

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, April 29, 2015 at 10:00 a.m. in the Council Chambers of the Town of Hampden Municipal Building, 106 Western Avenue, Hampden, 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, Winslow
Catherine Conlow, Bangor

Consultants:

Greg Louder, MRC Executive Director
George Aronson, CRMC
Daniel G. McKay, Eaton Peabody
Denis St. Peter, CES, Inc.
Dustin D. Brooks, Preti Flaherty

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

President Reeves convened the meeting at 10:01 a.m. The Board discussed a change to the meeting's agenda to insert an additional item (Item 10(a)) in executive session for discussion regarding a personnel issue. Upon motion duly made and seconded, it was unanimously:

VOTED: That the agenda is amended to include the following item 10(a):

“Executive Session per 1 M.R.S.A. §405(6)(e) Discussion with legal counsel concerning a personnel issue.”

**MRC AND FIBERIGHT PRESENTATION OF THE STATUS OF DEVELOPMENT OF
THE FIBERIGHT FACILITY FOR THE MRC COMMUNITIES**

George Aronson reviewed the status of development of the Fiberight facility and reviewed the milestones contained in the development agreement Mr. Aronson then turned the presentation over to Denis St. Peter of CES, Inc. for an update on the site plan. Mr. St. Peter reported that the first milestone has been achieved and the site plan has been updated. He noted that the planned access route has been adjusted to better utilize the upland area in order to mitigate wetlands impact. Options for property boundaries are still flexible , and he is working to finalize the layout of the site itself.

The access road comes in from Coldbrook Road and all waste handling comes into the back end of the building. The facility will appear from the road as a commercial building with administrative offices and parking at the front, providing a better visual fit for the site. Mr. St. Peter answered various questions from the audience concerning the set back requirements and town ordinances. When questioned about recyclables, Mr. St. Peter reported that the loading dock will be located on the back of the building and Fiberight has represented that all handling and storage will take place inside the building.

Mr. St. Peter next reviewed the layout of the different processes, reporting that there will be covered above ground storage tanks outside for anaerobic digestive materials. He anticipates no concerns with wetlands impact from the placement of the tunnels. A general discussion ensued regarding the procedures for secondhand containment and waste water treatment. CES is waiting for further information from Fiberight concerning wastewater handling, but there appear to be no on-site storage or treatment requirements.

Mr. St. Peter then briefly explained the regulatory requirements of a public information meeting for certain types of developments. The public is provided with a list of necessary licenses, a summary of the project, and an opportunity for discussion regarding the impacts and the public participation process. Mr. St. Peter reported a great turnout of approximately eighty individuals at

the recent public meeting at the Hampden Community Center. Due to a public notice issue, a second meeting is scheduled to be held on May 5th at 7:00 p.m. at the Hampden Community Center. Mr. St. Peter provided copies of the meeting handouts to the Board, which include a summary of the licenses and a Department of Environmental Protection (“DEP”) fact sheet listing the components to public participation process. Mr. St. Peter noted that the MRC is going above and beyond what the regulations require with regard to this process.

George Aronson continued his presentation with an update on the status of business development with Fiberight. The Development Agreement was signed in February and the Site Lease is now in draft form and has been sent to Fiberight for review. The Master Waste Supply Agreement between Fiberight and the MRC regarding the supply of solid waste, and the Municipal Joinder Agreements, are in the process of being drafted. Fiberight’s Lawrenceville, Virginia plant is anticipated to be expanded to commercial scale by the end of this summer, and the Marion, Iowa plant should be in commercial operation some time in 2016. The facility in Hampden will be Fiberight’s third facility, so there is an opportunity to take advantage of any design issues identified in the first two plants. Mr. Aronson and Greg Louder have already visited the Lawrenceville facility during the demonstration phase, and plan to go back once it is brought to commercial scale.

Mr. Aronson next reviewed with the Board details of the facility’s waste handling process. He explained that the plant will have the capability to make either sugars or biomethane depending on prevailing market conditions. Another potential end product is compressed natural gas (“CNG”), which could be used to as a fuel source to supply the trucks coming to and from the facility. Mr. Aronson emphasized that it is beneficial to have multiple markets for the output of the plant.

A general discussion ensued regarding Fiberight’s Virginia and Iowa plants. Mr. Aronson explained the process of anaerobic digestion and the output of methane, which Fiberight can put into the pipeline, and the advantages of having a local supply during winter months. Mr. Aronson

reviewed the timeline for development that was established in 2013 and confirmed that the MRC is on track.

CONSIDERATION OF MINUTES OF MAY 7, 2014, FEBRUARY 4, 2015 AND MARCH 11, 2015 BOARD OF DIRECTORS MEETINGS

The Board then considered approval of the minutes of the May 7, 2014 quarterly meeting of the Board of Directors, the February 4, 2015 quarterly meeting of the Board of Directors, and the March 11, 2015 special meeting of the Board of Directors. It was suggested that the attendance listing on the first page of all meeting minutes be revised to distinguish between board members, consultants and guests. Two corrections to the March 11, 2015 meeting minutes were noted: (1) to correct the upcoming meeting locations on page 6 to reflect that the July meeting will be held in Rockland and the October meeting will be held in Lincoln; and (2) to have the minutes reflect that social media outlets (i.e. Facebook and Twitter) were suggested as tools to utilize technology to communicate with the MRC member communities.

Ken Fletcher noted that in both the February 4, 2015 and March 11, 2015 meeting minutes, his town is incorrectly listed as Waterville, and should be listed as Winslow. It was also noted that Chairman Reeves attended the March 22, 2015 meeting and his name is missing from the attendance list in the meeting minutes. Upon motion made and duly seconded it was unanimously:

VOTED: That the minutes of the May 7, 2014 quarterly meeting of the Board of Directors, the February 4, 2015 quarterly meeting of the Board of Directors, and the March 11, 2015 special meeting of the Board of Directors of the MRC hereby are approved in the forms presented to the Board at this meeting, as modified by the corrections discussed.

Board member, Jim Guerra noted that the next quarterly board meeting in July will be held in chambers at the Rockland City Hall.

**CONSIDERATION OF FINANCIAL STATEMENTS AND BILLS PAYABLE
AS OF MARCH 31, 2015**

Sophie Wilson reported that the Finance Committee had met with the MRC's investment advisors who have indicated that investment returns are holding steady at 3.31% on the Tip Fee Stabilization Fund and a 3.04% return on the Operating Fund as measured since inception. Ms. Wilson noted that George Aronson will make a transfer recommendation later in the meeting that the Finance Committee supports. Ms. Wilson presented bills payable totaling \$76,145.12 to the Board for consideration noting that, prior to payment of the bills, there is a balance of approximately \$128,000 in the checking account. The Operating Budget Stabilization Fund balance is approximately \$1,500,000. Upon motion made and duly seconded it was unanimously:

VOTED: That the bills payable of \$76,145.12 presented to the Board at this meeting for the period ending April 30, 2015 hereby are approved.

SECOND QUARTER 2015 TIPPING FEE CALCULATION

George Aronson presented the PERC tipping fee calculation for the second quarter of 2015 of \$79.50 per ton, noting that it falls slightly below the budgeted number. He noted that it was a tough winter and tonnage from charter towns was down. In February there were elevated generation rates for glass and grit, which passes through into the tip fee calculation. Environmental performance was strong although there was one exceedance. Based upon his review of the PERC materials, he recommended that the Board vote to accept the tipping fee calculation. Upon motion made and duly seconded it was unanimously:

VOTED: To accept the tipping fee for the second quarter of 2015 at \$79.50 per ton as calculated by PERC.

PERC FACILITY OPERATIONS REPORT

Peter Prata presented the PERC facility Operations Report, indicating that the plant struggled with glass and grit during the month of February. Glass and grit froze before it was transferred from one conveyor to the next and moisture was very high. Mr. Prata reported that he could not recall a year where the moisture level was that high and so many trucks experienced frozen loads. During the month of April, the facility is running approximately 16.6% glass and grit yield, which is slightly worse than expected. The facility is measuring 4% ahead of budget on electrical production for the year. Mr. Prata provided photos and a brief update regarding the recent outage of the B boiler. Loops and grates were replaced in both units. Truck waiting times have not yet been evaluated and determined, but he is not aware of any issues.

**CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT – CUSTODY ACCOUNT,
TIP FEE & OPERATING BUDGET STABILIZATION FUNDS, CONSIDERATION OF
WITHDRAWAL FROM THE TIP FEE STABILIZATION FUND FOR 2ND QUARTER
CASH DISTRIBUTION**

George Aronson presented an overview of the Charter Municipality Asset Management Report compiled by Commonwealth Resource Management. He noted that there are current balances of \$1.608 million in the Custody Account, \$22.220 million in the Tip Fee Stabilization Fund and \$1.237 million in the Operating Budget Stabilization Fund. He recommended a quarterly cash distribution of \$818,275.89.

Mr. Aronson reported that cash flows have been good this quarter, and there is no need to draw funds from the Tip Fee Stabilization Account in order to make the cash distribution. Mr. Aronson also reported that the cash in the Custody Account is not expected to be needed for the third quarter distribution and recommended that the Board consider transferring up to \$1.2 million from the Custody Account to the Tip Fee Stabilization Account.

Following Mr. Aronson's presentation, and upon motion made and duly seconded it was unanimously:

VOTED: That the Charter Municipality Asset Management Report hereby is approved in the form presented to the Board at this meeting and that a cash distribution in the aggregate amount of \$818,275.89 be made to the members.

VOTED: That the amount of \$1.2 million be transferred from the Custody Account to the Tip Fee Stabilization Fund.

**REPORT ON STATUS OF MRC/FIBERIGHT SITE LEASE AGREEMENT,
MASTER/JOINDER WASTE SUPPLY AGREEMENTS WITH FIBERIGHT AND POST
2018 DISPOSITION OF EQUITY CHARTER MUNICIPALITY AND MRC ASSETS**

Chairman Reeves handed the presentation over to George Aronson to present on the status of site lease which is currently being reviewed by Fiberight. Initial reaction has been favorable. The parties hope to have the site lease in final form within the next couple of months.

Mr. Aronson presented the major points contained in the memorandum summarizing terms in the Master Waste Supply Agreement and Municipal Joinder Agreements. Fiberight needs tip fees in order to pay investors and the MRC is experienced with guaranteed annual tonnage (GAT) and enforcement issues regarding GAT. The goal is to protect municipalities by providing the right incentives for waste reduction and recycling and balancing those incentives with what the MRC will need to guarantee in order for Fiberight to attract investors to the project.

Mr. Aronson next reviewed a list of MRC assets and how those assets would be handled post 2018. The Board agreed that some form of parting municipality settlement agreement should be prepared to provide for an amicable separation and to avoid potential disputes.

Mr. Aronson reviewed the MSW delivery guarantee. The MRC will arrange for Maine municipalities and other entities to make commitments to deliver, in aggregate, a minimum of 150,000 tons per year of MSW to Fiberight. Mr. Aronson explained the exclusivity provision. The guaranteed tonnage would be handled at the MRC level, but each municipality would agree to

exclusive delivery to Fiberight. The Board discussed reaching out to commercial waste and other haulers and providing economic incentives to bring waste to the Fiberight facility, to be credited toward the MRC's guarantee.

A general discussion ensued regarding the 150,000 ton guarantee. Mr. Aronson explained that the MRC had proposed 120,000 tons but the investors requested more. 150,000 tons is a target and Mr. Aronson explained the process for guaranteeing and the contingencies for underperformance. A general discussion ensued regarding tonnage commitments and concerns for recycling efforts. Mr. Aronson clarified that the figure represents tonnage in the door, not net after recycling. Though there are some charters that may choose to leave, Mr. Louder indicated that there are additional municipalities that are not yet charters and would potentially join the MRC and provide additional tonnage towards that guarantee. Mr. Aronson clarified that the towns will commit to deliver all MSW to Fiberight, but the agreement will include covenants that recycling efforts will stay at the local level. The MRC would not regulate or mandate recycling. Towns will not be required to provide a guarantee but will need to provide an estimate of MSW upon which the MRC guarantee will be based.

Mr. Aronson next explained the proposed contract structure with Fiberight. Fiberight and the MRC will be parties to the Master Waste Supply Agreement, and the MRC will have Joinder Agreements with each charter municipality. This arrangement will ensure a level of protection between investors and charter municipalities, and the aggregate tonnage obligation will be that of the MRC. The initial term of Fiberight's contract with the MRC will be fifteen (15) years with options for extension.

Mr. Aronson reiterated the need to ensure that any MSW delivered by commercial haulers to Fiberight on behalf of a charter municipality be credited to that municipality and applied to the MRC guarantee. The Joinder Agreements between the MRC and charter municipalities need to be clear that no matter how waste is collected, it must be delivered to Fiberight.

A general discussion ensued regarding delivery obligations.

Mr. Aronson briefly discussed the definition of acceptable waste, indicating that for those materials that PERC was able to process but Fiberight cannot, i.e. tires and mattresses, Fiberight may make arrangements to manage those materials, and with the MRC's assistance, arrange for alternatives for handling.

Tip fees will initially be set at \$70 per ton, and the anticipated target value is \$57. In response to a discussion concerning the likely disparity in transportation costs among members delivering to Fiberight, Board member Karen Fussell proposed that the board form a subcommittee under the Waste Flow Committee to consider a system for transportation cost credits to equalize or reduce such disparities.

Mr. Aronson next reviewed a matrix of the five (5) MRC assets; Custody Account and Tip Fee Stabilization Fund, Operating Fund, Operating Budget Stabilization Fund, Debt Service Reserve Fund, and Limited partnership shares in PERC, outlining the value, ownership, sources and proposed uses of each asset and their disposition in 2018. A general discussion ensued regarding the value of proposed uses and Chairman Reeves suggested that these issues go to the Finance Committee for a recommendation. The Board discussed again incentives for municipalities to sign on at the beginning of the development process and not at the end, and perhaps assessing a penalty for departing and re-joining after the project has been completed and participating municipalities have spent time and money to get it up and running. Significant funds have already spent on post 2018 efforts, which have been to the benefit of all municipalities and it is important to make the terms as clear as possible so that charters can make an informed decision of whether to stay or go.

The Board discussed disposition of reserve funds, noting that it is important that reserve accounts remain adequately funded.

At 12:34 p.m., the meeting adjourned for lunch.

At 1:09 p.m., the meeting reconvened.

ADMINISTRATIVE REPORT – NEW CHARTERS/CONTRACTS, 2015 GAT TRADE PERIOD, WASTE DELIVERY TRENDS, MRRA CONFERENCE, 2014 MRC FINANCIAL AUDIT, LEGISLATIVE MATTERS

Greg Lounder presented his Administrative Report to the Board. He reported that the recent Maine Resource Recovery Association (“MRRA”) conference was very well attended. Victor Horton of MRRA addressed the Board and provided very positive feedback. Mr. Lounder expressed that the MRC’s participation at the conference was beneficial. George Aronson and Craig Stuart-Paul’s presentation was very well received, and he has received supportive feedback from the communities.

Mr. Lounder expressed the importance of working with MRRA to help educate the MRC membership and noted MRRA's potential as a resource to help with recycling efforts. A general discussion ensued regarding the costs of single-stream and dual sort stream recycling and outfitting the Fiberright facility to have the capabilities down the road of instituting a dual stream process. EcoMaine has divided trucks to collect both MSW and single sort, which could be an option to cut down on transportation costs.

Mr. Lounder reported that the 2014 financial audit date has not yet been established, but usually is conducted during the second or third week of May, and he hopes to have a draft audit available to present to the Board at the July meeting.

Mr. Lounder next discussed the 2015 GAT trading period, indicating that all possibilities to trade have been exhausted. The requests were all demands for decrease and no requests to increase GAT. The Board acknowledged the requirement under the Waste Supply Agreement to send out the paperwork for GAT trade period each year despite the fact that no actual trading is likely to occur. The Board agreed that it may be helpful to include a memorandum explaining the GAT trading

process, the trends, and note that unless a community comes forward requesting an increase, the MRC will have no capacity to grant a decrease.

Mr. Louder provided the Board with an update concerning legislative matters. There are a few bills out there with some implications for the MRC, and staff will continue to track their progress. The Board acknowledged that the MRC relies heavily on consultants in connection with the legislative process and discussed the MRC's role in contacting delegates and communicating with our legislative representatives. It was recommended that Dustin Brooks prepare a memorandum for Board members to send out to municipalities. Mr. Louder praised Board member Ken Fletcher's efforts representing the MRC's interests to the legislators. Mr. Fletcher stressed the benefit of providing as much information as possible and a discussion ensued regarding forming a legislative committee to encourage participation of members in the process. After discussion, the Board agreed that the Communications Committee will discuss this further and identify important issues to include in the packet to send out to member communities to be submitted to their legislative representatives. It was also suggested that the MRC host a small event for legislative representatives.

EXECUTIVE SESSION

A motion was made, and duly seconded, at 1:53 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 legal rights and duties over potential negotiations involving a post 2018 sold waste disposal option, discussion of pending litigation with PERC's general partner, USAE, and a personnel issue. Whereupon, it was unanimously:

VOTED: That the meeting is adjourned to executive session.

At 2:19 p.m., executive session ended and the regular meeting reconvened.

PERSONNEL MATTER

Based on discussions held in executive session, upon motion made, and duly seconded it was unanimously:

VOTED: To provide Executive Director Greg Louder with a three percent (3%) wage increase retroactive to January 2, 2015 in recognition of outstanding service to the MRC.

There being no further business to come before the Board, the meeting adjourned at 2:20 p.m.

Respectively submitted,



Jennifer S. Baroletti

Dated: July 29, 2015