



2015 Annual Meeting
Cross Insurance Center, Bangor
December 16, 2015

Welcome

Chip Reeves, MRC Board President

- **MRC's Mission**

- Affordable
- Environmentally sound
- Focused on the long-term

- **Election Results**

- Three Year Term: Cathy Conlow, City of Bangor; Barbara Veilleux, Penobscot County; Karen Fussell, City of Brewer
- Two Year Term: Mike Roy, City of Waterville

Treasurer's Report

Sophie Wilson, MRC Board Treasurer

REVENUE

	FY 2015 Budget	FY 2015 Year- End Estimate	FY 2016 Budget
REVENUES			
Municipal Dues Basis			
2015 Tons 177,000 @ \$1.25	\$223,750.00	\$ 224,000.00	\$ 221,500.00
Emera Parity Deal Monitoring Agreement	\$ 58,000.00	\$ 58,400.00	\$ 58,400.00
Budget Stabilization Fund Transfer*	\$676,400.00	\$ 676,400.00	\$ 294,270.00
PERC Oversight Committee Reimbursement	<u>\$ 10,000.00</u>	<u>\$ 10,400.00</u>	<u>\$ 10,600.00</u>
TOTAL REVENUES	\$968,150.00	\$ 969,200.00	\$ 584,770.00

EXPENSES

	FY 2015 Budget	FY 2015 Year-End Estimate	FY 2016 Budget
Legislative Advocacy (PretiFlaherty)	\$ 65,000	\$ 65,500	\$ 48,000
Administrative Services	\$ 180,000	\$ 158,000	\$ 172,560
Technical Consultant (CommonWealth)	\$ 125,400	\$ 93,305	\$ 60,840
Legal Services (Eaton Peabody-General)	\$ 15,000	\$ 15,000	\$ 15,000
Legal Services (Eaton Peabody-Specialized)	\$ 30,000	\$ 9,000	\$ 30,000
Audits (Loiselle, Goodwin & Hinds)	\$ 12,000	\$ 12,000	\$ 13,000
Insurance (general liability, D&O)	\$ 10,000	\$ 11,000	\$ 12,000
USAE Litigation	\$ 60,000	\$ 88,000	moved to Capital Bdgt
Contingency Fund	\$ 10,750	\$ 0	\$ 10,000
Subtotal Operations	\$ 508,150	\$ 451,805	\$ 361,400
<u>Post 2018 Planning Activity</u>			
Post 2018 Development & Engineering Svcs	\$ 300,000	\$ 330,000	\$ 113,370
Post 2018 Communications	\$ 60,000	\$ 60,100	\$ 90,000
Post 2018 Planning Contingency	\$ 100,000	\$ 61,000	\$ 20,000
Subtotal Post 2018 Planning	\$ 460,000	\$ 451,100	\$ 223,370
TOTAL EXPENSES	\$ 968,150	\$ 902,905	\$ 584,770

MRC Post 2018 Implementation – Capital Asset Management Budget

	FY 2016 Proposed Budget
Revenues	
Tip Fee Stabilization Fund (\$5.0M Site Capital Costs)	\$5,000,000
Tip Fee Stabilization Fund (\$1.167M PERC Closure Reserve Fund)	\$ 232,370
Expenses	
<u>New Infrastructure Development - Hampden Site</u>	-
Road/Utilities Construction	\$3,900,000
Land Acquisition	\$ 470,000
Engineering CQA	\$ 195,000
Wetlands Mitigation	\$ 250,000
Legal & Contingency	<u>\$ 185,000</u>
Subtotal Post 2018 Implementation - Site Capital Cost	\$5,000,000
<u>Existing PERC Infrastructure Retirement</u>	
USAE Litigation	\$ 120,000
Partnership Wind Up	<u>\$ 112,370</u>
Subtotal Post 2018 Infrastructure Retirement	\$ 232,370
Total Capital Asset Management Budget	\$5,232,370

Post-2018 Disposal Solution

Greg Louder, MRC Executive Director

Once in a generation opportunity to reset the waste disposal button in our region

– Post-2018 Recycling

- Local flexibility
- Keep or expand recycling programs
- Enhanced diversion of recyclables
- Continue or add PAYT programs

– Capitalize on MSW's organic content

– Disposal Contingencies

Post-2018 Disposal Solution

Greg Louder, MRC Executive Director

- Our strength comes from 187 municipalities
 - 150,000 tons to move transaction forward
 - 180,000 tons works comfortably
 - 210,000 tons brings great security
- Unified membership will continue the MRC mission
- Divided membership may lead to failure of MRC mission

Fiberight Facility: Hampden Next Generation Recycling Facility



Fiberight Facility: Hampden Next Generation Recycling Facility



Fiberight Development Partner

Craig Stuart-Paul, Fiberight



- One of the largest owner/operators of infrastructure for the conversion of waste-to-energy
- \$1.8 billion company per year in annual revenues
- Waste Disposal:
 - Operates 45 Energy from Waste facilities
 - Processes 20 million tons of waste annually
- Metals Recycling
 - Recycles 500k tons of metal annually

Covanta's role in Hampden Project

(Subject to final Definitive Agreements between all Parties)

- Equity Investor
- Operates and Maintains the project with key technical support from Fiberight
- Responsible for marketing recovered metals through well-established contractual relationships
- Provides engineering and technical support throughout project construction and commissioning

Why is this Project Attractive to Covanta?

- Opportunity for greater recovery of recyclables from MSW
- Opportunity to diversify off-take via anaerobic digestion and production of renewable natural gas
- Long-term contract with creditworthy counterparties and visibility to contracted cash flows.

Economic Analysis of Fiberight

George Aronson, CRMC

Economic advantages of Fiberight

- **Converts soluble and insoluble organics to marketable high-value products**
(advantages vs. conventional AD and composting)
- **Recovers recyclables from pulped MSW**
(advantages vs. conventional mixed-waste processing with pickers)
- **No need for duplicative separate collection systems**
(advantages vs. single-stream recycling and conventional AD)
- **Scale is appropriate to the MRC service territory**
(no need for out-of-state waste)

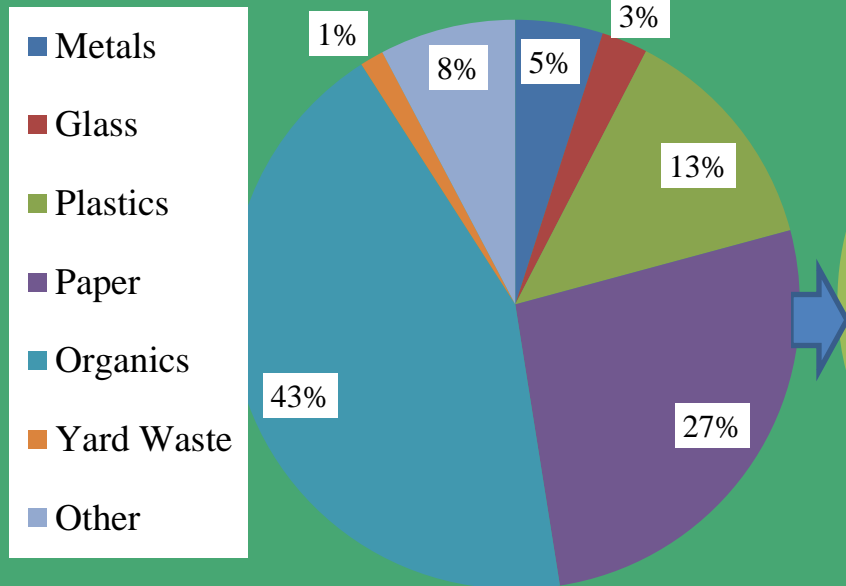
Economic Analysis of Fiberight

George Aronson, CRMC

MSW composition and products

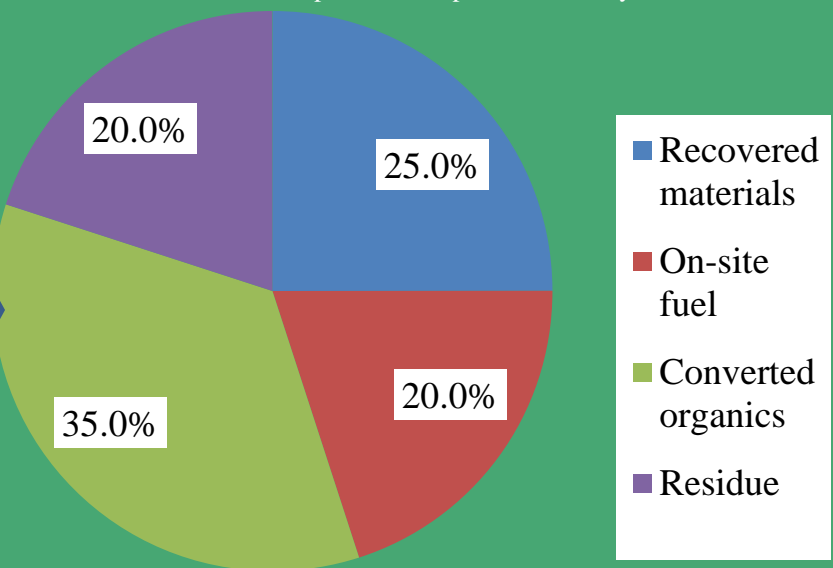
Maine MSW Composition

Source: 2011 Residential Characterization Study,
Professor G. Criner and T. Blackmer, University of Maine



Products of the Fiberight Process

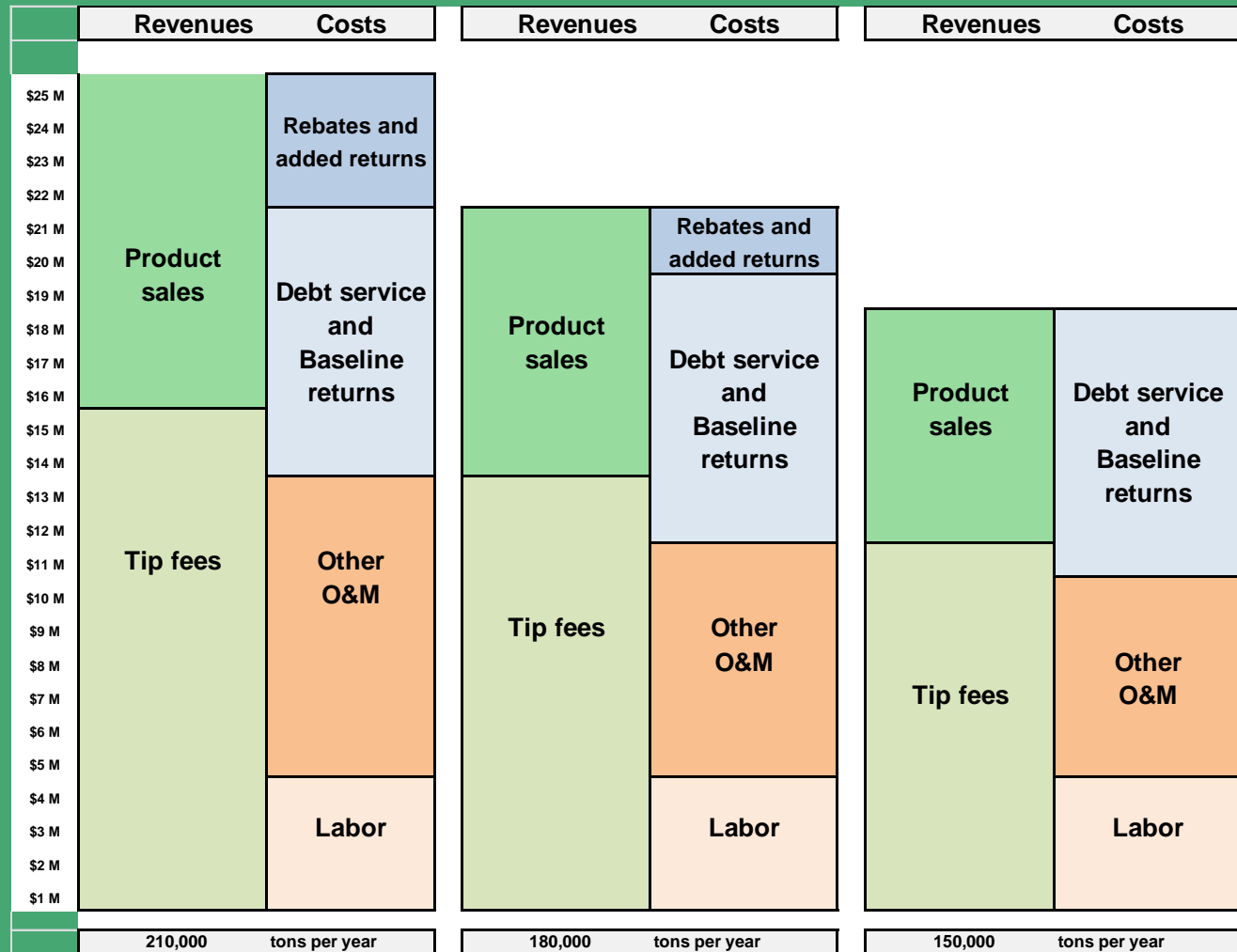
Actual shares of products will vary
with MSW composition and process recovery rates



Economic Analysis of Fiberight

George Aronson, CRMC

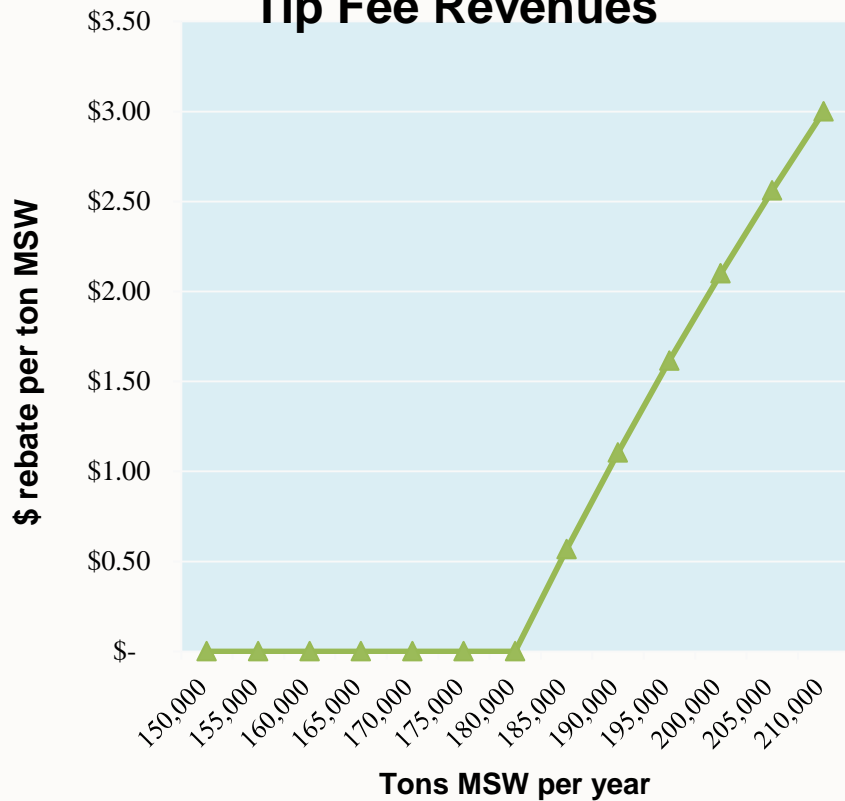
- Tip fees cover labor and O&M costs
- Product sales provide returns
- More tons bring more revenues, lower per-ton costs and more rebates



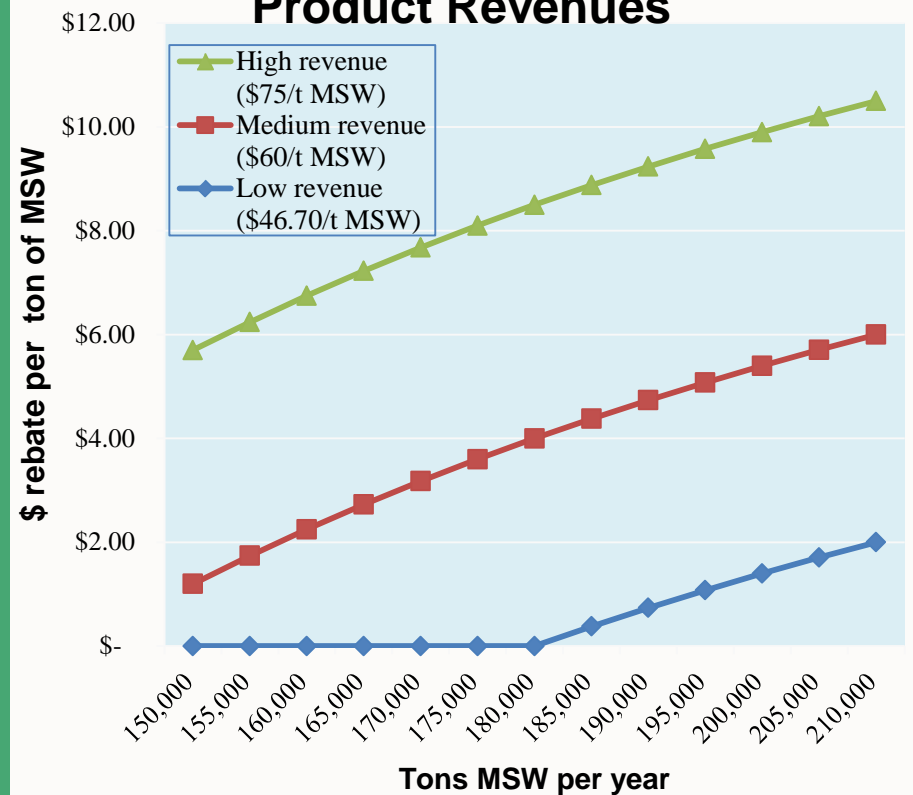
Economic Analysis of Fiberight

George Aronson, CRMC

Rebates from Sharing of Tip Fee Revenues



Rebates from Sharing of Product Revenues



Economic Analysis of Fiberight

George Aronson, CRMC

Findings of feasibility

- The Facility, if constructed, operated and maintained in accordance with proposed technical performance levels and projected revenues and costs, would generate positive cash flows and a positive return of and on investment under a wide range of scenarios.
- No fatal flaws are evident.
- The returns are at levels that might reasonably be evaluated and verified for the facility to be technically and economically feasible by an independent reviewer in support of a potential financing.
- To prepare for contingencies, the MRC has secured capacity for bridge and bypass waste at the Crossroads Landfill on behalf of Charter Members.

Hampden Facility Permitting

Denis St. Peter, CES, Inc. President

- DEP and ACOE Permits
 - Spring 2015: Hampden Public Informational Meetings
 - June 2015: DEP Applications Submitted
 - November 19, 2015: Successful DEP Public Meeting
 - December 11, 2015: Respond to DEP request for additional information
 - Anticipated DEP approval 30-60 days
- Hampden Permits
 - Meetings with Hampden officials
 - Anticipated decision 90 days after submission

Legal Agreements

Dan McKay, Eaton Peabody Attorney

Three Agreements

1. Master Waste Supply Agreement
2. Site Lease
 - Both between MRC and Fiberight
3. Joinder Agreements
 - Between MRC and each community that opts in
 - Local Legislative approval between January – May 2016

Legal Agreements

Dan McKay, Eaton Peabody

- Contract Term: 15 years with three five year extensions
- Tip fee: \$70 per ton with annual CPI escalator
- Construction:
 - MRC will
 - own the land
 - build the access road
 - provide access to utility service
 - Fiberight will
 - Finance the project
 - Own the facility
 - Construct and operate the facility

Legal Agreements

Dan McKay, Eaton Peabody

- Waste Delivery Obligation: MRC obligated to work with Joining Members to provide a minimum aggregate annual quantity of MSW to Fiberight
- No Individual GAT for Towns
 - Individual communities will provide tonnage estimate but will not be liable for any shortfall if comply with the Agreement
- Rebates
- Distribution of assets

Reserves

Dan McKay, Eaton Peabody

- Held for Equity Charter Members
- Custody Account & Tip Fee Stabilization Fund (\$25 million)
 - Project Site Development Costs (\$5 million to fund access road and infrastructure)
 - Bridge Waste Transportation Fund (<\$1 million if needed to stabilize transportation costs to bridge facility)
 - Building Reserve (\$7 million, declining annually to fund purchase of building, if necessary)
 - Delivery Sufficiency Reserve (\$3 million to fund payments due Fiberight for delivery shortfalls, if necessary)
 - PERC Closure Fund (\$1.16 million to fund costs associated with closure of the PERC Facility and dissolution of the PERC Partnership)
 - Target Reserve Fund (balance to support tip fee stabilization)

Bylaw Revisions

Dan McKay, Eaton Peabody

- Corporate Purposes
 - Develop waste disposal alternatives
 - Enforce contract rights
 - Administer Master Waste Supply Agreement
 - Administer tip fees and rebates
- Member Voting Rights Added for “Fundamental Decisions”
 - Acquisition or disposition of major assets
 - Major financing
 - Termination or extension of Site Lease or Master Waste Supply Agreement
 - Amendment of Master Waste Supply Agreement to affect tip fees or rebates
 - Dissolution

Legal Agreements Feedback

Dan McKay, Eaton Peabody

- First draft of legal agreements distributed for comment in October
- Regional informational meetings held
- Revised draft now available on MRC's website
 - Incorporates many community comments
 - Incorporates comments from potential equity investor
- Independent legal review pending
- Final Fiberight approval of documents pending

Next Steps

Dan McKay, Eaton Peabody

- Receive final comments from independent legal review and from Fiberight
- Finalize legal agreements
- Seek local legislative approval between January – May 2016
- Town Meeting Season Kit
- Financial consequences of late sign-up
 - Potential loss of benefits
 - \$2.21 extra tip fee
 - Not eligible for rebates

Local Commitments

Chip Reeves, MRC Board President

If we stick together by voting in the next six months to move this project forward we will continue with affordable, long-term and environmentally sound MSW management.

THE MRC SEEKS YOUR COMMITMENT!

FOR MORE INFORMATION:

www.mrcmaine.org

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