

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A special meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, March 11, 2015 at 11:00 a.m. at the Town of Orono Municipal Building, 59 Main Street, Orono, Maine. In attendance were the following:

Directors:

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

Consultants:

Greg Lounder, MRC Executive Director
George Aronson, CRMC (attended by telephone)
Daniel G. McKay, Eaton Peabody
Dustin Brooks, Preti Flaherty

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

President Reeves convened the meeting at 11:09 a.m.

**CONSIDERATION REGARDING UPCOMING MAINE RESOURCE RECOVERY
ASSOCIATION CONFERENCE**

The Communications Committee has discussed and agreed that it would be productive to have a two day presence at the upcoming Maine Resource Recovery Association (“MRRA”) conference and to set up an information booth. It was noted that Dustin Brooks, Greg Lounder

and two other board members should attend. A Program for the conference was printed and released to the charter municipalities which caused some confusion about the MRC's relationship with PERC and the current plant. Vic Horton, Executive Director of the Maine Resource Recovery Association was present at the meeting and addressed the board, apologizing for the miscommunication. Mr. Horton clarified that the PERC partners will also be attending the conference as a sponsor and will also have an informational booth.

Cathy Conlow joined meeting at 11:15 a.m.

CONSIDERATION OF BILLS PAYABLE AS OF DECEMBER 31, 2014

Sophie Wilson reviewed bills payable in the amount of \$156,678.44, reporting that after payment the operating account balance is \$132,106.97. There are sufficient funds to pay the bills and it was noted that the amount represents a month and a half of bills, including bills from George Aronson, CES, Inc., and Eaton Peabody that had not arrived before the last meeting. After discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That bills payable of \$156,678.44 as presented to the Board at this meeting hereby are approved for payment.

CONSIDERATION OF PERSONNEL POLICY AND/OR ADDENDUM TO EMPLOYMENT AGREEMENT

Sophie Wilson addressed the board regarding Greg Lounder's accrued vacation time. It was proposed to amend Mr. Lounder's employment agreement to indicate that the MRC will buy out vacation time at a 1:1 ratio; for every one (1) week of vacation taken by Mr. Lounder, the MRC will buy out one (1) week. A one year trial period was suggested to induce Mr. Lounder to come down under the cap of accrued vacation time in a meaningful way. This process reduces

the liability of outstanding vacation bank on the books. After discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That Greg Louder's employment agreement be amended to reflect the revised vacation buy-out procedure for a trial period of one year.

CONSIDERATION OF ADDITIONAL PRACTICES TO INCREASE POST 2018 PLANNING COMMUNICATIONS WITH MRC MEMBER COMMUNITIES:

Karen Fussell reported that Greg Louder's presentation at the last Hampden council meeting in early March was very well received. There was only one comment from council members and no questions from the public.

The Board next discussed an issue with a recent Maine Townsman article concerning legislation regarding organics. Dustin Brooks provided an update on the article in the Townsman, in which the statement "...makes it easier for the MRC to landfill residuals" was provided with no context. The reporter acknowledged the reporting error and published a correction in the next edition. Since that time, the MRC has released its own comprehensive analysis of the bill, which provides context for the statement. The Townsman will issue a correction and will print the MRC's own statement in its next edition.

Karen Fussell next discussed the importance of reaching out to every member community to prepare for what is coming in early 2016. A list of assignments has been circulated. The Communications Committee divided up the group generally geographically, and tried to equalize it as much as possible based on current workloads, with the idea that every community be contacted in person or by phone during the month of April. Board members should ensure that we have updated contact information for each member community, and that each community knows who the MRC is, what the steps are to prepare for the post-2018 period, and that board

members are available to provide presentations or more information to the community. Board members should also make member communities aware of what will be asked of them in 2016. The board discussed ways in which to encourage member communities to review the MRC's website, join the email list, and to include any other representatives of the town that should be included. The Communications Committee is working to finalize talking points to use in these communications with member towns.

There was a general discussion regarding possible development of a video presentation that could be aired on local access cable outlets and posted on the website, as well as utilizing social media outlets (i.e. Facebook and Twitter). The Board agreed that the use of technology is a valuable tool, but that some towns do not use this resource and there is no substitute for going out and sitting with a group of people.

The Board discussed scheduling of regional meetings, and it was determined that the Communications Committee will work with Dustin to address logistics. Based on the Board's feedback, the Communications Committee will send out an email to the Board which will include a full spreadsheet of contact information for each member community and talking points. It was noted that Board members should make sure that the town manager is made aware, but to also seek out the individual who handles solid waste in town.

Ms. Fussell reported that the Communications Committee is seeking board input regarding the best way of identifying concerns of member communities prior to presenting a contract for signature. The Communications Committee has agreed that member communities should be encouraged to attend board meetings and considered a survey to solicit feedback. After discussion, the Board agreed that feedback should be sought once the MRC has something

tangible for the member communities to review and respond to. In the interim, board members should foster relationships with member communities to make the MRC more accessible.

The Board discussed the issue of guaranteed annual tonnage (“GAT”) and the importance that member communities understand this concept. Board members should also ensure that member communities know what qualifies as MSW so they are prepared if they can no longer bring certain items, e.g., tires. It will be important to identify issues that appear to be a problem for the whole membership so that the MRC can seek out resources to provide to members for alternative disposal. George Aronson briefly explained the composition of acceptable waste, including what can’t be included and what can, but shouldn’t be, included as it makes the process less efficient. The MRC hasn’t gotten involved in this area but may consider getting these materials out of the waste stream on the front end to avoid having to deal with it on the tipping floor. However, the burden of managing new unacceptable waste items at the local level needs to be strongly accounted for in determining the best materials management approach.

The Board agreed to prepare a survey to be sent out after initial communication efforts. The survey will ask for feedback and there will be a public meeting to follow for discussion where the MRC will address the concerns. The Board noted the importance of frequent communications through electronic and paper mailings.

It was suggested that the MRC might have a better turnout for board meetings if the meetings were held in other regions outside the greater Bangor area. After discussion, it was agreed to hold the April, July and October, 2015 meetings in Hampden, Rockland and Lincoln, respectively. A newsletter will go out to member communities providing adequate notice. Jim

Guerra will coordinate the logistics (parking, food, and the location) for the July meeting in Rockland and Cathy Conlow will coordinate the logistics of the October meeting in Lincoln.

At approximately 12:15, the meeting adjourned for lunch.

At 12:35 p.m., the meeting reconvened.

SITE LEASE DEVELOPMENT

George Aronson addressed the Board regarding the site lease with Fiberight. Mr. Aronson obtained a copy of a site lease that was recently done in Bourne, MA, which form was approved by venture capitalists and represents a document that was acceptable recently under comparable market conditions. If Fiberight is going in for permits they will need to show right, title and interest in the property right away, so the lease must be structured under the circumstance that the MRC will not be the landowner for some time. Since the regulatory permit process needs to start moving right away, Fiberight will have an option to lease that is contingent upon exercise of the MRC's option to purchase the Hampden property.

There is a question as to whether or not that is sufficient standing for Fiberight to be an applicant to the Department of Environmental Protection ("DEP"), so the proposed approach would be to have the MRC sign on as a co-applicant. This would address any standing issues and enable the MRC to be a more active participant in the permitting process.

The board discussed generally contractual provisions to be included in the site lease. It was noted that the site lease should reflect promises the MRC has made to the host community in addition to applicable DEP regulations. The site lease should address the MRC's role in dealing with noise or odor complaints, particularly if DEP is not moving expeditiously, to preserve the

relationship with the host community and promises that have been made. Staff will prepare a draft site lease to be presented at the April board meeting.

The Board discussed the site lease payment, agreeing that some revenue should be coming in that is not associated with the results of operations.

The Board agreed that Fiberight's signature on the lease sends the appropriate message to investors of its relationship with the MRC. Though it may seem obvious now, over the next year investors and other parties may join the project and the MRC wants to make sure the technical capacity to run the facility stays with the lease. Dan McKay reviewed with the Board the rights and obligations attendant to any potential assignment of the lease. He indicated there will be reciprocal provisions in the lease providing each party with the option to acquire the other party's rights in the project under certain circumstances.

Mr. Aronson discussed the Master Waste Supply Agreement, which is less imminent and so has not as yet received as much attention as has the site lease. Mr. Aronson provided a brief overview for the Board, indicating that Fiberight investors will want to know about the nature and reliability of the waste stream. The Board briefly discussed the option to reserve funds to cover any potential delivery shortfall issues, should it be necessary, and the need to determine the best way to discourage new alternatives of food waste diversion that would conflict with what Fiberight expects to see coming to the facility.

Mr. Aronson briefly reviewed the capacity gap concerns if the Fiberight facility is not ready by 2018 or if PERC shuts down early, advising the Board that the MRC should begin thinking about how to address these concerns. Mr. Aronson also reviewed the default and termination scenarios in the event of problems with permitting or financing and the potential

concerns of any departing municipalities. These are just a brief overview of issues the MRC will need to think about in the coming months.

Dan McKay noted that the Board needs to consider how to handle requests from member communities who might choose not to move forward with the MRC and sign the joinder agreement. It was suggested that staff and counsel develop a policy statement of how the MRC will handle these requests. A general discussion ensued regarding incentives for member communities who sign on early with the group.

UPDATE REGARDING USAE LITIGATION

Dan McKay provided a brief update regarding the lawsuit against USA Energy, Inc. The case has been ordered removed from federal court back to state court because of jurisdictional issues. He reminded the Board that the case originally had been brought in state court before it was removed to federal court by USA Energy. Though the time delay is frustrating, the case has been transferred back to the court in which it originally was brought. He noted that, unlike federal court, state court requires that the parties participate in a mandatory mediation. He also noted that the discovery that took place in federal court will have utility in the state court proceeding and is not wasted effort.

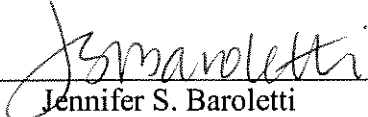
EXECUTIVE SESSION

A motion was made, and duly seconded, at 2:05 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) for discussion with legal counsel concerning the MRC's relationship with its private partners. Whereupon, it was unanimously:

VOTED: That the meeting is adjourned to executive session.

At 2:33 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 2:33 p.m.

Respectively submitted,



Jennifer S. Baroletti

Dated: April 29, 2015