

**MUNICIPAL REVIEW COMMITTEE, INC.**

**BOARD OF DIRECTORS**

A meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, February 4, 2015 at 1:00 p.m. at the Town of Orono Municipal Building, 59 Main Street, Orono, Maine. In attendance were the following:

**Directors:**

Chip Reeves, Bar Harbor  
Karen Fussell, Brewer  
Joshua Reny, Fairfield  
Tony Smith, Mt. Desert  
Sophie Wilson, Orono  
Elery Keene, Winslow  
James Guerra, Rockport  
Ken Fletcher, Waterville  
Catherine Conlow, Bangor

**Consultants:**

Greg Louder, MRC Executive Director  
George Aronson, CRMC  
William B. Devoe, Eaton Peabody  
Denis St. Peter, CES, Inc.

**Guests:**

Craig Stuart-Paul, Fiberight  
Dr. Hemant Pendse, University of Maine  
Mike Bilodeau, University of Maine  
Amy Luce, University of Maine

Jennifer Baroletti kept the minutes of the meeting and President Reeves presided.

President Reeves convened the meeting at 1:10 p.m.

## ELECTION OF OFFICERS

The first order of business to come before the Board was the election of officers to serve on behalf of the MRC for the ensuing year. Nominations for President, Vice President, Treasurer and Clerk were made, following which, a motion was made and duly seconded to approve the slate of officers nominated. Whereupon, it was unanimously:

**VOTED:** That the following individuals are elected to the offices set forth opposite their respective names, each to serve in that capacity until his/her successor has been duly elected and qualified or until his/her earlier resignation or removal from office:

President:	Chip Reeves
Vice President:	Joshua Reny
Treasurer:	Sophie Wilson
Clerk:	Greg Louder

## COMMITTEE MEMBER APPOINTMENTS

The Board next nominated individuals to serve on the Finance and Insurance, Waste Flow Management, Communications and PERC Oversight Committees for the ensuing year, noting that the vacancies left by previous board member, Phil McCarthy, on the Waste Flow Management Committee and Communications Committee would be filled by new board member Ken Fletcher. Following nominations, a motion was made and duly seconded to accept the nominees as presented. Whereupon, it was unanimously:

**VOTED:** That the 2015 MRC Committee appointments are as follows:

Finance & Insurance Committee:	Karen Fussell Chip Reeves Sophie Wilson (Chair)	Joshua Reny Catherine Conlow
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Waste Flow Management  
Committee:

Ken Fletcher  
Joshua Reny  
Tony Smith

Chip Reeves  
James Guerra

Communications  
Committee:

Elery Keene  
Ken Fletcher  
Tony Smith

Karen Fussell  
James Guerra

PERC Oversight Committee:

Greg Louder

### **APPROVAL OF MINUTES**

The Board then considered approval of the minutes of the October 22, 2014 quarterly meeting of the Board of Directors, the November 12, 2014 special meeting of the Board of Directors of the MRC, and the December 16, 2014 Annual Meeting of Members. One minor correction was noted regarding the date in the annual meeting minutes. Upon motion made and duly seconded it was unanimously:

**VOTED:** That the minutes of the October 22, 2014 quarterly meeting of the Board of Directors of the MRC, the minutes of the November 12, 2014 special meeting of the Board of Directors of the MRC, and the December 16, 2014 annual meeting of members hereby are approved in the forms presented to the Board at this meeting, as corrected.

### **CONSIDERATION OF YEAR END FINANCIAL STATEMENT & BILLS PAYABLE AS OF DECEMBER 31, 2014**

Sophie Wilson presented bills payable totaling \$52,170.53. Ms. Wilson noted that after payment of bills the operating account balance is \$15,627.48, and there are bills out there that have not arrived yet, (i.e. executive director travel reimbursements, CES, Inc., Eaton Peabody, and the strategic advocacy firm). After discussion, and upon motion duly made and seconded, it was unanimously:

**VOTED:** That bills payable of \$52,170,53 as presented to the Board at this meeting hereby are approved for payment.

**CONSIDERATION OF 2015 MRC OPERATING BUDGET**

Sophie Wilson presented the 2015 Operating Budget, noting that this budget was presented to the members at the recent annual meeting. Ms. Wilson further noted the post 2018 planning contingency line item contained in the budget to avoid the need to amend the budget if costs are higher than expected. The budget includes no increase in fees assessed to PERC members and contemplates lower expenditures than did last year's budget. After discussion, and upon motion duly made and seconded, it was unanimously:

**VOTED:** That the 2015 MRC Operating Budget as presented to the Board at this meeting hereby is adopted.

**FIRST QUARTER 2015 TIPPING FEE CALCULATION**

George Aronson presented the tip fee calculation for the first quarter. Mr. Aronson noted that the proposed tipping fee of \$78.25 per ton, which is slightly increased from the fourth quarter of 2014, is based on base fee inflation and charter municipalities and tonnage data. He recommended that PERC's calculation be accepted. After discussion, and upon motion duly made and seconded, it was unanimously:

**VOTED:** That the First Quarter 2014 tipping fee calculated by PERC in the amount of \$78.25 per ton hereby is accepted.

**PERC FACILITY OPERATIONS REPORT**

Peter Prata, Plant Manager of PERC, presented on 2014 operations at the PERC facility, reporting that PERC took in a total of 312,000 tons and that overall tonnage was up. Electrical

production was increased from 2013, and the plant ran at 98-99% for electrical production in the summer, though changes in garbage and weather caused production to drop off a bit before Thanksgiving. He reported the plant was off 1½% from budget.

Mr. Prata reported that 2014 was the first year that PERC did not send any non-processibles to landfills. Truck waiting times were consistent with historical norms, with the vast majority of deliveries taking 0-15 minutes. Mr. Prata reviewed historical data regarding the sources of MSW delivered to PERC, indicating that during the last ten years MRC tonnage has been fairly steady.

Mr. Prata next addressed the process lines, indicating that 10 years ago the rate was 43 tons per hour, but the plant has been dipping into the high 30s since then. PERC was burning up motors, so delays were installed to prevent starting the motors for 15 minutes. Despite this delay affecting tons per hour, it saves money on replacing motors. Last year the rate was approximately 37 tons per hour.

Mr. Prata reported that the A boiler outage went very well, and was completed 20 hours earlier than expected. Air heaters were replaced and sandblasting was performed. The next process outages are scheduled in late February or early March. PERC is currently in an outage for the B boiler and Mr. Prata presented photos of the repairs to the welding tubes and grates, reporting that the outage is scheduled to be completed within a few days.

**CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT – CUSTODY  
ACCOUNT, TIP FEE & OPERATING BUDGET STABILIZATION FUNDS, 1<sup>ST</sup>  
QUARTER CASH DISTRIBUTION**

George Aronson presented the Charter Municipality Asset Management Report. As of January 1<sup>st</sup>, there was \$1,977,458.06 in the Custody Account, \$22,077,042.85 in the Tip Fee

Stabilization Account, and \$1,531,672.47 in the Operating Budget Stabilization Account. The cash distribution for the quarter is \$976,379.58. There is sufficient cash flow to make this distribution, and no transfer from the Tip Fee Stabilization Account will be necessary. Mr. Aronson noted that first quarter distributions typically are lower because revenues are down due to the outages at PERC. After discussion, upon motion duly made and seconded, it was unanimously:

**VOTED:** That the recommended cash distribution for the quarter of \$976,379.58 hereby is approved.

#### **REPORT OF MRC COMMUNICATIONS COMMITTEE**

Karen Fussell presented the Communications Committee report. The Committee met on January 15<sup>th</sup>. It discussed the timeline for the coming year and how to communicate effectively with members. It was suggested to include a newsletter with every meeting mailing (letter or notice) and more often as necessary to provide the member communities with a concise update on the MRC's efforts. It is important that member communities know in advance what approvals will be necessary in 2016. A general discussion ensued regarding the most efficient ways to distribute the information to the member communities. The board also discussed the importance of communicating that board members are available to meet with member towns as requested to answer questions regarding the timeline of the Fiberight project.

The Committee circulated a proposed list of towns allocating responsibility among board members for fostering communication between the board and members. It is hoped that this will take some of the load off Greg Louder and the communications company. A general discussion

ensued regarding the MRC's relationship with the Town of Hampden and it was suggested that a newsletter be prepared and made available at the Town Hall.

The Board next discussed the importance of being prepared to answer questions from member communities considering whether to sign on to the arrangement with Fiberright at the new facility.

**ADMINISTRATIVE REPORT – WASTE DELIVERY TRENDS, JUNIPER RIDGE  
LANDFILL EXPANSION PLANS AND 2015 LEGISLATIVE SESSION**

Greg Lounder reported that waste delivery trends continue to be tracked each quarter, noting that this quarter each of the City of Waterville and Town of Fairfield had a significant decrease. Board member Josh Reny reiterated that both Waterville and Fairfield experienced an anomaly of high tonnage in previous periods and are returning to their historical averages. Mr. Lounder reported a significant drop in tonnage for the Town of Etna and indicated he will determine the reason for the decrease and see what the MRC can do in support of this community.

Mr. Lounder provided an update concerning the Juniper Ridge Landfill expansion plans. The timing of Casella's expansion application filing with the Maine Department of Environmental Protection is June 2015.

Mr. Lounder reported that the MRC continues to monitor all legislative activity that could impact the MRC (positively or negatively) and noted that approximately 2-3 weeks ago a bill was printed that could potentially impact the MRC. The content of the bill should be released soon, and the MRC will continue to monitor legislative activity.

Mr. Louder reported that the MRC received a letter from the Maine Resource Recovery Association (“MRRA”), an organization of municipal members that has marketed recycled materials for Maine communities for many years. Collaboration has been ongoing for the last couple of years in light of the post 2018 change. The MRC is very much interested in continued collaboration with the MRRA.

### **PRESENTATION OF FIBERIGHT TECHNOLOGY PEER REVIEW REPORT**

Mr. Louder introduced the team from the University of Maine (“UMaine”) who conducted the peer review of the Fiberright technology, Dr. Hemant Pendse, Director of the UMaine Forest Bioproducts Research Institute and Chair of the Chemical and Biological Engineering Department, and his associates, Mike Bilodeau and Amy Luce.

Dr. Pendse briefly reviewed the scope of the peer review, namely a site visit to Fiberright’s pilot facility in Virginia and the review of information from the MRC and Fiberright, focusing primarily on the similarity of equipment and process to existing commercial process and feasibility, and to identify any issues which may arise when the pilot project is scaled up to commercial scale.

Amy Luce presented an overall flow diagram of the process developed by Fiberright. She reviewed the process of front-end separation of solid waste to pull recyclable materials. The pulp and fiber paper materials are then moved into a pulper, where they are pulped with hot water to break up the materials. The materials then go through a screening where glass is separated, then through a wash plant to separate organic materials to be converted to sugars.

The organic material then goes through a cooking step to break down material at high temperatures to sterilize the pulps. Those materials are then refined, opening up the surface area



to react with enzymes in the next step. The final step is hydrolysis, where the enzymes break down fibers into individual sugars. After hydrolysis, the solids left are a recovered biomass that can be used as fuel or sold to a third party.

These technologies are established and easy to scale up. Dr. Pendse further explained the process of Enzymatic Hydrolysis, indicating that Fiberight has significant experience in this process.

Mike Bilodeau gave an overview of site infrastructure and permitting needs. Fiberight should identify site waste water treatment and solid waste disposal needs and emerging markets for end products. The possibility of accepting pulp or paper mill sludge to supplement MSW should also be evaluated. Mr. Bilodeau reported that permitting processes could take 6-12 months. Mr. Bilodeau then reviewed the technology readiness and project implementation considerations, reporting that this process is very similar to what is currently being used in the pulp and paper industry and has demonstrated well in the Lawrenceville, Virginia pilot plant. Next steps would be to define the scope of project, review final product markets and potential end users/customers, and to allocate resources required for planning, permitting, equipment purchase and installation.

In summary, Dr. Pendse reiterated that the scope of the peer review was limited to biological and chemical conversion of MSW to biofuels and other products. Though the economics of the Fiberight operation are outside the scope and were not evaluated, Dr. Pendse opined that with the right business model this project could be successful. Biomethane, sugars and residual biosolids (either for onsite use or sale) are emerging markets in Maine and appear to be sound markets for the next twenty years. Based on market trends, Fiberight could determine

to create more sugars and less gas, or vice versa, which makes the technology more sustainable over the long term.

No extraordinary scale-up issues were identified. Any potential odor issues are primarily limited to the front end trash storage and processing. Potential air emissions would be associated with the combustion technology selected for residual biomass and post hydrolysis solids, and Fiberight's experience in Iowa should prepare them for addressing winter operations issues. Biomass residuals could be burned on site to produce steam and power to make the process self sufficient and a sustainable commercial operation.

Dr. Pendse entertained questions from the audience. A Hampden town council member asked about air emissions and potential odors in town of Hampden, indicating that citizens have expressed concerns that the plant will smell like a paper mill. Dr. Pendse explained that the chemicals used in Fiberight's process are different than those which are used in a paper mill, so the smell will be different, but there aren't concerns of the odor from the pulping and steam. Any odors would be on the front end where the trash comes into the plant and is stored and those odors could be managed by building design.

Chairman Reeves thanked Dr. Pendse and his team for their presentation.

**REPORT BY FIBERIGHT ON MILESTONES REACHED TO ADVANCE THE DEVELOPMENT OF A NEW FACILITY FOR THE USE OF THE CHARTER MUNICIPALITIES BEGINNING APRIL 1, 2018**

Craig Stuart-Paul of Fiberight praised the efforts of Dr. Pendse and his team for UMaine's peer review of Fiberight's technology. Mr. Stuart-Paul explained the process for minimizing odor on the front end by using negative pressure, and further explained the

processing technology. Mr. Stuart-Paul indicated that Fiberight will not be taking out-of-state waste, and anticipates processing one hundred fifty thousand (150,000) tons per year.

Mr. Stuart-Paul reported that Fiberight has a detailed capital cost breakdown but so far everything has been in general terms until the development agreement is signed. Once signed, over the next twelve months during which time the more detailed waste agreement will be negotiated and drafted, he will learn more about the MSW of MRC communities. Mr. Stuart-Paul encouraged board members and interested parties to participate in the final design input for the project.

A general discussion ensued regarding the current issue of cost per ton of processing MSW and the value of the product. Currently, without significant subsidies, that cost per ton is greater than the tip fee or the value of the product. Mr. Stuart-Paul indicated his confidence that the tip fees will be in the range of \$60-\$70 per ton. Product value will vary depending on which product is produced (sugars or biomass fuels).

The next milestone is signing the development agreement, after which Fiberight will start hiring engineers and submitting permits. Mr. Stuart-Paul reported that he has met with the DEP commissioner to put forward the design concepts and needs to schedule a pre-permit meeting.

Twenty percent (20%) of weight coming into the plant may need to be sent to landfills, but Mr. Stuart-Paul assured the Board that Fiberight will actively seek out markets to find uses for materials before resorting to landfills. These models will be evaluated and then the master agreement will set forth the performance standards.

**CONSIDERATION OF ENTERING INTO A DEVELOPMENT AGREEMENT  
BETWEEN MRC AND FIBERIGHT**

Chairman Reeves presented a slightly revised version of the draft development agreement. George Aronson addressed the changes that have been made to the document. There were a couple of open questions regarding the emerging markets and the materials that would be used. Mr. Aronson noted that some additional milestones were added to be completed during the balance of 2015, including considerations for preparing a plan for post-hydrolysis solids and an approach to provide electricity.

Mr. Aronson reported that the MRC now has a draft of the project pro forma, which will be refined as the additional issues are addressed. By September, the MRC hopes to have an updated pro forma and to then have an independent review prior to December so the MRC can repeat the process of internal and external review. Mr. Aronson clarified what progress needs to be made in the development process prior to entering into the master agreement, and noted a commitment of one hundred fifty thousand (150,000) tons of MSW. There is some margin built into the agreement, but that the MRC should play an active role in making sure this threshold is reached.

The development agreement commits the MRC to work collaboratively with Fiberight over the next year to execute a master agreement. A general discussion ensued regarding the costs, and Greg Louder reported that the finance committee took care in crafting the 2015 budget to anticipate potential costs to be a participant in a development agreement and built a margin into the budget to cover additional issues that may arise. It was noted that the MRC has historically kept the budget slim and drawn on accounts on a project-by-project basis, but in this

instance estimates were brought forward and the Three Hundred Thousand Dollars (\$300,000) line item in the budget is just for the development agreement and associated engineering work.

A motion was made and duly seconded to approve the February 4, 2015 revised draft development agreement with Fiberight as presented and to authorize Greg Louder to execute the development agreement on behalf of the MRC. A further discussion ensued regarding the timing of the infrastructure, and it was noted that the Three Hundred Thousand Dollars (\$300,000) is for the development process, which includes engineering plans and municipal approval prior to infrastructure. The infrastructure will be addressed in the master agreement. The Board also discussed the exclusivity of the development agreement, noting that the MRC has received a communication from its partners for an attempt to set up a meeting, but has not yet received a proposal. Craig Stuart-Paul of Fiberight clarified that Fiberight is spending money to move forward on this project and the development agreement provides that if the MRC decides to pull out from agreement, the MRC will be required to reimburse Fiberight for all costs expended. There being no further discussed, it was unanimously:

**VOTED:** That the February 4, 2015 revised draft development agreement with Fiberight is hereby approved as presented, and Greg Louder is hereby authorized to execute the development agreement on behalf of the MRC.

The Board took a brief break at 3:50 p.m. and reconvened at 4:00 p.m.

### **EXECUTIVE SESSION**

A motion was made, and duly seconded, at 4:01 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(C) for discussion of the disposition of real property and pursuant to 1 M.R.S.A. §405(6)(E) for discussion with legal counsel concerning legal rights and duties regarding litigation. Whereupon, it was unanimously:

**VOTED**: That the meeting is adjourned to executive session.

At 5:04 p.m., the executive session ended and the regular meeting reconvened. There being no further business to come before the Board, the meeting adjourned at 5:04 p.m.

Respectively submitted,

  
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Jennifer S. Baroletti

Dated: April 29, 2015