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October 6, 2022

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 2022**

Dear Governor Lamont:

The Materials Innovation and Recycling Authority (the “Authority”) is pleased to submit its fiscal year 2022 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, 2022 and 2021.

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.

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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,



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)



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

**CT GENERAL STATUTES SECTION 1-123(a)
ANNUAL REPORT
FOR
FISCAL YEAR ENDING JUNE 30, 2022**

1. **BONDS ISSUED DURING FISCAL YEAR 2022**

No bonds were issued by the Authority during fiscal year 2022.

2. FINANCIAL ASSISTANCE PROVIDED DURING FISCAL YEAR 2022

The Authority did not provide any financial assistance¹ during Fiscal Year 2022.

¹Excludes 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 2022

100-200 CORPORATE PLACE LLC	\$202,576.34
ADP LLC	\$12,636.06
AMERESCO INC	\$10,273.75
ANALYTICAL CONSULTING TECH INC	\$5,000.80
ANTHEM BCBS	\$392,477.54
AUSTIN ENVIRONMENTAL CORP	\$181,934.91
B G MECHANICAL SERVICE INC	\$5,928.57
BANK OF AMERICA	\$11,921.31
BEECHER CARLSON/ MASTER TRUST	\$502,417.13
BIEBT GROUP INSURANCE	\$81,372.53
CDW GOVERNMENT INC	\$8,983.43
CONN NATURAL GAS CORPORATION	\$14,397.50
COVANTA ENERGY LLC	\$13,296.60
COVANTA METALS MARKETING LLC	\$51,670.50
COX BUSINESS	\$6,723.29
CROWN CASTLE FIBER LLC	\$23,941.12
CT COMMUNITY NON PROFIT ALLIANCE	\$9,933.39
CT STATE OF COMM REVENUE SERVICES	\$709,140.00
CT STATE OF DEPARTMENT OF ENERGY	\$424,574.88
CWPM LLC	\$3,349,439.50
DIME OIL COMPANY LLC	\$608,838.19
ELEMENTAL AIR LLC	\$45,000.00
EPICOR SOFTWARE CORPORATION	\$37,084.76
ESSEX TOWN OF	\$47,738.97
EVERSOURCE ENERGY	\$531,011.41
FIDELITY INVESTMENTS	\$586,204.04
FRONTIER	\$20,169.55
FUSS AND ONEILL INC	\$21,356.69
HALLMARK TOTALTECH INC	\$40,704.45

HALLORAN & SAGE LLP	\$221,305.62
HOOKER & HOLCOMBE INVESTMENT ADVISORS IN	\$15,027.00
ISO NEW ENGLAND INC	\$13,412.48
KAINEN ESCALERA & MCHALE PC	\$23,484.56
KOOL INC LLC	\$6,786.08
METROPOLITAN DISTRICT, THE	\$290,714.91
METTLER TOLEDO INTERNATIONAL INC	\$37,652.16
MURPHY ROAD RECYCLING LLC	\$2,837,482.62
N-ABLE TECHNOLOGIES LTD	\$7,560.00
NAES CORPORATION	\$36,072,876.04
NEXTERA ENERGY POWER MARKETING LLC	\$236,500.00
PETER W. EGAN	\$13,800.00
PRIMARY LANDSCAPING LLC	\$11,445.00
PROJECT MANAGEMENT ASSOCIATES LLC	\$20,639.59
PRUDENTIAL RETIREMENT INS AND ANNUITY CO	\$49,551.00
SEMASS PARTNERSHIP	\$531,654.49
SMG CORPORATE SERVICES	\$18,750.00
SNI COMPANIES	\$37,250.00
SONITROL NEW ENGLAND	\$21,630.70
STERLING ANALYTICAL INC	\$11,730.00
TASCA	\$10,731.46
THOMAS NCNAMARA	\$12,000.00
TONY'S TRUCKING CO., INC.	\$17,000.00
TORRINGTON CITY OF	\$39,292.02
TRC COMPANIES INC	\$66,731.93
USA HAULING & RECYCLING INC	\$31,663.05
USA WASTE AND RECYCLING INC	\$1,897,767.45
USDA-APHIS GENERAL	\$30,947.63
VERIZON WIRELESS	\$13,340.30
WAGeworks, INC.	\$9,609.64
WATERTOWN TOWN OF	\$35,625.85
WEX BANK	\$10,153.90
WHEELABRATOR TECHNOLOGIES INC	\$8,237,404.62

The Honorable Ned Lamont

WHITTLESEY PC	\$39,000.00
WILLIAM B MEYER INC	\$6,755.11
WTE RECYCLING INC	\$10,049.25

4. FINANCIAL STATEMENTS AS OF JUNE 30, 2022

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2022 AND JUNE 30, 2021
(Dollars in Thousands)

EXHIBIT I
Page 1 of 2

	2022	2021
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 56,440	\$ 33,199
Accounts receivable, net of allowances	14,170	14,481
Inventory	5,869	5,572
Prepaid expenses	2,331	2,728
Total Unrestricted Assets	78,810	55,980
Restricted Assets:		
Cash and cash equivalents	343	1,103
TOTAL CURRENT ASSETS	79,153	57,083
NON-CURRENT ASSETS		
Capital Assets:		
Depreciable, net	3,980	6,001
Nondepreciable	26,239	26,282
Total Capital Assets	30,219	32,283
TOTAL NON-CURRENT ASSETS	30,219	32,283
TOTAL ASSETS	109,372	89,366

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, 2022 AND JUNE 30, 2021
(Dollars in Thousands)

EXHIBIT I
Page 2 of 2

	2022	2021
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	\$ 2,252	\$ 1,762
Accrued expenses and other current liabilities	10,907	8,801
Unearned revenue	-	38
Total Payable from Unrestricted Assets	13,159	10,601
Payable from Restricted Assets:		
Accrued expenses and other current liabilities	333	1,052
TOTAL CURRENT LIABILITIES	13,492	11,653
LONG-TERM LIABILITIES		
Payable from Unrestricted Assets:		
Lease payable	71	85
Other liabilities		
Total Payable from Unrestricted Assets	71	85
TOTAL LONG-TERM LIABILITIES	71	85
DEFERRED INFLOWS	3,721	3,222
TOTAL LIABILITIES AND DEFERRED INFLOWS	17,284	14,960
NET POSITION		
Net investment in capital assets	30,219	32,284
Restricted	10	51
Unrestricted	61,859	42,071
TOTAL NET POSITION	\$ 92,088	\$ 74,406

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)

EXHIBIT II

	2022	2021
Operating Revenues		
Service charges:		
Members	\$ 39,060	\$ 37,753
Others	9,815	6,153
Energy sales	31,081	24,228
Other	753	3,294
Total Operating Revenues	80,709	71,428
Operating Expenses		
Solid waste operations	52,532	54,147
Maintenance and utilities	3,330	13,967
Legal services - external	176	599
Administrative and Operational services	5,243	4,333
Total Operating Expenses	61,281	73,046
Operating Income before depreciation and amortization	19,428	(1,618)
Depreciation and amortization	2,036	14,868
Operating Profit	17,392	(16,486)
Non-Operating Revenues (Expenses)		
Investment income	272	168
Settlement income	-	844
Settlement expenses, net	-	(1,319)
Distributions to towns	-	-
Other revenues (expenses), net	18	3,680
Total Non-Operating Revenues (Expenses), Net	290	3,373
Change in Net Position	17,682	(13,113)
Total Net Position, beginning of year	74,406	87,519
Total Net Position, end of year	\$ 92,088	\$ 74,406

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in Thousands)

EXHIBIT III

	2022	2021
Cash Flows Provided by (Used in) Operating Activities		
Payments received from providing services	\$ 79,995	\$ 67,129
Payments to suppliers and employees	(57,831)	(66,847)
Distributions to towns	-	(23)
Settlement income (expenses)	-	3,208
Net Cash Provided by Operating Activities	22,164	3,467
Cash Flows Provided by Investing Activities		
Interest on investments	274	167
Net Cash Provided by Investing Activities	274	167
Cash Flows Provided by (Used in) Capital and Related Financing Activities		
Proceeds from sales of equipment	-	133
Acquisition and construction of capital assets	43	(1,686)
Net Cash Used in Capital and Related Financing Activities	43	(1,553)
Net Increase in Cash and Cash Equivalents	22,481	2,081
Cash and Cash Equivalents, beginning of year	34,302	32,221
Cash and Cash Equivalents, end of year	\$ 56,783	\$ 34,302
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	\$ 17,392	\$ (16,486)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation of capital assets	2,036	14,868
Other income (expenses), net	-	3,205
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	(677)	(4,300)
Inventory	(297)	261
Prepaid expenses	397	(299)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	3,313	6,218
Net Cash Provided by Operating Activities	\$ 22,164	\$ 3,467

The accompanying notes are an integral part of these financial statements

5. BOND STATUS AS OF JUNE 30, 2022

As of June 30, 2022, 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, 2022

	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	6 27.3%	4 18.2%	4 18.2%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 9.1%	2 9.1%	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 0.0%
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 0.0%
Professionals	7 31.8%	5 22.7%	5 22.7%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 9.1%	1 4.5%	0 0.0%	0 0.0%	1 4.5%	0 0.0%	0 0.0%	0 0.0%
Office and Clerical	9 40.9%	5 22.7%	5 22.7%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	4 18.2%	2 9.1%	1 4.5%	1 4.5%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
TOTALS	22 100.0%	14 63.6%	14 63.6%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	8 36.4%	5 22.7%	1 4.5%	1 4.5%	1 4.5%	0 0.0%	0 0.0%	0 0.0%



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

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

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION STATEMENT AND PLAN

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

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

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

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

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

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

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

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

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

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

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

Approved By: Board of Directors

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

7. FISCAL YEAR 2022 ANNUAL REPORT
PLANNED ACTIVITIES FOR FISCAL YEAR 2023

Background:

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 2020, the Authority completed final distribution of surplus funds associated with the Mid Connecticut Project to its member municipalities. The Authority has since been primarily focused on operating the Connecticut Solid Waste System (“CSWS”) 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 CSWS is the only remaining publicly controlled waste disposal option in the state.***

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 municipalities due to facility performance.
- Undertaking a managed transition from “Waste to Energy” to waste transfer operations.

In fiscal year 2022, the Authority completed preparations to conclude its waste combustion activities, experienced very strong financial performance, and realized the long anticipated adverse effects of its challenging business model.

The Authority’s very strong financial performance in fiscal year 2022 resulted from substantially reduced maintenance and depreciation expenses associated with the planned shuttering of its Connecticut Solid Waste System (CSWS) Waste to Energy Facility (WTE Facility) coupled with very strong energy pricing and other service charges in the WTE Facility’s last year of operation. In fiscal year 2022, the Authority generated total operating revenue of \$80.71 million and incurred \$61.28 million in operating expenses before

depreciation, resulting in operating income before depreciation of \$19.43 million. Total operating revenues increased by \$9.28 million (13.0%) reflecting increased energy sales, member and other service charges partially offset by reduced other operating revenue. Total operating expenses before depreciation decreased by \$11.77 million (16.1%) primarily reflecting reduced maintenance and utilities expense realized in anticipation of concluding waste combustion activities. Income before depreciation increased by \$21.05 million from fiscal year 2021 to fiscal year 2022. After \$2.04 million in depreciation and amortization expenses, the Authority generated operating income of \$17.39 million. The Authority also incurred net non-operating revenue of \$0.29 million resulting in a total increase in the Authority's net position of \$17.68 million.

The Authority's total assets increased by \$20.01 million (22.4%) reflecting a \$22.07 million (38.7%) increase in current assets (primarily cash) offset by a \$2.06 million (6.4%) reduction in net capital assets. The Authority's total liabilities increased by \$1.83 million (15.6%), and the Authority recognized \$3.72 million in deferred inflows associated with the capitalization of leases pursuant to Government Accounting Standards Board Statement 87 (GASB 87).

During fiscal year 2022, the operational performance of the CSWS waste to energy facility continued its decline. The WTE Facility's average monthly combined boiler availability was 59.8% meaning that, on average, each of the facility's three boilers were unavailable 40.2% of the time due to equipment failure and major maintenance requirements. There are also increasing occasions where reduced waste flow, caused by economic contraction and increased tip fees, also prompted boiler unavailability. The WTE Facility received 483,490 tons of MSW delivered under municipal and hauler contracts, a 4,795 ton (1.0%) reduction in deliveries from fiscal year 2021. The facility generated 232.87 million kilowatt hours of energy, a 17.21 million kilowatt hour (6.9%) reduction from fiscal year 2021.

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 would bring about the redevelopment of the CSWS. Major milestones included completion 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 for the redevelopment of the CSWS with its selected respondent (the Sacyr Rooney Recovery Team, LLC or "SRRT"). The original SRRT proposal represented a \$222 million investment in the refurbishment of the WTE Facility together with the incorporation of new "Diversion Technology" which would include new mechanical and biological treatment facilities and an aerobic digester and be provided at a reduced tip fee. The Authority undertook additional project and financial due diligence and executed a Memorandum of Understanding with SRRT outlining the roles and responsibilities of each party in fiscal year 2019. This was followed by execution of a fully developed term sheet in fiscal year 2020. The term sheet called for a one hundred forty five dollar (\$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 but ultimately was not successful 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 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.

Early in fiscal year 2021, the State formally rejected any such support. Accordingly, the Authority withdrew from further negotiations and terminated the term sheet. To ensure the continuance of waste management services to its CSWS participating municipalities, the Authority also immediately issued an RFP for operation and potential redevelopment of the CSWS Recycling Facility and commenced planning and contracting activities necessary to suspend waste combustion and transition the WTE Facility to a more reliable waste transfer operation. The outcome of these initiatives is summarized below:

- The Authority concluded its RFP process for the CSWS Recycling Facility and entered into a contract with Murphy Road Recycling to operate it as a recycling transfer facility effective from May 1, 2021 through the June 30, 2027 expiration of the CSWS Municipal Service Agreements. This Agreement is subject to termination by the Authority if it determines the operation is no longer economically viable.
- The Authority concluded two RFPs for the transportation and disposal of municipal solid waste through June 30, 2027. The RFPs were issued May 14, 2021. One RFP was targeted at other regional waste to energy or transfer facilities and the other was targeted at out of state landfills.
- The Authority separately issued an RFP for the operation, maintenance and optional future development of CSWS Transfer Facilities on June 16, 2021. This RFP envisioned the suspension of waste combustion and commencement of transfer operations in Hartford effective July 1, 2022.
- The Authority developed and proposed an amendment to the MSAs increasing the opt out tip fee schedule in an effort to provide contract surety to waste transportation contractors and transfer facility operating contractors.
- The Authority awarded contracts to Enviro Express for the operation and maintenance of the Torrington Transfer Station, transportation and disposal of MSW to a Pennsylvania landfill, and transportation of recycling to Murphy Road Recycling.
- The Authority awarded contracts to CWPM for the operation and maintenance of the Essex Transfer Station, transportation of MSW to a waste to energy facility operated by Covanta in Preston CT and transportation of recycling to Murphy Road Recycling.

- The Authority awarded a contract to Covanta for the disposal of MSW at its waste to energy facility in Preston CT.
- The Authority executed MSA amendments with twenty-one Connecticut municipalities providing for their delivery of MSW and recycling to the Torrington and Essex Transfer Stations. Two additional municipalities continue use of these facilities pursuant to existing (un-amended) MSAs.
- The awarded contracts are supported by demand from municipalities that remain Authority customers under amended and existing MSAs. Equipment termination fees are incorporated in the Enviro Express contracts if warranted by a decline in demand. Per ton fees are incorporated in the Covanta contract if expected deliveries of MSW do not occur.
- Twenty-nine Connecticut municipalities have opted out of their existing MSAs in favor of lower priced alternatives confirming the Authority's concerns over the viability of the CSWS Redevelopment project in the absence of business model improvements. These municipalities represent over eighty percent (80%) of historic waste deliveries under the MSAs. Accordingly, the Authority did not award contracts to continue operations at the Watertown Transfer Station, or to commence waste transfer operations at its WTE Facility. Both of these facilities were closed shortly after the close of fiscal year 2022.

Planned Activity for Fiscal Year 2023:

During fiscal year 2023, the Authority will work cooperatively with its remaining municipal customers, the private sector and State to explore the potential to restructure its operating and service contracts in an effort to reduce the amount of reserves potentially used to lower the cost of CSWS services to its revised opt out levels as envisioned in the MSA amendment versus using its reserves for other authorized Authority purposes. These efforts will further be coordinated with the Solid Waste Management Working Group formed by Special Act 22-11. This working group was formed to "study and make recommendations related to solid waste management in the state, including, but not limited to, recommending a strategic plan for both short-term and long-term management and disposal of solid waste". The working group is to submit its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to the environment and energy no later than January 1, 2023. The Authority will work to implement such recommendations ultimately passed by the General Assembly and signed into law. Within this context, during fiscal year 2023 the Authority will:

- Evolve to a smaller workforce responsive to current demand for its operational services and facilities;
- Continue to serve 23 municipalities through contract operation of the Torrington and Essex transfer stations;

- Economize services and utilities at closed facilities;
- Secure and preserve waste management infrastructure pending development or other disposition;
- Sell, scrap or recycle unneeded equipment;
- Commence decommissioning of the CSWS Waste to Energy Facility upon DEEP's approval of a closure plan.

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.