

MUNICIPAL REVIEW COMMITTEE, INC.

ANNUAL MEETING

The Annual Meeting of the Members of Municipal Review Committee, Inc. was held on Wednesday, December 16, 2014 at 2:30 p.m. at the Cross Insurance Center located in Bangor, Maine. In addition to a number of members from the charter municipalities of the Municipal Review Committee (“MRC”), in attendance were the following:

Directors:

Catherine Conlow, Bangor
Elery Keene, Winslow
Sophie Wilson, Orono
Joshua Reny, Fairfield
Phil McCarthy, Clinton

Karen Fussell, Brewer
Tony Smith, Mount Desert
Chip Reeves, Bar Harbor
Ken Fletcher, Winslow

Consultants:

Greg Louder, MRC Executive Director
Dan McKay, Esq., Eaton Peabody
George Aronson, CRMC
Denis St. Peter - CES, Inc.

Guests/Members:

Peter Prata, PERC
Gary Stacey, PERC
Kevin Nordby, PERC Holdings, LLC

Jen Baroletti kept the minutes of the meeting and President Chip Reeves presided.

President Reeves welcomed the membership to the Annual Meeting and expressed his appreciation for the turnout. He provided an overview of the history of the MRC and reminded the membership that the mission of the MRC is to provide affordable, long-term and environmentally sound disposal of municipal solid waste (“MSW”). He asked Board members to introduce themselves, and then introduced to the membership the MRC consultants present at

the meeting. He thanked the Board members for their diligent service to the organization, recognizing that it is a significant commitment.

ELECTION RESULTS

Greg Louder summarized the results of the election to fill three vacancies on the Board of Directors of the MRC as follows: Sophie Wilson and Joshua Reny were each re-elected to serve three-year terms on the Board of Directors beginning January 1, 2015. Ken Fletcher was elected to serve a three year term on the Board of Directors beginning January 1, 2015, filling the vacancy left by Phil McCarthy.

Phil McCarthy has served as a Board member for six years and provided valuable guidance to the Board and to the MRC. Greg Louder presented Mr. McCarthy with a plaque, thanking him for his diligent service to the organization. Mr. McCarthy thanked the Board and expressed his confidence in their decision making moving forward.

TREASURER'S REPORT

Sophie Wilson presented the Treasurer's Report, requesting that any comments from the member communities be provided in advance of the January board meeting. Ms. Wilson reviewed select revenue and expense line items, indicating that dues would remain at \$1.25 per ton and noting a planned reduction in the draw on the Budget Stabilization Fund Account. Ms. Wilson briefly reviewed the expenses listed in the budget, indicating that the operating budget for regular operations is lower than last year and under the projected budget for 2014. Ms. Wilson briefly outlined the line items for post-2018 planning efforts, indicating that projected costs are lower now that the MRC has a clear direction of where it is headed with regard to these efforts.

UPDATE ON POST-2018 PLANNING EFFORTS

Greg Louder thanked the audience for attending and noted a few points of exciting news. Last evening the MRC Board went before the Town of Hampden Town Council to announce the proposed location for a new waste processing facility. The Board has been working diligently to finalize a development agreement with Fiberright which should be finalized and ready for consideration by the Board at its January meeting. Mr. Louder noted that the University of Maine (“UMaine”) is conducting a peer review of the Fiberright technology in order to confirm the technical viability of the proposed waste processing system.

During the last couple of months, the MRC has been interfacing with the Maine marketplace to discuss potential disposal of residuals as a result of the new process. Residuals disposal will be an important component of enabling this project to move forward.

OVERVIEW OF HISTORY OF THE MRC AND RELATIONSHIP WITH PRIVATE PARTNERS

Daniel McKay, counsel to the MRC, presented a brief history of the MRC, providing historical context to the path that the MRC has taken with regard to post-2018 planning efforts. In 2007, the MRC began actively planning for the post-2018 period, when the partnership expires under the terms of the partnership agreement, at that time working in tandem with the private partners with the primary focus being on a PERC extension. In 2008, an offsite meeting between the partners took place focusing on emerging alternatives for MSW management technologies. In 2009, the private partners in PERC developed an economic model of facility post-2018 operation. The model incorporated tip fees for the Charter Municipalities that increased to more than \$110 per ton. Additional issues emerged regarding operation of the

PERC Plant beyond 2018, including questions related to costs of operation at reduced waste processing rates, GAT, and out-of-state waste.

In 2010, the MRC met with the private partners in Minnesota to discuss pricing concerns that had emerged from the economic model and to discuss generally the MRC's growing concern with the financial viability of PERC in the post-2018 period. The general partner, USA Energy Group, LLC ("USAE") subsequently sent a letter to MRC stating that, because of these issues, USAE intended to cease operations at the PERC plant after March of 2018. Since that time, the MRC board has continued to seek alternative solutions for the post-2018 period while continuing to seek a dialogue with USAE.

Catherine Conlow joined the meeting at 3:02 p.m.

In 2013, the MRC issued a Request for Expressions of Interest ("RFEI") to solicit vendor proposals to employ alternative technologies beginning in 2018. USAE was invited to join in the RFEI process but did not and instead expressed its disinterest in exploring alternative technologies.

Mr. McKay briefly reviewed the private partners efforts to introduce and pass new legislation, LS 1483. USAE incurred upwards of \$750,000 in legal fees that were billed to the PERC Partnership, which ultimately resulted in the MRC filing a lawsuit against USAE. The spending has continued in 2014. PERC Holdings, LLC ("PERC Holdings") recently has reached out to the MRC to request an opportunity to mend the relationship, and the MRC has indicated it would be receptive to any timely proposal in that regard.

**UPDATE REGARDING DEVELOPMENT AGREEMENT AND RELATIONSHIP
WITH FIBERRIGHT POST-2018**

George Aronson next presented on the future of municipal solid waste ("MSW") processing for the MRC. Under the proposed development agreement with Fiberright, Fiberright

would finance, own and operate the facility and the MRC would own the site, lease the land to Fiberight, provide municipal solid waste and maintain an oversight role as landlord of the site. Mr. Aronson provided an overview of the Fiberight technology, and briefly explained the process of diverting eighty percent (80%) of the incoming MSW. Fiberight has technology to convert municipal solid waste to pulp, biogas, ethanol and other products, which technology is similar in many ways to technology currently used in pulp and paper mills.

Mr. Aronson advised that several board members visited Fiberight's Virginia site in 2014, and the MRC sent a group from UMaine to visit the Virginia site as part of its peer review process. He provided a brief overview of the proposed contract structure with Fiberight contemplated by the proposed development agreement, noting a goal of having a structure that is more easily managed. He reviewed the key provisions of the development agreement, indicating main points that would be further defined in a master agreement to be negotiated over the next year. Mr. Aronson then briefly outlined other technologies that had been proposed in response to the RFEI but which were viewed as less favorable than that proposed by Fiberight.

Mr. Aronson reviewed the overall schedule and expressed the Board's goal that by the next annual meeting terms of the basic agreements would be finalized and the Board would be in a position to begin the process of seeking municipal approval.

HAMPDEN SITE

Denis St. Peter of CES, Inc. next presented on the Hampden site, indicated that its location in the center of the MRC communities would decrease transportation costs. He reported that the MRC has received generally positive feedback from council members in Hampden, and explained that the MRC's intention comports well with the Town of Hampden's comprehensive plan to develop the subject parcel of land for industrial use. By developing a road, infrastructure

and utilities in this area, the project would assist the Town in its objective to achieve planned development of the area for industrial use.

Mr. St. Peter described a wooded buffer of over three thousand (3,000) feet and noted the site's proximity to the I-95 interchange. CES, Inc. has performed a preliminary site suitability study and it appears that the site is suitable for the proposed development.

MRC BOARD'S REQUESTS OF MEMBER COMMUNITIES

Greg Louder concluded the program by providing an overview of the MRC Board's requests to the member communities in the coming months. He promised that the MRC Board will endeavor to keep the communities apprised of developments in the process, and he advised the member communities to look out for communications from the Board in this regard. He asked the member communities to consider and evaluate their individual role over the next few months regarding approval needed for agreements. He asked that the member communities plan ahead for anticipated approval and for education of their citizens and he asked member communities to provide any feedback on information that the Board provides along the way. Mr. Louder indicated that the MRC Board may need to take certain positions at the legislative and executive levels and requested the support of the member communities as the Board looks after their interests.

QUESTION AND ANSWER SESSION

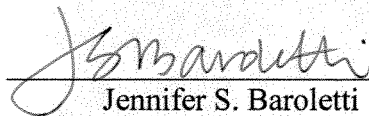
Upon conclusion of the program, Greg Louder opened the floor for questions regarding the presentation and the material presented. Several questions were presented and a discussion ensued regarding the post-2018 efforts, potential fall-back programs, recycling efforts, and whether or not the PERC plant remains an option moving forward. Dean Bennett, the Community and Economic Development Director for the Town of Hampden indicated the full

support from the sitting town council and the council-elect that will be seated in January, and their appreciation of being part of the solution.

Kevin Nordby of PERC Holdings expressed his appreciation to the Board for acknowledging the PERC employees and the important part they play in the success of PERC. He expressed his continued interest in a joint venture with the MRC to bring new technologies to the PERC Plant site. The Board emphasized to the Membership the importance of working on these issues through the MRC Board in order to achieve desired long term benefits for all communities.

There being no further business to come before the Annual Meeting, it was adjourned at 4:18 p.m.

Respectively submitted,


Jennifer S. Baroletti

Dated: February 5, 2015