MIRA
Materials Innovation and Recycling Authority
200 CORPORATE PLACE Suite 202 • Rocky Hill • CONNECTICUT • 06067 • TELEPHONE (860) 757-7700
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October 5, 2020

The Honorable Ned Lamont
Governor
State of Connecticut
Executive Chambers
State Capitol
Hartford, CT 06106

RE: **Connecticut General Statutes, Section 1-123(a)**
Materials Innovation and Recycling Authority - Annual Report Requirements – Fiscal Year 2020

Dear Governor Lamont:

The Materials Innovation and Recycling Authority (the "Authority") is pleased to submit its fiscal year 2020 annual reporting requirements as provided under Section 1-123(a) of the Connecticut General Statutes ("CGS"). Also enclosed is the Authority's independent audited Annual Financial Report for the Years Ended June 30, 2020 and 2019.

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

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

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

Best Regards,

TD Kirk

Thomas D. Kirk
President

Enclosure: Audited Annual Financial Report

cc: State Auditors of Public Accounts
Mark Daley, Chief Financial Officer (w/o enclosure)
Laurie Hunt, Esq., Director of Legal Services (w/o enclosure)
Cheryl Kaminsky, Manager of Accounting and Financial Reporting (w/o enclosure)

MIRA
Materials Innovation and Recycling Authority

MATERIALS INNOVATION AND RECYCLING AUTHORITY

A Component Unit of the State of Connecticut

CT GENERAL STATUES SECTION 1-123(a) ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2020

1. BONDS ISSUED DURING FISCAL YEAR 2020

No bonds were issued by the Authority during fiscal year 2020.

2. FINANCIAL ASSISTANCE PROVIDED DURING FISCAL YEAR 2020

The Authority did not provide any financial assistance[1] during Fiscal Year 2020.

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

3. VENDORS PAID $5,000 OR MORE DURING FISCAL YEAR 2020

100-200 CORPORATE PLACE, LLC	$ 197,906.27
A J BELLIVEAU RAILROAD CONSTRUCTION INC	$ 10,050.00
ACCOUNTEMPS	$ 9,682.20
ADP LLC	$ 14,169.61
AMERICAN CARTING COMPANY, INC	$ 8,000.00
AMERITAS LIFE INSURANCE CORP	$ 7,283.56
ANALYTICAL CONSULTING TECH INC	$ 5,579.80
ATLANTIC NUCLEAR CORP	$ 9,850.00
AUSTIN ENVIRONMENTAL CORP	$ 285,036.70
B G MECHANICAL SERVICE INC	$ 8,500.82
BEECHER CARLSON/ MASTER TRUST	$ 1,019,595.02
BOILER & PROPERTY CONSULTING, LLC	$ 5,200.00
BOROUGH OF NAUGATUCK	$ 57,504.83
BOSTON INSURANCE EMPLOYEE BENEFIT TRUST	$ 80,861.34
CAPITAL MARKETS ADVISORS, LLC	$ 6,858.75
CAPITOL CLEANING CONTRACTORS	$ 7,915.00
CDW GOVERNMENT INC	$ 11,191.19
CITY OF BRIDGEPORT	$ 7,660.00
CITY OF TORRINGTON	$ 111,344.12
CITY OF WATERBURY	$ 166,915.69
COHN BIRNBAUM & SHEA	$ 5,963.00
COMM REVENUE SERVICES, ST OF CT	$ 804,265.00
CONN NATURAL GAS CORPORATION	$ 12,700.18
COX BUSINESS	$ 6,665.48
CROWN CASTLE FIBER LLC	$ 20,625.00
CT COMMUNITY NON PROFIT ALLIANCE, INC.	$ 10,589.28
CWPM LLC	$ 3,281,780.36
DAYMARK ENERGY ADVISORS	$ 46,730.00
DIME OIL COMPANY	$ 399,587.40
E. T. & L. CORPORATION	$ 24,000.00
EPICOR SOFTWARE CORPORATION	$ 33,319.55
EVERSOURCE ENERGY	$ 438,422.37
FIDELITY INVESTMENTS	$ 603,253.52
FRONTIER	$ 17,514.16
FUSS AND ONEILL INC	$ 9,102.30
HALLMARK TOTALTECH, INC.	$ 27,191.27
HALLORAN AND SAGE LLP	$ 791,728.59
HARTFORD CITY OF	$ 262,048.65
HARTFORD CITY OF TREASURER	$ 1,500,050.00
HARTFORD SPRINKLER CO INC	$ 9,973.36
HDR, INC	$ 387,105.38
HOOKER & HOLCOMBE INVESTMENT ADVISORS, I	$ 8,405.00

HRP ASSOCIATES INC	$ 8,077.82
IPFS CORPORATION	$ 1,092,407.83
ISO NEW ENGLAND INC	$ 16,515.27
KANCHAN ARORA	$ 9,089.78
KILLINGWORTH TOWN OF	$ 6,125.27
MAHONEY SABOL	$ 42,500.00
MDC	$ 439,308.32
METTLER TOLEDO INC	$ 51,842.12
MURPHY ROAD RECYCLING LLC	$ 10,087.50
NAES CORPORATION	$47,497,892.86
NEXTERA ENERGY POWER MARKETING, LLC	$ 256,500.00
OXFORD HEALTH PLANS, LLC	$ 426,687.93
PEOPLES UNITED INSURANCE AGENCY	$ 37,250.00
PFIZER INC	$ 54,500.00
PITNEY BOWES POSTAGE BY MAIL	$ 5,000.00
PRIMARY LANDSCAPING, LLC	$ 7,093.00
PROJECT MANAGEMENT ASSOCIATES, LLC	$ 6,611.30
PRUDENTIAL RETIREMENT INSURANCE & ANNUIT	$ 60,917.76
REGIONAL REFUSE DISPOSAL DISTRICT ONE	$ 34,022.41
SIR SPEEDY BLOOMFIELD	$ 11,128.52
SNI COMPANIES	$ 11,809.74
SOLARWINDS MSP CANADA ULC	$ 6,720.00
SONITROL SECURITY SYSTEMS HTFD INC	$ 21,327.60
STATE OF CONN DEPT OF CONSUMER	$ 5,070.00
STERICYCLE ENVIRONMENTAL SOLUTIONS, INC	$ 11,888.10
TASCA	$ 11,797.32
TG ADVISERS, INC.	$ 26,500.00
TOWN OF AVON	$ 27,442.97
TOWN OF BEACON FALLS	$ 7,620.78
TOWN OF BLOOMFIELD	$ 29,908.93
TOWN OF BOLTON	$ 5,407.86
TOWN OF CANTON	$ 13,428.13
TOWN OF CLINTON	$ 25,406.62
TOWN OF COVENTRY	$ 9,156.15
TOWN OF CROMWELL	$ 28,361.04
TOWN OF DEEP RIVER	$ 7,527.17
TOWN OF DURHAM-MIDDLEFIELD	$ 15,920.50
TOWN OF EAST HAMPTON	$ 18,172.35
TOWN OF EAST HARTFORD	$ 92,696.49
TOWN OF EAST WINDSOR	$ 14,122.82
TOWN OF ELLINGTON	$ 17,697.79
TOWN OF ENFIELD	$ 78,427.68
TOWN OF ESSEX	$ 65,572.88
TOWN OF FARMINGTON	$ 41,711.31
TOWN OF GLASTONBURY	$ 47,649.81
TOWN OF GRANBY	$ 13,636.68
TOWN OF GUILFORD	$ 24,341.18
TOWN OF HARWINTON	$ 6,005.70

TOWN OF HEBRON	$ 9,209.45
TOWN OF LITCHFIELD	$ 13,442.96
TOWN OF MADISON	$ 20,306.94
TOWN OF MANCHESTER	$ 93,533.46
TOWN OF MARLBOROUGH	$ 8,785.40
TOWN OF MIDDLEBURY	$ 8,724.23
TOWN OF NEWINGTON	$ 67,237.04
TOWN OF NORTH BRANFORD	$ 19,075.13
TOWN OF NORTH CANAAN	$ 6,811.62
TOWN OF OLD LYME	$ 12,519.79
TOWN OF OLD SAYBROOK	$ 42,610.85
TOWN OF OXFORD	$ 11,405.22
TOWN OF PORTLAND	$ 10,920.00
TOWN OF ROCKY HILL	$ 32,981.99
TOWN OF SIMSBURY	$ 37,298.91
TOWN OF SOUTH WINDSOR	$ 48,663.82
TOWN OF SOUTHBURY	$ 28,494.98
TOWN OF SUFFIELD	$ 15,910.77
TOWN OF THOMASTON	$ 13,937.91
TOWN OF TOLLAND	$ 16,132.29
TOWN OF VERNON	$ 46,195.08
TOWN OF WEST HARTFORD	$ 110,095.36
TOWN OF WESTBROOK	$ 13,407.27
TOWN OF WETHERSFIELD	$ 42,334.64
TOWN OF WINDSOR LOCKS	$ 18,616.32
TOWN OF WOODBURY	$ 14,343.88
TRC ENVIRONMENTAL CORP	$ 170,428.24
USA HAULING & RECYCLING	$ 75,690.77
USA WASTE AND RECYCLING, INC.	$ 1,746,755.19
USDA-APHIS WILDLIFE SERVICES	$ 33,583.70
VERIZON WIRELESS	$ 12,353.95
W B MASON CO INC	$ 5,602.91
WAGEWORKS, INC.	$ 17,461.34
WATERTOWN TOWN OF	$ 74,463.42
WEX BANK	$ 9,013.20
WHEELABRATOR TECHNOLOGIES INC.	$ 9,742,715.37
WILLIAM B. MEYER, INC.	$ 6,586.87
WILLIMANTIC WASTE PAPER CO INC	$ 139,696.20
WTE RECYCLING INC	$ 95,248.28

4. FINANCIAL STATEMENTS AS OF JUNE 30, 2020

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2020 AND JUNE 30, 2019
(Dollars in Thousands)

	2020	2019
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$ 31,991	$ 31,169
Receivables, net of allowances	6,958	11,083
Inventory	5,833	5,779
Prepaid expenses	2,430	2,487
Total Unrestricted Assets	47,212	50,518
Restricted Assets:		
Cash and cash equivalents	230	209
TOTAL CURRENT ASSETS	47,442	50,727
NON-CURRENT ASSETS		
Capital Assets:		
Depreciable, net	18,746	25,889
Nondepreciable	26,851	30,783
Total Capital Assets	45,597	56,672
TOTAL NON-CURRENT ASSETS	45,597	56,672
TOTAL ASSETS	93,039	107,399

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, 2020 AND JUNE 30, 2019
(Dollars in Thousands)

	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$ 1,973	$ 2,344
Accrued expenses and other current liabilities	3,330	2,347
Unearned revenue	38	821
Total Payable from Unrestricted Assets	5,341	5,512
Payable from Restricted Assets:		
Accrued expenses and other current liabilities	179	159
TOTAL CURRENT LIABILITIES	5,520	5,671
TOTAL LIABILITIES	5,520	5,671
NET POSITION		
Net investment in capital assets	45,597	56,672
Restricted	51	50
Unrestricted	41,871	45,006
TOTAL NET POSITION	$ 87,519	$ 101,728

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, 2020 AND 2019
(Dollars in Thousands)

	2020	2019
Operating Revenues		
Service charges:		
Members	$ 33,585	$ 31,264
Others	9,625	9,546
Energy sales	26,898	33,399
Other	4,172	3,299
Total Operating Revenues	74,280	77,508
Operating Expenses		
Solid waste operations	54,944	59,887
Maintenance and utilities	13,501	2,781
Legal services - external	608	76
Administrative and Operational services	5,074	4,797
Total Operating Expenses	74,127	67,541
Operating Income before depreciation and amortization	153	9,967
Depreciation and amortization	12,633	39,054
Operating Loss	(12,480)	(29,087)
Non-Operating Revenues (Expenses)		
Investment income	423	459
Settlement income	153	11,619
Distributions to towns	(1,975)	(88)
Other revenues (expenses), net	(330)	(496)
Total Non-Operating Revenues (Expenses), Net	(1,729)	11,494
Change in Net Position	(14,209)	(17,593)
Total Net Position, beginning of year	101,728	119,321
Total Net Position, end of year	$ 87,519	$ 101,728

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, 2020 AND 2019

(Dollars in Thousands)

	2020	2019
Cash Flows Provided by (Used in) Operating Activities		
Payments received from providing services	$ 77,624	$ 69,192
Payments to suppliers and employees	(73,547)	(66,765)
Distributions to towns	(1,975)	(88)
Settlement income	153	11,619
Net Cash Provided by Operating Activities	2,255	13,958
Cash Flows Provided by Investing Activities		
Interest on investments	423	459
Net Cash Provided by Investing Activities	423	459
Cash Flows Provided by (Used in) Capital and Related Financing Activities		
Proceeds from sales of equipment	-	1
Acquisition and construction of capital assets	(1,835)	(15,973)
Net Cash Used in Capital and Related Financing Activities	(1,835)	(15,972)
Net Increase (Decrease) in Cash and Cash Equivalents	843	(1,555)
Unrestricted & Restricted Cash and Cash Equivalents, beginning of year	31,378	32,933
Unrestricted & Restricted Cash and Cash Equivalents, end of year	$ 32,221	$ 31,378
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$ (12,480)	$ (29,087)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation of capital assets	12,633	39,053
Other income (expenses), net	(1,822)	11,511
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	4,125	(5,496)
Inventory	(54)	424
Prepaid expenses	57	121
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(204)	(2,568)
Net Cash Provided by Operating Activities	$ 2,255	$ 13,958

The accompanying notes are an integral part of these financial statements

5. BOND STATUS AS OF JUNE 30, 2020

As of June 30, 2020, the Authority had no outstanding long-term debt carried on its books.

6. AFFIRMATIVE ACTION POLICY STATEMENT

Materials Innovation and Recycling Authority
Ethnic Composition of Total Work Force
Summary of EEOC Report
Updated June 30, 2020

		Males							Females							
	TOTAL	Total Males	White	Black or African American	Hispanic or Latino	Asian	Native Hawaiian or Other Pacific Islander	Two or More Races	Total Females	White	Black or African American	Hispanic or Latino	Asian	Asian Indian	Native Hawaiian or Other Pacific Islander	Two or More Races
Executive Managerial	7 23.3%	5 16.7%	5 16.7%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 6.7%	2 6.7%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
Technicians	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
Sales Workers	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
Professionals	10 33.3%	7 23.3%	7 23.3%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	3 10.0%	2 6.7%	0 0.0%	0 0.0%	1 3.3%	0 0.0%	0 0.0%	0 0.0%
Office and Clerical	13 43.3%	9 30.0%	9 30.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	4 13.3%	1 3.3%	2 6.7%	1 3.3%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
TOTALS	30 100.0%	21 70.0%	21 70.0%	0 0.0%	0 0.0%	0 0.0%	0.0%	0 0.0%	9 30.0%	5 16.7%	2 6.7%	1 3.3%	1 3.3%	0 0.0%	0 0.0%	0 0.0%

The Honorable Ned Lamont

MIRA
Materials Innovation and Recycling Authority

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION STATEMENT AND PLAN

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

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION STATEMENT AND PLAN

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

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

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

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

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

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

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

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

1. Attempt to hire and promote qualified female and minority candidates through efforts to increase the number of highly qualified female and minority applicants for each vacancy, with the ultimate goal that MIRA's workforce will mirror the diversity of the labor pool.

2. Attempt to reach a greater number and diversity of representative groups to notify them of employment opportunities with MIRA. Wherever possible, target the Hispanic, African-American, Asian Pacific/Islander and Native American communities by contacting organizations and educational institutions that promote the interests of such individuals.

3. Explore the creation of an internship program to create interest among minority students in career opportunities at MIRA.

4. Take the following steps to ensure that all applicants and employees are aware that MIRA is an equal opportunity employer and of MIRA's affirmative action recruitment efforts:

    a. Publicize the Equal Employment Opportunity Statement and Affirmative Action policy in MIRA's Personnel Policy Manual and post the same on MIRA bulletin boards.

    b. Publicize the accomplishments and/or promotions of minorities and females internally.

    c. Assess the equal opportunity and affirmative action efforts and achievements prior to the promotion of employees or the execution of discretionary salary increases.

    d. Conduct meetings to discuss equal employment opportunity policies and responsibilities with MIRA employees, including during employee orientation and training sessions.

    e. Advise all recruiting sources of MIRA's Equal Employment Opportunity Statement and Affirmative Action policy.

    f. Notify all bidders, contractors, and suppliers of MIRA's Equal Employment Opportunity Statement and Affirmative Action policy and ensure that all contracts for services and materials include a statement in which the

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

g. Attend job fairs where the potential for exposure to potential female and minority applicants is high.

h. Continue to encourage participation of minority business enterprises and not to contract with any entity debarred from participation in state or federal contract programs.

i. Notify minority and women's organizations, community organizations, state and local employment security and vocational rehabilitation agencies, schools and colleges of MIRA's Equal Employment Opportunity Statement and Affirmative Action policy.

j. Place advertisements for employees containing the phrase "MIRA is an Affirmative Action/Equal Opportunity Employer" within the appropriate classified section of newspapers and/or job posting websites.

k. Send outreach letters, job postings and job descriptions to various minority organizations throughout the state to increase awareness of employment opportunities at MIRA in the region's minority communities.

l. Conduct outreach meetings via telephone with minority organizations during the year to maintain and improve the lines of communication between MIRA and these organizations as well as increase the awareness of MIRA's affirmative action efforts throughout the state's minority communities.

Approved By: Board of Directors

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

AFFIRMATIVE ACTION EFFORTS TO DATE

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

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

    1. Authority Internet Employment Opportunities Page

The Authority had four hires in Fiscal year 2020. Three employees (2 scale operators & one general accountant) were hired through temp agencies.

7. PLANNED ACTIVITIES FOR FISCAL YEAR 2020

The Authority has previously completed its fiscal and contractual roles in the development and operation of the Bridgeport, Wallingford and Southeast waste to energy facilities which are now privately operated. It has also previously transferred its landfill post closure care obligations to the Department of Energy and Environmental Protection ("DEEP"). Most recently, in fiscal 2019, the Authority completed final distribution of surplus funds associated with the Mid Connecticut Project to its member municipalities. The Authority is now primarily focused on operating the Connecticut Solid Waste System ("CSWS"), the only remaining publicly controlled waste disposal option in the state, on a self-sustaining basis while adapting to the unsuccessful conclusion of DEEP's initiative to redevelop the CSWS commonly known as Resource Rediscovery.

The commitment to operate the existing CSWS on a self-sustaining basis was originally made and documented within a statutorily mandated transition plan and ten year financial plan prepared by Connecticut Resources Recovery Authority ("CRRA") and submitted to DEEP in the lead up to the Authority's creation and assumption of CRRA's assets, rights, duties and obligations ("Transition Plan"). The Transition Plan covers the ten year period ending June 30, 2024. It is intended to allow for a smooth transition to future options for environmentally sound waste disposal. To aid in ensuring the fulfillment of this commitment, the Authority annually reviews the ten year plan in the context of current circumstances, adopts and implements necessary modifications as part of its annual budget development process. These modifications have addressed:

- Development and adaptation of the Authority's Tip Fee Stabilization Fund.
- Sustainability of funding sources for the Authority's Tip Fee Stabilization Fund.
- Operating performance of the CSWS waste to energy facility.
- Major maintenance requirements for the CSWS waste to energy facility.
- Methods to address declining energy, commodity and service pricing.
- Sale of surplus property to enhance the Authority's cash position.
- Assessment of surcharges for use of the CSWS by non-participating municipalities.
- Curtailed use of the CSWS by non-participating towns due to facility performance.

The Authority operated on a self-sustaining basis in fiscal year 2020. However, its financial performance declined due to the age and serviceability of the CSWS. The Authority generated $0.15 million in income before depreciation, and before certain net non-operating expenses, which reflects a $9.81 million (98.5%) decrease from fiscal year 2019. After $12.63 million in depreciation and amortization expenses and $1.73 million in net non-operating expense, the Authority's net position declined by $14.21 million. This decline in net position is $3.38 million (19.2%) better than the fiscal year 2019 decline in net position of $17.59 million. Declining depreciation expense, now occurring due to the absence of reinvestment in the CSWS, slowed the decline in the Authority's net position.

The Authority generated total operating revenue of $74.28 million and incurred $74.13 million in operating expenses before depreciation, resulting in operating income before depreciation of $0.15 million. Total operating revenues decreased by $3.23 million (4.2%) reflecting reduced energy sales partially offset by increased service charges (tip fees). Total operating expenses before depreciation increased by $6.59 million (9.8%) reflecting a steep increase in maintenance and utilities partially offset by reduced operations expense. The key

factors contributing to these trends include lower energy pricing, increased MSW tip fees for both participating and non-participating municipalities, increased recycling tip fees for non-participating municipalities, the expiring useful life of the CSWS waste to energy facility, reduced diversions of MSW to alternate disposal facilities, a final distribution of Mid Connecticut Project surplus funds and reduced insurance proceeds.

During fiscal year 2020, the operational performance of the CSWS waste to energy facility continued its decline. While resumption of turbine operations following their catastrophic failure in fiscal year 2019 allowed the facility to increase energy output, waste deliveries declined by 25,971 tons (4.8%) and average monthly combined boiler availability was only 64.8% primarily due to equipment failures and major maintenance requirements.

In fiscal year 2014, the State passed Public Act 14-94 (the "Act") forming the Authority and designating it as successor to CRRA. One of the core objectives of the Act was to set a process in motion, with specific roles and deadlines for DEEP, the Authority and the private sector that was intended to bring about the redevelopment of the CSWS. Major milestones included completion of DEEP's two-phase Request for Proposals (RFP) process known as Resource Rediscovery, 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 for the redevelopment of the CSWS with its selected respondent (the Sacyr Rooney Recovery Team, LLC or "SRRT"). The SRRT proposal represented a $222 million investment in the refurbishment of the CSWS waste to energy facility together with the incorporation of new "Diversion Technology" which would include new mechanical and biological treatment facilities and an aerobic digester to be provided at a reduced tip fee. DEEP's initial objective was that a contract providing for the redevelopment be executed by July 1, 2018. Consistent with the Transition Plan, the redeveloped CSWS was expected to commence operations by July 1, 2023. The Authority's existing municipal service agreements expire on June 30, 2027.

During fiscal years 2018 and 2019, the Authority actively engaged in negotiations with SRRT 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. Key topics addressed included financial feasibility, project structuring, governance and risk allocation, disposition and use of surplus revenue and municipal tip fees. The discussions culminated at the close of fiscal year 2019 with agreement on a Memorandum of Understanding ("MOU") outlining the roles and responsibilities of the parties in each of these areas. The MOU also established a November 15, 2019 deadline for the execution of a fully developed term sheet, and an October 15, 2020 deadline for execution of a Comprehensive Development Agreement.

During fiscal year 2020, the Authority and SRRT completed additional project due diligence and executed a fully developed term sheet consistent with the MOU which included detailed financial and demand forecasts as well as the tipping fees required to support the project. The term sheet called for a much higher tip fee of $135 per ton during the three year construction period ending June 30, 2024, a $145 per ton tip fee upon completion of construction and annual escalation thereafter. Upon execution of the term sheet, the Authority actively sought to secure long term municipal waste commitments reflecting the required tipping fees. These

efforts included statewide, regional and individual municipal presentations and surveys setting forth the municipal commitments and tip fees necessary to finance the project. The Authority was not successful in securing these commitments as the tipping fee was considered too high and length of commitment to the project too long. The Authority then sought additional support for the project from the State in the form of energy price support, State bond support or demand support (through "flow control"). The Authority drafted and aggressively pursued proposed legislation in each of these areas. The Authority advised SRRT that, in the absence of such State support, the project was not viable and the Authority would withdraw from further negotiations and terminate the Term Sheet. Shortly after the close of fiscal year 2020, the State formally rejected any such support. Accordingly, the Authority withdrew from further negotiation and terminated the term sheet.

During fiscal year 2021 the Authority will solicit component refurbishments of the CSWS where feasible with the intent of serving its municipal customers at least through expiration of its municipal service agreements on June 30, 2027. These efforts have commenced with issuance of a Request for Proposals for Operation, Maintenance and Optional Redevelopment of the CSWS Recycling Facility and additional efforts are being planned. The Authority will also actively support demonstration projects and programs intended to both reduce waste generation and establish new funding mechanisms essential to the development of new waste management infrastructure within the State. However, absent near term refurbishment of the CSWS waste to energy facility, alternative disposal capability, likely involving waste transfer and out-of-state landfill disposal, will need to be planned and implemented. While any such transfer operations represent the least – desirable disposal method under DEEP's Comprehensive Materials Management Strategy, they would be undertaken subject to the Authority's existing permit limitations.

Relevant Financial Policies – The Authority has developed and maintains a strong policy portfolio aimed at safeguarding its assets, ensuring its financial statements, books and records are accurate and reliable, and that its financial interests and activities are planned and executed in accordance with management's expectations. Specific written policies, reviewed on a periodic basis, address accounting and financial reporting, development of the annual budget and plan of operations, cash management and daily receipts, procurement, payments and wire transfers, expense reimbursements, fixed assets & tagging, as well as signatory approval authorizations. The Authority undertakes a comprehensive annual budgeting and long term forecasting process, both of which reflect all operating revenues and expenses, reserve requirements and the estimated net-cost tip fee to be borne by its member municipalities.