firm tip fee schedule remains available to municipalities after expiration of the existing municipal service agreements;
- Ensuring the project is economically viable recognizing the status of energy, single stream recycling and mixed waste recycling commodity markets and the project's heavy reliance on those markets;
- Addressing these challenges in a timeframe responsive to the near term refurbishment needs of the resource recovery facility; and

- Establishing the appropriate critical path, milestones and terms associated with SRRT's assumption of operating responsibility for the resource recovery facility and Diversion Technology.

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, 200 Corporate Place, Rocky Hill CT 06067.

This Page Left Intentionally Blank

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2018 AND JUNE 30, 2017
(Dollars in Thousands)

EXHIBIT I

	2018	2017
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$ 32,727	$ 41,605
Accounts receivable, net of allowances	5,587	4,982
Inventory	6,203	5,937
Prepaid expenses	2,496	2,322
Total Unrestricted Assets	47,013	54,846
Restricted Assets:		
Cash and cash equivalents	206	204
TOTAL CURRENT ASSETS	47,219	55,050
NON-CURRENT ASSETS		
Capital Assets:		
Depreciable, net	47,985	58,939
Nondepreciable	32,245	27,163
Total Capital Assets	80,230	86,102
TOTAL NON-CURRENT ASSETS	80,230	86,102
TOTAL ASSETS	127,449	141,152

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, 2018 AND JUNE 30, 2017
(Dollars in Thousands)

	2018	2017
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$ 1,444	$ 1,854
Acccrued expenses and other current liabilities	2,886	4,425
Unearned revenue	3,641	3,117
Total Payable from Unrestricted Assets	7,971	9,396
Payable from Restricted Assets:		
Acccrued expenses and other current liabilities	157	155
TOTAL CURRENT LIABILITIES	8,128	9,551
LONG-TERM LIABILITIES		
Payable from Unrestricted Assets:		
Other liabilities	-	5,000
TOTAL LONG-TERM LIABILITIES	-	5,000
TOTAL LIABILITIES	8,128	14,551
NET POSITION		
Net investment in capital assets	80,230	86,102
Restricted	49	49
Unrestricted	39,042	40,450
TOTAL NET POSITION	$ 119,321	$ 126,601

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY

EXHIBIT II

A Component Unit of the State of Connecticut
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
(Dollars in Thousands)

	2018	2017
Operating Revenues		
Service charges:		
Members	$ 25,519	$ 24,200
Others	14,048	15,478
Energy sales	30,648	20,375
Other	3,674	3,373
Total Operating Revenues	73,889	63,426
Operating Expenses		
Solid waste operations	51,420	50,722
Maintenance and utilities	906	1,522
Legal services - external	(37)	1,713
Administrative and Operational services	4,829	4,999
Total Operating Expenses	57,118	58,956
Operating Income before depreciation and amortization	16,771	4,470
Depreciation and amortization	21,431	22,638
Operating Loss	(4,660)	(18,168)
Non-Operating Revenues (Expenses)		
Investment income	383	208
Settlement income	3,715	-
Settlement expenses, net	(2,324)	-
Distribution to SCRRRA	(656)	-
Distributions to towns	(3,412)	-
Other revenues (expenses), net	(326)	2,501
Total Non-Operating Revenues (Expenses), Net	(2,620)	2,709
Change in Net Position	(7,280)	(15,459)
Total Net Position, beginning of year	126,601	142,060
Total Net Position, end of year	$ 119,321	$ 126,601

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY **EXHIBIT III**

A Component Unit of the State of Connecticut
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
(Dollars in Thousands)

	2018	2017
Cash Flows Provided by (Used in) Operating Activities		
Payments received from providing services	$ 73,808	$ 63,659
Payments to suppliers and employees	(66,548)	(58,205)
Distributions to towns	(3,412)	-
Distribution to SCRRRA	(656)	-
Settlement income	3,715	-
Settlement expenses	(281)	-
Net Cash Provided by Operating Activities	6,626	5,454
Cash Flows Provided by Investing Activities		
Proceeds from investments	-	4,888
Interest on investments	383	208
Net Cash Provided by Investing Activities	383	5,096
Cash Flows Provided by (Used in) Capital and Related Financing Activities		
Proceeds from sales of equipment	5	9
Acquisition and construction of capital assets	(15,890)	(12,639)
Net Cash Used in Capital and Related Financing Activities	(15,885)	(12,630)
Net Decrease in Cash and Cash Equivalents	(8,876)	(2,080)
Cash and Cash Equivalents, beginning of year	41,809	43,889
Cash and Cash Equivalents, end of year	$ 32,933	$ 41,809
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$ (4,660)	$ (18,168)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation of capital assets	21,431	22,637
Other income (expenses), net	(2,677)	-
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	(605)	(30)
Inventory	(266)	17
Prepaid expenses	(174)	973
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(6,423)	25
Net Cash Provided by Operating Activities	$ 6,626	$ 5,454

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 446e 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 two ad-hoc members from each municipality that is the site of an Authority facility. The Governor appoints three directors and all ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. Five of the directors are required by statute to be municipal officials, two from municipalities with populations of more than fifty-thousand, and three from municipalities with populations of fifty-thousand or less. All appointments require the advice and consent of both houses of the General Assembly. During fiscal year 2018, the Authority's board included officials from five municipalities that receive solid waste disposal services from the Authority.

In addition, the statutory structure of the Authority, which is a component unit of the State of Connecticut, and of the Authority's board, which includes representatives of municipalities and customers served by the Authority, results in transactions with related parties and related organizations that occur in the ordinary course of operations.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

A. Entity and Services *(Continued)*

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State has been contingently liable to restore deficiencies in debt service reserves established for certain Authority bonds. However, with maturity of the Authority's 2010 Series A Southeast Project Refunding Bonds on November 15, 2015, there is no longer any contingent liability of the State associated with the Authority. 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.

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 ceased providing educational facilities and services to its customers as of June 30, 2016.

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 remained in effect at the time the Authority was created, those for the Mid Connecticut, Bridgeport and Wallingford projects had expired and resulted 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 private sector. 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 51 Connecticut municipalities and 41 private waste haulers under contract with the Authority.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

A. Entity and Services *(Continued)*

The CSWS is the primary operating division of the Authority and is the only publicly owned, fully controlled waste disposal system in the State. 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 now closed 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 only for project close out activities including funds distribution.

Wallingford Project - Title to the resource recovery facility and underlying land was transferred to the private sector upon expiration of the project on June 30, 2010, but CRRA retained rights to a portion of the facility's waste processing capacity, which has previously been 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. In March, 2015 the private operator was granted a permit to close the Wallingford resource recovery facility for economic reasons and convert it into a transfer station. The private operator is presently evaluating closure of the transfer station.

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 private sector, 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 has been 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 assumed CRRA's interests and obligations in these assets and reports this activity consistent with the structure noted above. The Authority subsequently sold the Stratford recycling facility during fiscal year 2017.

Southeast Project - The initial underlying structure of this project remained in place at the time the Authority was created. 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 initially owned the facility and leased it to a private operator (Covanta) under a long-term contract. Covanta ran the facility pursuant to a Service Agreement with CRRA, under which CRRA was 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 caused the facility to be operated and maintained and SCRRRA caused its members to deliver waste. Based on this structure, CRRA's Statements of Net Position have not included the Capital Assets comprising the facility as they reverted to private operator ownership upon expiration of the underlying contracts.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

A. Entity and Services *(Continued)*

Likewise, CRRA's Statements of Net Position did not reflect the Current or Long Term Liabilities associated with these Capital Assets (debt service on the Bonds), which were 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 has included revenues and funds distributed by CRRA pursuant to the Bond Indenture. The Authority assumed CRRA's interests and obligations under the Bonds, Lease, Service Agreement, Bridge and Management Agreement and has reported this activity consistent with the structure noted above.

Commencing in fiscal year 2016, the Authority's role in the Southeast Project began to wind down. The project's bonds have matured and were fully paid. Initial release and indemnification agreements with both SCRRRA and Covanta provided for the Authority's transfer of financial control of the Project to SCRRRA. Title to the resource recovery facility transferred to the private operator. These efforts concluded during fiscal year 2018 when the Authority and SCRRRA entered an Assignment, Release and Indemnification Agreement relating to the Authority's interests and obligations in the Southeast Project. Pursuant to this agreement, the Authority assigned its rights and obligations under the project's Service Agreement and certain ancillary agreements to SCRRRA and acknowledged termination of the project's Bridge and Management Agreement which concluded the Authority's involvement in the project. As part of this agreement, the Authority retained $0.41 million in Southeast project reserves for its use without restriction and paid $0.66 million, representing all remaining Southeast project reserves, to SCRRRA.

<u>Property Division</u> - 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.

<u>Landfill Division</u> - 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, were also 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.

During fiscal year 2016 the Authority's lease and subsequent Short Term Access Agreement for the Hartford Landfill expired resulting in the transfer of associated plant and equipment to the City of Hartford. Ownership of the solar array installed by the Authority on top of the Hartford landfill remains with the Authority subject to a new Long Term Site Access and Revenue Sharing Agreement with the City of Hartford. The Authority's financial interests and activities concerning this solar array are recognized within the Landfill Division.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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.

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 including energy generation and participation in forward capacity and reserve markets managed by ISO New England. Operating expenses include the cost of solid waste operations, maintenance and utilities, administrative expenses, rebates and distribution of funds associated with active Authority projects and divisions (CSWS, Property and Landfill divisions) 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 the closeout of inactive projects.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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 $30,000 at June 30, 2018 and $35,000 at June 30, 2017.

F. Inventory

The Authority's spare parts inventory is stated at the lower of cost or net realizable value using the weighted-average costing method. The Authority's fuel inventory is stated at the lower of cost or net realizable value using a first-in first-out (FIFO) method. Inventories at June 30, 2018 and 2017 are summarized as follows:

Inventories	Fiscal Year 2018 ($000)	Fiscal Year 2017 ($000)
Spare Parts	$ 5,210	$ 4,972
Fuel	993	965
Total	$ 6,203	$ 5,937

G. Investments

Investments are reported at fair value (generally based on quoted market prices), except for investments in certain external investment pools that are permitted to be reported at the net asset value per share as determined by the pool. Interest on investments is recorded as revenue in the year the interest is earned.

H. Restricted Assets

Restricted assets consists of cash and cash equivalents restricted for use by enabling legislation or by externally imposed restrictions by creditors, grantors or laws and regulations. MIRA's restricted assets are mainly customer guarantees of payment and the Town of Ellington trust–pooled funds.

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.

The Authority has no development costs as of June 30, 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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 is $5,000 and for office furniture and equipment is $1,000. 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.

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 a change in circumstances is outside the normal life cycle of the capital asset. During the years ended June 30, 2018 and 2017, 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 statements of net position. The liability for compensated absences at June 30, 2018 and 2017 and the related changes for the years ended June 30, 2018 and 2017 are presented in the following table. Compensated absences include accruals for salaries, employer taxes, employer's 401K retirement plan contributions and employer's matching contributions:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

K. Compensated Absences *(Continued)*

Compensated Absences	Balance at July 1, 2016 ($000)	Increases (Decreases) ($000)	Balance at June 30, 2017 ($000)	Increases (Decreases) ($000)	Balance at June 30, 2018 ($000)
Accrued vacation and personal time	$ 453	$ (85)	$ 368	$ 44	$ 412
Total	$ 453	$ (85)	$ 368	$ 44	$ 412

Compensated absences do not include estimates of the Authority's liability pursuant to its severance policies applicable in the event of any employee separation without cause as the result of position elimination, reorganization, restructuring, reduction in force or other related circumstance.

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. Net investment in capital assets totaled approximately $80.2 million and $86.1 million as of June 30, 2018 and 2017.

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. Restricted net position totaled approximately $49,000 as of June 30, 2018 and 2017. None of the Authority's net position has been restricted by enabling legislation.

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 approximately $18.0 million and $17.0 million as of June 30, 2018 and 2017, respectively.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

L. Net Position *(Continued)*

Unrestricted net position at June 30, 2018 and 2017 are summarized as follows:

Unrestricted Net Position	2018 ($000)	2017 ($000)
Undesignated	$20,999	$23,462
Designated:		
Authority:		
Severance reserve	725	723
Southeast:		
Post-project reserve	-	1,060
Property Division:		
General reserve	8,022	6,470
Improvement reserve- PD	27	27
Improvement reserve - CSWS	2,346	293
Tip fee stabilization	2,151	1,998
Jets major maintanence	703	-
MidConnecticut:		
Litigation reserve	163	176
Post-project reserve	1,920	5,184
CSWS:		
Debt Service reserve	4	4
Risk reserve	863	446
General reserve	1	1
Legal reserve	615	606
Landfill Division:		
Hartford solar reserve	322	-
Pollution insurance reserve	181	-
	18,043	16,988
Total Unrestricted Net Position	$ 39,042	$ 40,450

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

M. New Accounting Pronouncements

Effective July 1, 2017, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* Statement No. 81, *Irrevocable Split-Interest Agreements,* GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Authority's financial statements.

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2018 and 2017:

Cash and Cash Equivalents	2018 ($000)	2017 ($000)
Unrestricted:		
Cash deposits	$ 8,466	$ 9,676
Cash equivalents:		
STIF *	24,261	31,929
	32,727	41,605
Restricted – current:		
Cash deposits	206	198
Cash equivalents:		
STIF *	-	6
	206	204
Total	$ 32,933	$ 41,809

* 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Cash Deposits – Custodial Credit Risk *(Continued)*

As of June 30, 2018 and 2017, approximately $8.7 million and $9.5 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2018 ($000)	2017 ($000)
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	1,184	1,375
Insurance coverage (FDIC)	250	250
Uninsured and Uncollateralized	$ 7,494	$8,216
Total	$ 8,928	$9,841

Total represents Bank of America account balance as of 6/30/18.
Uninsured but collateralized equals 13.26% of total per Bank of America reporting.
Balance represents uninsured and uncollateralized.

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

Investments in the State of Connecticut Short-Term Investment Fund ("STIF") as of June 30, 2018 and 2017 are included in cash and cash equivalents in the accompanying statements of net position. For purposes of disclosure, such amounts are considered investments and have been included in the investment disclosures that follow.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Interest Rate Risk

As of June 30, 2018, the Authority's investments consisted of the following debt securities:

Investment Type	Net Asset Value ($000)	Investment Maturities (In Years) Less than 1	1 to 5	6 to 10	More than 10
STIF	$ 24,261	$ 24,261	$ -	$ -	$ -
Total	$ 24,261	$ 24,261	$ -	$ -	$ -

As of June 30, 2017, the Authority's investments consisted of the following debt securities:

Investment Type	Net Asset Value ($000)	Investment Maturities (In Years) Less than 1	1 to 5	6 to 10	More than 10
STIF	$ 31,935	$ 31,935	$ -	$ -	$ -
Total	$ 31,935	$ 31,935	$ -	$ -	$ -

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, 2018 and 2017, STIF had a weighted average maturity of 35 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

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, 2018, the Authority's investments were rated as follows:

Security	Fair Value ($000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	$ 24,261	AAAm	Not Rated	Not Rated

As of June 30, 2017, the Authority's investments were rated as follows:

Security	Fair Value ($000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	$ 31,935	AAAm	Not Rated	Not Rated

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, 2018 and 2017, 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, 2018 AND 2017

3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2018 and 2017:

	Balance at June 30, 2016 ($000)	Additions ($000)	Transfers ($000)	Sales and Disposals ($000)	Balance at June 30, 2017 ($000)	Additions ($000)	Transfers ($000)	Sales and Disposals ($000)	Balance at June 30, 2018 ($000)
Depreciable assets:									
Plant	$ 205,330	$ -	$ 8,579	$ (9,733)	$ 204,177	$ -	$ 9,690	$ (5,438)	$ 208,429
Equipment	241,927	17	3,975	(3,334)	242,586	9	1,109	(249)	243,455
Total at cost	447,257	17	12,554	(13,066)	446,763	9	10,799	(5,687)	451,884
Less accumulated depreciation for:									
Plant	(169,308)	(12,579)	-	3,173	(178,715)	(16,678)	-	5,175	(190,218)
Equipment	(208,491)	(10,058)	-	9,440	(209,109)	(4,754)	-	182	(213,681)
Total accumulated depreciation	(377,799)	(22,637)	-	12,612	(387,824)	(21,432)	-	5,357	(403,899)
Total depreciable assets, net	$ 69,458	$ (22,620)	$ 12,554	$ (454)	$ 58,939	$ (21,423)	$ 10,799	$ (330)	$ 47,985
Nondepreciable assets:									
Land	$ 28,181	$ -	$ -	$ (1,942)	$ 26,239	$ -	$ -	$ -	$ 26,239
Construction-in-progress	857	12,622	(12,554)	-	924	15,881	(10,799)	-	6,006
Total nondepreciable assets	$ 29,038	$ 12,622	$ (12,554)	$ (1,942)	$ 27,163	$ 15,881	$ (10,799)	$ -	$ 32,245
Total depreciable and nondepreciable assets	$ 98,496	$ (9,998)	$ -	$ (2,396)	$ 86,102	$ (5,542)	$ -	$ (330)	$ 80,230

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) were leased by the Authority.

Federal, State and local regulations required the Authority to place final cover on its landfills when it stopped 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). Accordingly, the Authority has previously estimated its liability for closure and post-closure care costs and recorded any increases or decreases to the liability as an operating expense.

During the year ended June 30, 2014, pursuant to the State of Connecticut's Public Act 13-247 and Section 99 of Public Act 13-184, the Authority transferred $35.8 million in post closure care obligations for all of its landfills to the State's Department of Energy and Environmental Protection (DEEP) and concurrently transferred $31.0 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. 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, 2018 AND 2017

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

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 Authority no longer includes liabilities associated with the post closure or closure care of any Authority landfills as these obligations were either assumed by DEEP during the year ended June 30, 2014 or have been completed by the Authority.

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 Authority had no liabilities for landfill closure and post-closure care of landfills as of June 30, 2018 and 2017.

5. MAJOR CUSTOMERS

Nextera Energy Power Marketing is the Authority's customer for fixed price (hedged) energy sales from the Connecticut Solid Waste System (CSWS) and represented 7.7 % and 9.8% of total operating revenues for the years ended June 30, 2018 and 2017, respectively.

ISO New England is the Authority's customer for non-hedged energy sales, as well as forward capacity and reserve market sales, from the Connecticut Solid Waste System and the Property Divisions Peaking Units and represented 33.7% and 22.5% of total operating revenues for the years ended June 30, 2018 and 2017, respectively.

Nextera Energy Power Marketing also acts as the Authority's designated Lead Market Participant and Generation Asset Owner for ISO New England to provide scheduling, bidding and marketing services with respect to all CSWS and Property Division energy described above.

Service charge revenues from All Waste, Inc. totaled 12.0% and 13.1% of the Authority's operating revenues for the years ended June 30, 2018 and 2017, respectively.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017 amounted to approximately $310,000 and $321,000, respectively. Employees contributed approximately $286,000 to the plan during the year ended June 30, 2018 and $311,000 to the plan during the year ended June 30, 2017.

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, 2018 and 2017.

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. This includes insurance coverage for property, general liability, pollution, auto, umbrella, workers comp, public officials, crime and fiduciary. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years and there have been no significant reductions in insurance coverages from the prior year. 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 all locations. The CSWS waste-to-energy facility is the Authority's highest valued single facility.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

8. COMMITMENTS

The Authority has various operating leases for office space and office equipment, which totaled approximately $197,000 and $194,000 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, 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 $1,626,000 and $1,635,000, respectively. The City of Hartford PILOT agreement for the CSWS ended as of June 30, 2018 and a new agreement is currently in the process of being negotiated. The City of Hartford PILOT payment totaled $1,500,000 for the year ended June 30, 2018. Future minimum payments under non-cancelable operating leases and future contracted PILOT payments as of June 30, 2018 are as follows:

Fiscal Year	Lease Amount ($000)	PILOT Amount ($000)
2019	$ 199	$ 126
2020	203	126
2021	204	126
2022	208	126
2023	178	126
Thereafter	60	504
Total	$ 1,052	$ 1,134

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
Wheelabrator Technologies	6/30/2024
NAES Corporation	6/30/2019
USA Waste & Recycling	6/30/2023
CWPM, LLC	6/30/2023
FCR Inc	6/30/2019

With the exception of FCR Inc., operating charges paid by the Authority are derived from various factors such as tonnage processed, management fees and certain pass-through costs. FCR Inc. operates the CSWS recycling center at its expense, retains revenue generated for its services and commodity sales, and pays the Authority a tonnage fee and share of its gross revenue.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

8. COMMITMENTS *(Continued)*

The approximate amount of contract operating charges paid by the Authority, and included in solid waste operations, and maintenance and utilities expense for the years ended June 30, 2018 and 2017 were as follows:

Project	2018 ($000)	2017 ($000)
Connecticut Solid Waste System	$ 46,699	$ 46,031
Property Division	729	1,148
Landfill Division	(1)	(24)
Total	$ 47,427	$ 47,155

9. OTHER FINANCING

The Authority is authorized and has previously 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. While there were no such bonds outstanding as of June 30, 2018 or June 30, 2017, several recent retirements relate to the Authority's Southeast Project. The revenue bonds were issued by the Authority to lower the cost of borrowing for the private operator of the project. 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 and status of the Southeast Project.

The Authority was not obligated for the repayment of debt on the 1992 Series A Corporate Credit Bonds or the 2001 Series A Covanta Southeastern Connecticut Company I and II bonds that also matured and were fully paid during fiscal year 2016. These bonds were secured by loan agreements between the Authority and the private operator of the Southeast Project which were assigned to the trustee of these bonds, and through additional corporate guarantee agreements between the trustee and third party guarantors. The payment of debt on these bonds was not guaranteed by the Authority or the State. Therefore, the Authority has not recorded the assets and liabilities related to these bond issues on its financial statements. These bonds were fully paid in November 2016.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

10. 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; on August 26, 2015, the court entered a judgment of dismissal due to MDC's failure to prosecute its application. The arbitration was bifurcated into two phases – liability and damages. 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 parties conferred regarding the calculation of the indicated costs, as directed by the panel, but failed to reach agreement. On February 26, 2016, the Authority filed an action in superior court to confirm the liability award. MDC filed its opposition, and the parties argued the matter on August 29, 2016. On December 19, 2016, the court confirmed the liability award. MDC moved for an articulation of the court's confirmation, which the court denied. MDC then filed a motion for review with the Appellate Court, which ordered the Superior Court to articulate whether it had considered MDC's claim that the liability award was ambiguous. On August 31, 2017, the Superior Court issued a memorandum, stating that the court considered and rejected MDC's claims of ambiguity. Hearings regarding the specific amount of damages to be paid by the Authority pursuant to the arbitration panel's ruling on liability were held between November 28, 2016 and July 7, 2017. As of the date hereof, at the request of the parties, the panel's deliberations have been suspended while the parties engage in confidential settlement discussions. If the parties reach a settlement, the arbitrators will be informed and the arbitration and court proceedings concluded. If no settlement is agreed to, the arbitrators will be notified, and will have until December 4, 2017, in which to issue an award.

The Authority has sufficient reserves to cover its costs related to the anticipated settlement. In the event that settlement is not achieved, the Authority believes that its reserves are sufficient to cover the costs it is likely to owe pursuant to an arbitration ruling on damages.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

10. 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. On September 10, 2015, the plaintiff filed a substituted complaint. The Authority filed both a Motion to Dismiss and a Motion to Strike the single count of the new complaint on September 25, 2015; on March 31, 2016, the court denied the first, but granted the second. The plaintiff filed a second substituted complaint on April 25, 2016; as before, the Authority responded with Motions to Dismiss and to Strike. On May 5, 2017, the court again denied the Motion to Dismiss and granted the Motion to Strike. Tremont did not file a third substitute complaint, but moved for Entry of Judgment and appealed the decision. MIRA has also raised issues in the appeal. The matter is pending; no deadlines have been scheduled.

Other Issues; Unasserted Claims and Assessments

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.

In connection with acquisition of the South Meadows real estate in December, 2000, the Authority assumed responsibility for the remediation of pre-existing pollution conditions at the site. At the same time, the Authority entered into an Exit Strategy Contract with TRC Companies, Inc. ("TRC"), whereunder TRC assumed the obligation for such remediation and agreed to be the Certifying Party pursuant to the Connecticut Transfer Act. In pursuit of its obligations, TRC proposed to leave certain contaminants in place and impose an Environmental Land Use Restriction ("ELUR") on the site, and record it on the Hartford land records, all in accordance with applicable environmental regulations.

Prior to imposition of the ELUR, all parties holding an interest in the site to whom DEEP does not grant a waiver must subordinate their interest to the ELUR. As of the date hereof, all parties holding such interests have subordinated them to the ELUR except the MDC, which holds a sewer easement, and the City of Hartford/Greater Hartford Flood Commission (the "GHFC"), which holds interests in and to the flood control dike and appurtenant pipelines and other facilities. MIRA is currently in negotiation with MDC to obtain subordination of its interests in connection with settlement of a separate dispute with MDC. MIRA has reached a tentative agreement with the GHFC to obtain subordination of its interests in exchange for payment of $280,000 and an agreement by MIRA to perform certain inspections and be responsible for unknown contaminants in the dike. The MIRA board of directors has approved the requested payment. If agreement is reached with MDC, then a Verification (i.e., final sign-off) could be issued for the Site.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

10. CONTINGENCIES *(Continued)*

If no agreement is reached with MDC, then TRC will issue a partial Verification for the site but likely refuse to complete remediation to applicable standards for the rest of the Site, thereby preventing the issuance of a full Verification for the Site. In the event that a full Verification is not issued for the Site, MIRA's alienability of the Site would be materially impaired thereby diminishing the value of the Site. In addition to the foregoing, the insurance policy issued by AIG Corporation that was the source of funds to perform the remediation under the Exit Strategy Contract expired on March 30, 2016. TRC may demand payment from MIRA for the additional costs to finalize the partial or full Verification of the Site, because the source of funding has expired. We have not been informed about the amount of such additional costs. If MIRA fails to obtain a subordination from the GHFC, and/or from the MDC, then it is possible that TRC may assert a claim against MIRA for liability in connection with such failure.

The Authority has entered into certain Tier 1 Long Term Municipal Solid Waste Management Services Agreements with Connecticut municipalities which expire June 30, 2027. The Authority has also entered into certain Tier 1 Short Term Municipal Solid Waste Management Services Agreements with Connecticut municipalities which expire June 30, 2017. These Tier 1 long term and short term agreements provide that the municipality may terminate the agreement within thirty days after receiving notice that the Authority has adopted a disposal fee that exceeds the opt out disposal fee established in the agreement. For fiscal year 2017, the Authority adopted a Tier 1 Long Term disposal fee of $64.00 per ton in comparison to a Tier 1 Long Term opt out disposal fee of $64.07 per ton. For fiscal year 2017, the Authority adopted a Tier 1 Short Term disposal fee of $66.00 per ton in comparison to a Tier 1 Short Term opt out disposal fee of $66.07 per ton. In fiscal year 2017, Tier 1 Long Term and Tier 1 Short Term agreements represented 32% and 22%, respectively, of total waste delivered to the Connecticut Solid Waste System. During fiscal year 2017, the Authority offered to renew its Tier 1 Short Term Municipal Solid Waste Management Services Agreements expiring 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. For fiscal year 2018, the authority adopted Tier 1 Long Term and Short Term disposal fees that exceed the opt out disposal fee; however, no municipality elected to terminate its Municipal Solid Waste Management Services Agreement as permitted thereunder based upon the adopted disposal fee.

The Authority operates four jet powered electric generating peaking units subject to the terms and conditions of Trading Agreement and Order number 8359 with the Connecticut Department of Energy and Environmental Protection (DEEP). This agreement permits operation of these units subject to the Authority's acquisition and use of Discrete Emission Reduction Credits (DERCs) also issued by DEEP.

The current Trading Agreement and Order expires May 31, 2018. The Authority has placed these units into certain Forward Capacity Markets administered by ISO New England and has incurred associated Capacity Supply Obligations to ISO New England through May 31, 2021. The Authority expects to fulfill these obligations to ISO New England beyond expiration of the current Trading Agreement and Order via issuance of another order by DEEP pursuant to RCSA Section 22a-174-22e (control of nitrogen oxides emissions from fuel-burning equipment at major stationary sources of nitrogen oxides). RCSA Section 22a-174-22e went into effect on December 22, 2016. The Authority anticipates that the next order will permit the Authority to continue acquiring and using DERCs through May 31, 2023. In fiscal year 2017, the Authority's peaking units represented $7.8 million (12.3%) of the Authority's total operating revenue.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

10. CONTINGENCIES *(Continued)*

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.

11. NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2019. The Authority is currently evaluating the potential impact of adopting this Statement on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2019. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2020. The Authority is currently evaluating the potential impact of adopting this Statement on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

11. NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED *(Continued)*

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Authority's reporting period beginning July 1, 2018. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Authority's reporting period beginning July 1, 2020. 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, 2018
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	Property Division	Landfill Division	Eliminations	Total
ASSETS								
CURRENT ASSETS								
Unrestricted Assets:								
Cash and cash equivalents	$ 1,627	$ 9,275	$ 2,512	$ -	$ 16,207	$ 3,106	$ -	$ **32,727**
Accounts receivable, net of allowances	-	4,067	-	-	1,511	9	-	**5,587**
Inventory	-	4,737	-	-	1,466	-	-	**6,203**
Prepaid expenses	-	2,331	-	-	64	101	-	**2,496**
Due from other funds	648	44	-	-	5,574	-	(6,266)	**-**
Total Unrestricted Assets	2,275	20,454	2,512	-	24,822	3,216	(6,266)	**47,013**
Restricted Assets:								
Cash and cash equivalents	-	157	-	-	49	-	-	**206**
TOTAL CURRENT ASSETS	2,275	20,611	2,512	-	24,871	3,216	(6,266)	**47,219**
NON-CURRENT ASSETS								
Capital Assets:								
Depreciable:								
Plant	84	-	-	-	182,992	25,353	-	**208,429**
Equipment	982	-	-	-	237,988	4,485	-	**243,455**
	1,066	-	-	-	420,980	29,838	-	**451,884**
Less: Accumulated depreciation	(1,004)	-	-	-	(375,537)	(27,358)	-	**(403,899)**
Total Depreciable, net	62	-	-	-	45,443	2,480	-	**47,985**
Nondepreciable:								
Land	-	-	-	-	10,130	16,109	-	**26,239**
Construction in progress	-	-	-	-	6,006	-	-	**6,006**
Total Nondepreciable	-	-	-	-	16,136	16,109	-	**32,245**
Total Capital Assets	62	-	-	-	61,579	18,589	-	**80,230**
TOTAL NON-CURRENT ASSETS	62	-	-	-	61,579	18,589	-	**80,230**
TOTAL ASSETS	2,337	20,611	2,512	-	86,450	21,805	(6,266)	**127,449**

See Independent Auditor's Report

**INDEPENDENT AUDITOR'S 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***

To the Board of Directors of the
Materials Innovation and Recycling Authority
Rocky Hill, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Materials Innovation and Recycling Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September ___, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants
Glastonbury, Connecticut
September ___, 2018

TAB 5

RESOLUTION REGARDING FIRST AMENDMENT TO THE POWER PRODUCTS MANAGEMENT SERVICES AGREEMENT

WHEREAS: Over the course of the past few months the value of Vintage 2018 Connecticut Class I Renewable Energy Certificates (REC Ones) have experienced a precipitous downward trend in value; and

WHEREAS: The declining value of REC Ones serves as a ceiling on the price MIRA can command for the Connecticut Class II Renewable Energy Certificates generated at MIRA's CSWS Resource Recovery Facility; and

WHEREAS: In order to achieve some amount of budget certainty this year and for the next several fiscal years by shedding some or all of the future price volatility associated with this highly unpredictable market; Now therefore, be it

RESOLVED: that the President is authorized to enter into a First Amendment to the Power Products Management Services Agreement between MIRA and NextEra Energy Marketing, LLC for the sale, on a unit contingent basis, of some or all of MIRA's Vintage 2018, 2019, 2020, 2021, and 2022 REC Twos at prescribed strike prices.

Materials Innovation and Recycling Authority

First Amendment to the Power Products Management Services Agreement by and between Materials Innovation and Recycling Authority and Nextera Energy Power Marketing, LLC

September 12, 2018

Executive Summary

MIRA owns and operates the South Meadows Resource Recovery Facility ("Facility") that generates certain power products including Connecticut Class II Renewable Energy Certificates ("REC Twos"). The market value of REC Twos is, by legislative design (PA 17-144), explicitly linked to the market price of Connecticut Class I Renewable Energy Certificates ("REC Ones"), i.e. REC One prices serve as a cap on the market price of REC Twos; the higher REC One prices are, the higher REC Two prices will be. Conversely, lower REC One prices mean lower REC Two prices.

Over the course of the past several months the value of REC Ones has significantly declined. From mid-January through mid-August 2018, the market bid/ask price for a vintage 2018 REC One has dropped from $14.50-$16.50 to $5.50 to $6.50. Because the market value of REC Ones serve as a cap on the value of REC Twos, the bid/ask price for a REC Two during this same time period declined from $12.00-$16.00 to $3.00 to $5.00. Normally, the strike price paid to purchase a REC falls mid-way between the bid and the ask price.

In order to achieve some amount of budget certainty and shed some of the future price volatility risk associated with this highly unpredictable market, MIRA entered into a First Amendment to the Power Products Management Services Agreement between MIRA and NextEra Energy Power Marketing, LLC. This transaction was consummated pursuant to Section 5.11 (Market Driven Purchases and Sales) of MIRA's Procurement Policies and Procedures.

In summary, under this transaction NextEra will purchase and pay to MIRA $11.00 for each vintage 2018 REC Two generated by the Facility. During the period January – July 2018, the plant has generated 156,976 MWh/RECs. Assuming the Facility generates, as projected, an additional 101,910 MWh/RECs during the period August – December 2018 (for a 2018 calendar year total of 258,886 MWh/RECS), MIRA will realize $2,847,743 in revenue from this transaction. In future years 2019, 2020, 2021 and 2022 NextEra may exercise call options to purchase, at stipulated, "strike prices" zero to 100% of the REC Twos generated by the Facility as more particularly described in the table presented on the following page: Summary of First Amendment Terms.

SUMMARY OF FIRST AMENDMENT TERMS
POWER PRODUCTS MANAGEMENT SERVICES AGREEMENT (the "Agreement")

Presented to MIRA Board on	September 12, 2018
Seller	Materials Innovation and Recycling Authority
Buyer	NextEra Energy Marketing, LLC ("Manager")
Term	Exercises MIRA's option to extend the Agreement through June 30, 2022
Schedule C	Adds a new Schedule C to the Agreement for the purchase of Unit Contingent Connecticut Class II Renewable Energy Certificates ("RECs") generated at the South Meadow Resource Recovery Facility (the "Facility")
Schedule C 1st Transaction	Manager shall purchase 100% of the Vintage 2018 RECs produced at the Facility at a price of $11.00 per REC
Schedule C 2nd Transaction	Manager has Call Options to purchase up to 100% of the Unit Contingent RECs produced at the Facility for Vintage Years 2019 – 2021 and through June 30, 2022 at the following strike prices: • $8.00 per REC, Vintage Year 2019; • $12.00 per REC, Vintage Year 2020; • $12.25 per REC, Vintage Year 2021; and • $12.50 per REC, Vintage Year 2022
Strike Election Window	Manager has between January 1 and June 30 of each year to exercise (strike) its call option
Change of Law	In the event there is a change in law that alters the definition or scope of the RPS-Connecticut Class II such that the value of the REC product is materially affected, MIRA may terminate Manager's Call Option for up to 50% of the REC Product for some or all of Vintage Years 2020 and 2021 provided that such notice to Manager is given within 60 days after the Change in Law is enacted and no later than August 31 of the year prior to the affected Vintage Year

TAB 6

RESOLUTION REGARDING MARKET DRIVEN PURCHASES OF TRANSPORTATION SERVICES AND DISPOSAL CAPACITY FOR THE DIVERSION OF MUNICIPAL SOLID WASTE FROM MIRA'S CONNECTICUT SOLID WASTE SYSTEM

WHEREAS: From time-to-time MIRA must divert waste from the CSWS due to elevated MSW inventory levels at the CSWS Resource Recovery Facility (RRF) that may occur periodically; Now therefore, be it

RESOLVED: that the President is authorized to enter into a market driven purchase of capacity with Southbridge Recycling & Disposal Park for disposal of municipal solid waste (MSW) from the CSWS at their landfill in Southbridge, MA and;

FURTHER RESOLVED: that the President is authorized to enter into a market driven purchase of capacity with Murphy Road Recycling (MRR) for transportation and disposal of MSW from the CSWS at MRR's facilities located in Hartford and their Babylon Transfer Station located in Suffield, CT, substantially as discussed and presented at this meeting and;

FURTHER RESOLVED: that the President is authorized to enter into a market driven purchase of capacity with Covanta of Southeast Connecticut for disposal of MSW from the CSWS Essex Transfer Station to Covanta's waste-to-energy facility located in Preston, Connecticut

Materials Innovation & Recycling Authority

Summary for Market Driven Purchase Of Municipal Solid Waste Transportation Services and Disposal Capacity

Presented to the MIRA Board on:	September 12, 2018
Vendor/ Contractor(s):	Southbridge Recycling & Disposal Park Murphy Road Recycling (MRR)
Effective date:	July 24, 2018
Contract Type/Subject matter:	Market Driven Purchase for Transportation and Disposal of approximately 4,285 tons of CSWS MSW to Southbridge Recycling & Disposal Park landfill located in Southbridge, MA; approximately 4,283 tons to MRR's facilities located in Hartford and Suffield, CT; and 195 tons to Covanta's Preston facility. Also, 1,476 tons was directly delivered to MRR's facilities in Hartford and Suffield by private and municipal haulers.
Facility Affected:	CSWS WPF
Term:	July 24, 2018 through August 24, 2018
Contract Dollar Value:	Southbridge Recycling & Disposal Park - $92.00/ton T&D. (net transportation savings to Hartford) MRR - $100.00/ton T&D from MIRA transfer stations. (net transportation savings to Hartford) MRR - $95.00/ton T&D direct delivery from private and municipal haulers

Covanta/Preston - $60 per ton (net transportation savings to Hartford)

Amendment(s):	None
Term Extensions:	Not applicable
Scope of Services:	Transportation and disposal of MSW from MIRA's Essex and Watertown transfer stations to Southbridge Recycling & Disposal Park landfill located in Southbridge, MA. Transportation and disposal of MSW from MIRA's Watertown and Torrington transfer stations to MRR's facilities located in Suffield and Hartford, and from MIRA's Essex transfer station to Covanta's Preston facility. Also transportation and disposal of MSW from Manchester, Bloomfield, East Hartford and Ellington CT and Trinity College and disposal of recycling residue from MIRA's recycling facility to MRR's facilities located in Hartford and Suffield.
Other Pertinent Provisions:	This is a "Market Driven Purchase" in accordance with Section 5.11 (Market Driven Purchases and Sales) of MIRA's Procurement Policies and Procedure

Materials Innovation & Recycling Authority

Summary for Market Driven Purchase
Of Municipal Solid Waste Transportation Services and Disposal Capacity

September 12, 2018

Executive Summary

From time-to-time it may be necessary to divert MSW from MIRA's CSWS due to elevated MSW inventory levels which result in lagging processing rates at the CSWS Resource Recovery Facility (RRF) due to poor boiler performance. Due to elevated MSW inventory levels at the CSWS RRF during mid-July through August, which were a result of several unscheduled boiler events, MSW within MIRA's CSWS System had to be diverted away from the RRF in Hartford beginning on July 24 through August 24. Since the RRF did not have the capacity to timely consume the quantities of MSW that had accumulated during that period, MIRA needed to divert additional amounts of MSW out of the CSWS System to alternative facilities in accordance with Section 5.11 (Market Driven Purchases and Sales) of MIRA's Procurement Policies and Procedures until Board of Directors approval is obtained. MIRA's Board of Directors has approved similar Market Driven Purchases for diversions at prior meetings.

Discussion

MIRA diverted approximately 4,285 tons of MSW from the Watertown and Essex transfer stations to the Southbridge Recycling & Disposal Park located in Southbridge, MA from July 24 through August 24, 2018. Unfortunately, due to continued, unscheduled boiler outages and the very limited number of disposal outlets to accept this material, additional MSW diversion activities had to be conducted. MIRA was able to divert 4,283 tons of MSW from the CSWS system to MRR's facility in Hartford and their Babylon transfer station located in Suffield, CT from the Watertown and Torrington transfer stations. MIRA also diverted MSW to MRR by having private and municipal haulers deliver directly to their Hartford or Suffield facilities. MIRA was also able to secure capacity at Covanta's Preston resource recovery facility and diverted approximately 195 tons of MSW there from the Essex transfer station.

Financial Summary

Management endeavors to only divert MSW if absolutely necessary to ensure that MSW inventory levels do not create permit compliance and/or safety issues at MIRA's CSWS facilities. The total cost for diversions during this period was $968,517.43. Diversion costs are paid out of the CSWS Operating Budget. (Spread sheet is attached).

CSWS JULY & AUGUST 2018 EXPORTS
revised 8/27/18

Location	Destination	Transportation		Disposal		Cost per Ton	LESS Savings of Transportation to Hartford	Adjusted per ton cost
Essex TS	Southbridge	$32.00	CWPM	$75.00	Casella	$107.00	($15.00)	$92.00
Essex TS	Preston	$15.00	CWPM	$60.00	Covanta	$75.00	($15.00)	$60.00
Watertown TS	Southbridge	$32.00	CWPM	$75.00	Casella	$107.00	($15.00)	$92.00
Watertown TS	Babylon	$20.00	CWPM	$95.00	Babylon	$115.00	($15.00)	$100.00
Watertown TS	Murphy Rd	$15.00	CWPM	$95.00	Murphy Rd	$110.00	($15.00)	$95.00
Torrington TS	Babylon	$23.30	USA	$95.00	Babylon	$118.30	($18.10)	$100.20
Torrington TS	Murphy Rd	$18.10	USA	$95.00	Murphy Rd	$113.10	($18.10)	$95.00
Average						***$106.49***		***$90.60***
Direct Diversion								
FCR - FCR Residue	Murphy Rd	$0.00		$95.00	Murphy Rd	$95.00	$0.00	$95.00
FCR - FCR Residue (Excess)	Murphy Rd	$0.00		$95.00	Murphy Rd	$95.00	$0.00	$95.00
East Hartford - NPW	Murphy Rd	$0.00		$95.00	Murphy Rd	$95.00	$0.00	$95.00
Trinity - NPW	Murphy Rd	$0.00		$95.00	Murphy Rd	$95.00	$0.00	$95.00
Wethersfield - NPW	Murphy Rd	$0.00		$95.00	Murphy Rd	$95.00	$0.00	$95.00
Bloomfield, Town	Babylon	$0.00		$95.00	Babylon	$95.00	$0.00	$95.00
Ellington, Town	Babylon	$0.00		$95.00	Babylon	$95.00	$0.00	$95.00
Average						***$95.00***		***$95.00***
Average						***$100.74***		***$92.80***

Location	WEEK 07/22/18-07/28/18		WEEK 07/29/18-08/04/18 07/29 -07/31		WEEK 07/29/18-08/04/18 08/01 - 08/04		WEEK 08/05/18-08/11/18		WEEK 08/12/18-08/18/18		WEEK 08/19/18-08/26/18		TOTAL (Est Cost using MIRA Outbound tons)		Weighed Avg
	tons	dollars	tons	dollars	tons	dollars	tons	dollars	tons	dollars	tons	dollars	tons	dollars	
Essex TS (Southbridge)	254.29	$23,394.68	128.11	$11,786.12	234.02	$21,529.84	512.52	$47,151.84	364.45	$33,529.40	384.88	$35,408.96	**1,878.27**	**$172,800.84**	
Essex TS (Preston)									105.31	$6,318.60	89.71	$5,382.60	**195.02**	**$11,701.20**	
Watertown TS (Southbridge)	317.71	$29,229.32	253.50	$23,322.00	274.42	$25,246.64	442.44	$40,704.48	443.32	$40,785.44	675.40	$72,267.80	**2,406.79**	**$221,424.68**	
Watertown TS (Babylon)	21.22	$2,122.00	299.89	$29,989.00	488.09	$48,809.00	320.90	$32,090.00		$0.00		$0.00	**1,130.10**	**$113,010.00**	
Watertown TS (Murphy Rd)							64.53	$6,130.35	165.28	$15,701.60		$0.00	**229.81**	**$21,831.95**	
Torrington TS (Babylon)							646.77	$64,806.35	830.24	$83,190.05	425.52	$50,339.02	**1,902.53**	**$190,633.51**	
Torrington TS (Murphy Rd)							64.84	$6,159.80	85.94	$8,164.30	869.33	$98,321.22	**1,020.11**	**$96,910.45**	
Average	***593.22***	***$54,746.00***	***681.50***	***$65,097.12***	***996.53***	***$95,585.48***	***2,052.00***	***$197,042.82***	***1,994.54***	***$80,633.44***	***1,149.99***	***$113,059.36***	***8,762.63***	***$828,312.63***	**$94.53**
Direct Diversion															
FCR - FCR Residue	0.00	$0.00	58.80	$5,586.00	118.80	$11,286.00	125.19	$11,893.05	224.41	$21,318.95	187.34	$17,797.30	**714.54**	**$67,881.30**	
FCR - FCR Residue (Excess)	0.00	$0.00		$0.00		$0.00		$0.00		$0.00		$0.00	**0.00**	**$0.00**	
East Hartford - NPW	0.00	$0.00	16.18	$1,537.10	27.18	$2,582.10	35.41	$3,363.95	36.51	$3,468.45		$0.00	**115.28**	**$10,951.60**	
Trinity - NPW	0.00	$0.00					1.04					$0.00	**1.04**	**$98.80**	
Wethersfield - NPW	0.00	$0.00		$0.00	2.21	$209.95	1.32	$125.40		$0.00		$0.00	**3.53**	**$335.35**	
Bloomfield, Town	0.00	$0.00	63.79	$6,060.05	70.29	$6,677.55	121.97	$11,587.15	122.70	$11,656.50		$0.00	**378.75**	**$35,981.25**	
Ellington, Town	0.00	$0.00	43.62	$4,143.90	48.39	$4,597.05	88.32	$8,390.40	82.37	$7,825.15		$0.00	**262.70**	**$24,956.50**	
Average	***0.00***	***$0.00***	***182.39***	***$17,327.05***	***266.87***	***$25,352.65***	***373.25***	***$35,359.95***	***465.99***	***$44,269.05***	***187.34***	***$17,797.30***	***1,475.84***	***$140,204.80***	**$95.00**
Average	***593.22***	***$54,746.00***	***863.89***	***$82,424.17***	***1,263.40***	***$120,938.13***	***2,425.25***	***$232,402.77***	***2,460.53***	***$124,902.49***	***1,337.33***	***$130,856.66***	***10,238.47***	***$968,517.43***	**$94.60**

Expected Invoices:

	Items	Price	Tons	Total	
Transportation					
CWPM - Ess to Southbridge		$32.00	1,878.27	$60,104.64	*actual tons (MIRA)*
CWPM - Ess to Preston		$15.00	195.02	$2,925.30	*actual tons (MIRA)*
CWPM - Wat to Southbridge		$32.00	2,406.79	$77,017.28	*actual tons (MIRA)*
CWPM - Wat to Babylon		$20.00	1,130.10	$22,602.00	*actual tons (MIRA)*
CWPM - Wat to Murphy Rd		$15.00	229.81	$3,447.15	*actual tons (MIRA)*
USA Waste - Torr to Babylon		$23.30	1,902.53	$44,328.95	*actual tons (MIRA)*
USA Waste - Torr to Murphy Rd		$18.10	1,020.11	$18,463.99	*actual tons (MIRA)*
Disposal					
Casella Southbridge - Essex		$75.00	1,878.27	$140,870.25	*MIRA Tons (will be billed on Southbridge inbound)*
Casella Southbridge - Water		$75.00	2,406.79	$180,509.25	*MIRA Tons (will be billed on Southbridge inbound)*
Covanta - Preston		$60.00	195.02	$11,701.20	*MIRA Tons (will be billed on Preston inbound)*
Murphy Rd/FCR Residue		$95.00	714.54	$67,881.30	*actual tons at MMR*
Murphy Rd/East Hartford NPW		$95.00	115.28	$10,951.60	*actual tons at MMR*
Murphy Rd/East Hartford - Mattress	1	$20.00		$20.00	*actual tons at MMR*
Murphy Rd/Trinity NPW		$95.00	1.04	$98.80	*actual tons at MMR*
Murphy Rd/Wethersfield		$95.00	3.53	$335.35	*actual tons at MMR*
Murphy Rd/Wethersfield - Mattresse:	2	$20.00		$40.00	*actual tons at MMR*
Murphy Rd/Watertown TS		$20.00	229.81	$4,596.20	*MIRA Tons (will be billed on Murphy Rd inbound)*
Murphy Rd/Torrington TS		$95.00	1,020.11	$96,910.45	*MIRA Tons (will be billed on Murphy Rd inbound)*
Babylon/Bloomfield		$95.00	378.75	$35,981.25	*actual tons at Babylon*
Babylon/Ellington		$95.00	262.70	$24,956.50	*actual tons at Babylon*
Babylon/Watertown TS		$95.00	1,130.10	$107,359.50	*MIRA Tons (will be billed on Babylon inbound)*
Babylon/Watertown TS - Mattresses		$20.00		$0.00	
Babylon/Watertown TS - Tires		$20.00		$0.00	
Babylon/Watertown TS - TVs		$20.00		$0.00	
Babylon/Torrington TS		$95.00	1,902.53	$180,740.35	*MIRA Tons (will be billed on Babylon inbound)*
Grand Total				$1,091,841.31	

Export Loads

	# of days	Loads p/day	Total Loads
Southbridge via CWPM:			
07/22 - 07/28	4	7	27
07/29 - 08/04	5	10	50
08/05 - 08/11	5	10	50
08/12 - 08/18			
Babylon via CWPM:			
07/29 - 08/04	5	9	45
08/05 - 08/11	2	10	20
08/12 - 08/18			
Babylon via USA:			
08/05 - 08/11			
08/12 - 08/18			
Murphy Rd via CWPM:			
08/05 - 08/11			
08/12 - 08/18			
Murphy Rd via USA:			
08/05 - 08/11			
08/12 - 08/18			
Preston via CWPM:			
08/05 - 08/11			
08/12 - 08/18			

TAB 7

RESOLUTION REGARDING
HUMAN RESOURCES CONSULTING AND STAFFING SERVICES

RESOLVED: That the President is hereby authorized to enter into contracts with the following firms for Human Resources Consulting And Staffing Services, substantially as discussed and presented at this meeting:

A. For Temporary Staffing Services – Professional and Administrative
Hallmark TotalTech, Inc.
Kelley Services, Inc.
SNI Companies
The Workplace, Inc.

B. For Temporary Staffing Services – Laborers and Operators
Hallmark TotalTech, Inc.
The Workplace, Inc.

C. Recruiting Services
BCM Global Staffing
The Executive Suite
Hallmark TotalTech, Inc
Horton International
Kelly Services, Inc.
The Workplace, Inc.

D. Outsourced Human Resources Services
The Executive Suite
Pinnacle Human Resources, LLC

E. Position and/or Organizational Review Services
The Executive Suite
Horton International LLC
Pinnacle Human Resources, LLC

F. General/Miscellaneous Human Resources Consulting Services
The Executive Suite
Horton International LLC
Pinnacle Human Resources, LLC

FURTHER RESOLVED: That, although the on-call nature of these Agreements does not commit the authority to any expenditure, in approving these Agreements, the Board of Directors is also acknowledging and approving, in accordance with CGS Section 22a-265a and the Authority's bylaws, that the total sum expended under any of the Agreements over the three year term may equal or exceed $50,000, provided that all expenditures under these Agreements are conducted and reported in accordance with MIRA's Procurement Policy and Procedures.

Materials Innovation and Recycling Authority

Human Resources Consulting And Staffing Services Agreement

Board of Directors
September 12, 2018

Executive Summary

From time to time MIRA requires the assistance of firms to provide the following categories of on-call Human Resources Consulting And Staffing Services (collectively the "Services"):

- Temporary Staffing Services for Professional and Administrative positions
- Temporary Staffing Services for Laborers and Operators
- Recruiting Services
- Outsourced Human Resources Services
- Position and/or Organizational Review Services
- General/Miscellaneous Human Resources Consulting And Staffing Services

MIRA's "Procurement Policies and Procedures" establishes a "Request for Qualifications" ("RFQ") process to obtain such services.

On April 11, 2018, MIRA issued an RFQ for Human Resources Consulting And Staffing Services, in order to solicit firms with which to contract for the Services on an on-call basis for a three-year term.

Based on an evaluation of the Statement of Qualifications ("SOQ") received in response to this RFQ, and based on MIRA's prior experience with the firms, and interviews of references, the firms listed below have been selected for recommendation to the Board of Directors.

A. For Temporary Staffing Services – Professional and Administrative
Hallmark TotalTech, Inc.
Kelley Services, Inc.
SNI Companies
The Workplace, Inc.

B. For Temporary Staffing Services – Laborers and Operators
Hallmark TotalTech, Inc.
The Workplace, Inc.

C. For Recruiting Services
BCM Global Staffing
The Executive Suite
Hallmark TotalTech, Inc
Horton International
Kelly Services, Inc.
The Workplace, Inc.

Existing agreements for on-call Human Resources Consulting Services expired June 30, 2018 (note: the expiring contracts included temporary staffing services as a category in the scope of work, but not the title).

On April 11, 2018, MIRA issued an RFQ for Human Resources Consulting And Staffing Services, in order to solicit firms with which to contract for the Services on an on-call basis for the three-year period beginning July 1, 2018 (or as soon thereafter as the Agreement(s) are executed).

MIRA received Statements of Qualifications from ten firms who submitted for the following categories of services contemplated in this RFQ:

Firm Name	Temporary Staffing - Professional and Admin	Temporary Staffing - Laborers and Operators	Recruiting Services	Outsourced Human Resources	Position and/or Organizational Review Services	General/Misc. Human Resources Consulting And Staffing Services
BCM Global Staffing	X	X	X	X	X	X
The Executive Suite			X	X	X	X
Hallmart Totaltech,Inc.	X	X	X			
Horton International			X		X	X
Kelly Services, Inc.	X		X			
The LMC Group			X	X	X	X
Pinnacle Human Resources, LLC	X		X	X	X	X
Resume Hounds	X	X	X	X	X	X
SNI Companies	X					
The Workplace Inc.	X	X	X			

MIRA's President identified Deepa Krishna, MIRA's Manager Of Accounting And Financial Reporting; Laurie Hunt, MIRA's Director Of Legal Services; Mary Anne Bergenty, Field Manager; and Roger Guzowski, MIRA's Contract and Procurement Manager (the "Evaluation Team") to evaluate the Statements of Qualifications that were received.

The SOQs submitted were first evaluated for administrative sufficiency and responses to MIRA's "Questionnaire Concerning Affirmative Action, Small Business contractors and Occupational Health and Safety." The Evaluation Team then evaluated the SOQs for each of the categories for which they submitted an SOQ, including both technical merit and the submitter's approach to providing the services..

In accordance with Section 22a-268 of the Act, any RFS for more than $50,000 per fiscal year would require prior approval by a 2/3 vote of MIRA's full Board of Directors.

Further, if MIRA enters into multiple RFSs with one of the firms approved herein, expenditures in accordance with Section 4.1.4 of MIRA's Procurement Policies and Procedures will be reported to the appropriate committee of MIRA's Board of Directors in accordance with Section 4.1.4 of MIRA's Procurement Policies and Procedures.

TAB 8

RESOLUTION REGARDING RENEWABLE ENERGY CERTIFICATE BROKERAGE PROFESSIONAL SERVICES

WHEREAS, MIRA owns and operates the CSWS Waste to Energy Facility ("Facility"), which generates certain power products including Connecticut Class II Renewable Energy Certificates ("RECs"); and

WHEREAS, in order to optimize REC revenue within sometimes volatile REC markets, from time to time MIRA may require the services of a qualified firm to perform brokerage services on MIRA's behalf; and

WHEREAS, MIRA has undertaken the "Competitive Process" required under its Procurement Policies and Procedures and has negotiated a contractual structure with Spectron Energy Incorporated, d/b/a Marex Spectron that will provide for the required brokerage services.

NOW, THEREFORE, BE IT:

RESOLVED, that the President is hereby authorized to execute an agreement with Marex Spectron for the provision of brokerage services on an as-needed basis for a portion of the RECs generated by the Facility, substantially as presented and discussed at this meeting.

Materials Innovation and Recycling Authority

Agreement Summary

Renewable Energy Certificate Brokerage Professional Services Agreement

Presented to the MIRA Board on:	September 12, 2018
Vendor/ Contractor(s):	Marex Spectron
Effective date:	Upon Execution
Contract Type/Subject matter:	Three-Year REC Brokerage Professional Services Agreement
Facility(ies) Affected:	South Meadows Units 580 and 581
Original Contract:	Not Applicable
Term:	From Effective date continuing for 36 months
Commission:	One percent (1%)
Amendment(s):	Not applicable
Term Extensions:	Not applicable
Scope of Services:	On-call REC brokerage professional services
Other Pertinent Provisions:	Brokers will be paid (by commission) only when successful in brokering a tranche of RECs.

Materials Innovation and Recycling Authority Renewable Energy Certificate Brokerage Professional Services

September 12, 2018

Executive Summary

Pursuant to the First Amendment to the Power Products Marketing Services Agreement (Contract No 164914), between MIRA and NextEra Energy Marketing, LLC ("Manager"), Manager will purchase one-hundred percent (100%) of the Vintage 2018 Connecticut Class II Renewable Energy Certificates ("RECs") generated by MIRA's CSWS Resources Recovery Facility ("Facility") units 580 and 581. Manager also has Call Options to purchase up to 100% of MIRA's RECs generated in calendar years 2019, 2020, 2021 and through June 30, 2022 at contractually stipulated strike prices.

Because there is no guarantee Manager will exercise its Call Options in future years, it is important that MIRA have ready access to the services of qualified environmental brokers to market on MIRA's behalf the RECs that Manager does not elect to purchase.

Therefore, MIRA recently undertook a competitive RFQ process to identify companies that could provide brokerage services to enable MIRA to sell its RECs. At its June 2018 meeting, the Board of Directors authorized MIRA's President to enter into a Renewable Energy Certificate Brokerage Professional Services Agreement with Trident Brokerage Services ("Trident"). Today, management is recommending and seeking authorization to enter into a second brokerage services agreement with Marex Spectron ("Marex"), in conformance with MIRA's Procurement Policy and as further described in the discussion below.

If this resolution is approved by the Board of Directors, MIRA will have two qualified brokerage firms available to market its RECs on an on-call, as needed basis.

Discussion

Overview of RFQ Process

MIRA's "Procurement Policies and Procedures" establishes an RFQ process as "the process by which MIRA identifies persons to perform services on behalf of MIRA through the solicitation of qualifications, experience, prices and such other matters as MIRA determines may bear on the ability to perform services." After completing the RFQ process, MIRA's Procurement Policies and Procedures further specify that MIRA "may determine in its sole and absolute discretion, to engage the services of any one or more professional or technical services provider(s) qualified through the RFQ process."

MIRA issued a Request For Qualifications ("RFQ") for Renewable Energy Certificate Brokerage Professional Services on May 24, 2018. The availability of the RFQ was advertised on MIRA's website, and the Connecticut State Contracting Portal. In addition, notice regarding the availability of the RFQ was e-mailed directly to four brokerage firms who had reached out directly to MIRA in recent years. Statements Of Qualifications ("SOQs") were accepted by MIRA during the period of June 8, 2018 through July 30, 2018. As of July 30, 2018, MIRA had received and evaluated Statements of Qualifications from two brokers.

As identified by MIRA's President, Peter Egan, Virginia Raymond, and David Bodendorf conducted the technical evaluations, and Roger Guzowski conducted the administrative review. Each of the submittals were evaluated for administrative sufficiency, and then evaluated for technical merit including respondent's qualifications and experience, the experience of the individuals who would be assigned to do work, the respondent's fee structure, organization, and approach. Additionally, MIRA staff conducted phone interviews with Respondents.

Based on MIRA's evaluation of the submittal and telephone interview, MIRA staff recommends Marex to the Board of Directors for a Renewable Energy Certificate Brokerage Professional Services Agreement.

Engagement of Brokers

In general, on an as-needed basis RECs will be offered on the market through one or both of MIRA's contracted brokers using a written form that outlines MIRA's parameters (parameters such as price, counterparty credit worthiness, etc.), for an acceptable transaction. MIRA also reserves the right to enter directly into a bilateral agreement with a REC purchaser if staff has strong evidence that the price being offered is in MIRA's financial best interest.

When an acceptable counterparty is identified, MIRA and REC purchaser will enter into an Agreement For The Purchase And Sale Of Connecticut Renewable Energy Certificates.

In the event that the terms of an Agreement For The Purchase And Sale Of Connecticut Renewable Energy Certificates do not allow time for staff to bring that Agreement to the Board Of Directors for prior approval, in accordance with Section 5.11 (Market Driven Purchases and Sales) of MIRA's Procurement Policies and Procedures, staff shall report to the Board of Directors that MIRA has entered into a market driven transaction, and seek Board approval of the transaction in accordance with that Section 5.11.

Financial Summary

Both Trident and Marex brokerage proposed a commission rate of one percent (1%) of the total sale. Broker(s) will be paid by MIRA the agreed upon commission when a transaction between MIRA and an acceptable counterparty has been executed. Commissions shall be paid out of the proceeds of the sale of the RECs.

TAB 9

RESOLUTION REGARDING A CONSTRUCTION EASEMENT AGREEMENT WITH THE CONNECTICUT DEPARTMENT OF TRANSPORTATION AT THE SOUTH MEADOW STATION SITE

RESOLVED: That the President is hereby authorized to execute a Construction Easement Agreement with the State of Connecticut Department of Transportation (DOT), granting to DOT a temporary easement across a portion of the MIRA South Meadow Station site, substantially as presented and discussed at this meeting.

Materials Innovation and Recycling Authority

Contract for

Construction Easement Agreement with the Connecticut Department of Transportation at the South Meadow Station Site

Presented to the MIRA Board on:	September 12, 2018
Vendor/ Contractor(s):	State of Connecticut Department of Transportation (DOT)
Effective date:	Upon Execution
Contract Type/Subject matter:	Real Property Easement
Facility (ies) Affected:	South Meadow Station Site
Term:	Four (4) Years (estimated)
Contract Dollar Value:	$150,800
Amendment(s):	Not Applicable
Term Extensions:	Not Applicable
Scope of Services:	Easement to allow DOT to establish two construction easements across South Meadow Station site during relocation of I-91 NB interchange 29 to the Charter Oak Bridge. One easement will be for access purposes only across the property to the Charter Oak Landing Riverfront Park. Second construction easement will be for staging equipment, tools and materials; and will require closure of Gate 20 access roadway to the site for approximately 10 months over the course of 4 years.
Other Pertinent Provisions:	Includes reimbursement to MIRA for costs to license the Gate 40 guard house from Eversource, and to provide utilities and sanitary facilities to the Gate 40 guard house. Construction easements will be extinguished upon completion of the project.

Materials Innovation and Recycling Authority

Construction Easement Agreement with the Connecticut Department of Transportation at the South Meadow Station Site

September 12, 2018

Executive Summary

This is to request approval for the President to execute a Construction Easement Agreement with the State of Connecticut Department of Transportation ("DOT"). DOT is undertaking a project to widen I-91 northbound and relocate the I-91 northbound interchange to the Charter Oak Bridge. In order to complete this project, DOT needs to establish two temporary construction easements across MIRA's property. One of these construction easements will allow DOT to close the Gate 20 access roadway to the MIRA Power Block Facility for approximately 10 months during the course of the 4 year project. DOT will compensate MIRA for the value of the easements, plus costs associated with setting up and using the Gate 40 guard house when Gate 20 is closed. The construction easements will be extinguished upon completion of the project.

Background and Discussion

The Charter Oak Bridge crosses the northern portion of the South Meadow Station site, beyond the northern fenced boundary of the Power Block Facility. DOT is undertaking a project to widen I-91 northbound and relocate the I-91 northbound interchange to the Charter Oak Bridge. In order to complete this project, DOT needs to establish two temporary construction easements across MIRA's property. One of these construction easements will allow DOT to close the Gate 20 access roadway to the MIRA Power Block Facility for approximately 10 months during the course of the 4 year project. The second construction easements will be strictly for access across the MIRA site to the neighboring property (Charter Oak Landing Riverfront Park) using the existing access roadway to the Park. The total area of the construction easements is 85,245 ft^2 (72,135 ft^2 for the construction easement for staging of equipment, tools and materials; and 13,110 ft^2 for the access only construction easement).

The construction easement that will allow DOT to close the Gate 20 access roadway is for the staging of equipment, tools and materials on MIRA's property. Due to the planned staging of a crane within this construction easement on two separate occasions, the Gate 20 access roadway to the MIRA Power Block Facility will have to be closed for approximately 10 months during the course of the 4 year project (four months in late 2019/early 2020, and six months between late 2020 and late 2021). During the times that the Gate 20 access roadway is closed, MIRA plans to utilize the Gate 40 guard house under a building license to be negotiated with Eversource.

The Gate 40 guard house does not have sanitary facilities. Therefore, MIRA is making provisions for a restroom trailer to be staged on-site adjacent to the Gate 40 guard house for use by the security guard. Additionally, Gate 40 is not equipped with a remote security camera like Gate 20 that feeds images to the PBF Control Room. Therefore, MIRA will also purchase and install a remote security camera at Gate 40 that will feed images to the PBF Control Room via an internet connection (that will be established for this purpose).

Financial Summary/Other Considerations

A licensed real estate appraiser completed an appraisal for DOT in order to determine the value of the construction easements. Since the easement is not permanent, the appraiser determined that the "temporary damages" payable to MIRA for loss of the easement area for four years was a total of $118,000.

"Temporary damages" to MIRA attributable to the construction easement also include the costs of the restroom trailer ($2,300 per month x 10 months = $23,000), the security camera and utilities for its operation (estimated at $5,000), and the lease payment to be made to Eversource for the use of the Gate 40 guard house ($100/month x 48 months = $4,800).

Therefore, the total "temporary damages" payable to MIRA by DOT for the two construction easements is $150,800. ($118,000 + $23,000 + $5,000 + $4,800 = $150,800)

The DOT construction easements will also be subordinate to the Environmental Land Use Restriction that was be recorded by MIRA in the City of Hartford Land Records on April 20, 2018.


Approximate Location of
Proposed Construction
Easement for Access Only
Gate 20
Approximate Location of
Proposed Construction
Easement Across Gate 20
Access Road
Gate 40