

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A quarterly meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, January 27, 2016 at 10:00 a.m. at the Town of Orono Municipal Building, 59 Main Street, Orono, Maine. In attendance were the following:

Directors:

Sophie Wilson, Orono
Elery Keene, Winslow
James Guerra, Mid-coast Solid Waste Corp.
Ken Fletcher, Winslow
Catherine Conlow, Bangor
Chip Reeves, Bar Harbor
Barbara Veilleux, Penobscot County
Karen Fussell, Brewer
Mike Roy, Waterville

Staff:

Greg Louder, MRC Executive Director

Consultants:

George Aronson, CRMC
Daniel G. McKay, Eaton Peabody
Jessamine Pottle, CES, Inc.

Guests:

Craig Stuart-Paul, Fiberright

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

President Reeves convened the meeting at 10:08 a.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:	James Guerra
Treasurer:	Sophie Wilson
Clerk:	Greg Louder

Chairman Reeves recognized new member Mike Roy from the City of Waterville, thanking him for his participation and welcoming him to the Board.

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. Following nominations, a motion was made and duly seconded to accept the nominees as presented. Whereupon, it was unanimously:

VOTED: That the 2016 MRC Committee appointments are as follows:

Finance & Insurance Committee:	Karen Fussell Chip Reeves Sophie Wilson (Chair)	Mike Roy Catherine Conlow Barbara Veilleux
Waste Flow Management Committee:	Ken Fletcher Mike Roy Barbara Veilleux	Chip Reeves James Guerra
Communications Committee:	Elery Keene Ken Fletcher Barbara Veilleux	Karen Fussell James Guerra
PERC Oversight Committee:	Greg Louder	

APPROVAL OF MINUTES

The Board then considered approval of the minutes of the August 4, 2015 special meeting of the Board of Directors, the October 28, 2015 quarterly meeting of the Board of Directors, the November 19, 2015 special meeting of the Board of Directors, the December 4, 2015 special meeting of the Board of Directors and the December 16, 2015 Annual Meeting of Members. Several corrections to the minutes were noted. For the October 28, 2015 meeting minutes, on page 7 under the discussion of the draft agreements, in the second paragraph it was noted to correct the second and third sentences to state *“Mr. Aronson clarified that under the new arrangement with Fiberight each community is asked to provide an annual estimate of tonnage, but no member community will be in default if it fails to meet the target unless it intentionally diverts MSW. The goal of this arrangement is to pool the tonnage of enough towns in the portfolio to cover any unintentional shortage of a particular member community”*

Minor changes to the annual meeting minutes were noted, including correction that Covanta’s term is fifteen years, rather than ten, and to clarify on page 7 that all members would be on a parity *with respect to tipping fees* at the end of the initial 15 year term. Upon motion made and duly seconded, with new Board Member Mike Roy abstaining, it was unanimously:

VOTED: That the minutes of each of the August 4, 2015 special meeting of the Board of Directors, the October 28, 2015 quarterly meeting of the Board of Directors, the November 19, 2015 special meeting of the Board of Directors, and the December 16, 2015 Annual Meeting of Members hereby are approved in the forms presented to the Board at this meeting, as corrected.

CONSIDERATION OF YEAR END FINANCIAL STATEMENTS & BILLS PAYABLE AS OF DECEMBER 31, 2015

Sophie Wilson presented year-end financial statements and bills payable totaling \$80,722.26. After discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That bills payable of \$80,722.26 as presented to the Board at this meeting hereby are approved for payment.

CONSIDERATION OF 2016 MRC OPERATING BUDGET

Sophie Wilson presented the 2016 Operating Budget, noting that this budget was presented to the members at the recent annual meeting. Ms. Wilson reported that the Finance Committee has reviewed the operating budget and recommends some changes., including adding \$40,000 to the contingency fund and adding \$20,000 to the post 2018 Planning Activity, specifically allocated to the Fiberight Project Development and Engineering Services. After discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That the 2016 MRC Operating Budget as presented to the Board at this meeting hereby is adopted, as corrected.

Ms. Wilson reported that the Operating Budget Stabilization Fund is currently at approximately \$862,000 dollars, and the Finance Committee recommends using \$340,000 of that throughout 2016. Ms. Wilson reported that cash currently in the Operating Account is not sufficient to pay the aforementioned bills. The Finance Committee has met with financial advisors, and the Operating Budget Stabilization Fund currently has \$130,000 in cash. The Finance Committee has recommended that \$100,000 be transferred from the Operating Budget Stabilization Fund to the Operating Account so that the MRC can pay its bills for the next few months. Upon motion duly made and seconded, it was unanimously:

VOTED: That \$100,000 be transferred from the Operating Budget Stabilization Fund to the Operating Account.

After discussion, it was agreed that Sophie Wilson as Treasurer and Greg Louder as Executive Director will initiate a wire transfer and provide the necessary instructions to advisors to facilitate the transfer. Upon motion duly made and seconded, it was unanimously:

VOTED: That Sophie Wilson as Treasurer and Greg Louder as Executive Director shall initiate wire transfer and provide the necessary instructions to advisors to facilitate the transfer of \$100,000 from the Operating Budget Stabilization Fund to the Operating Account.

Lastly, Ms. Wilson reported that the Finance Committee has discussed and approved the amount of administrative services in the draft budget, which amount includes the Executive Director salary. In view of the fact that the Board just completed last year's evaluation of the Executive Director in October, the Finance Committee recommended that, rather than performing another full evaluation, the President and Treasurer, who ultimately oversee the Finance Committee's work, create an abbreviated review with narrative, outlining Mr. Louder's strengths, weaknesses and goals and circulate that review to the entire Board and with the goal of completing the evaluation by the end of February, at which time a wage adjustment will be discussed. Upon motion duly made and seconded, it was unanimously:

VOTED: That the President and Treasurer shall create an abbreviated review of the Executive Director's performance for presentation to the Board.

FIRST QUARTER 2016 TIPPING FEE CALCULATION

George Aronson presented the tip fee calculation for the first quarter. The proposed tipping fee is \$76.50 per ton which is slightly below budget due to a fourth quarter positive reconciliation of glass and grit and ash disposal. Mr. Aronson reported that tonnage was up over the 4th quarter of 2015, and the MRC finished the year below GAT but including the 23,000 tons delivered by commercial entities of MSW which originated within the MRC communities, the MRC believes that GAT was exceeded and does not expect a GAT penalty. Mr. Aronson reported that 36.4% of weight that came in the door was ultimately diverted to landfills either as glass and grit, or ash. 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 2016 tipping fee calculated by PERC in the amount of \$76.50 per ton hereby is accepted.

Board member Ken Fletcher mentioned that according to the Target Tip Fee Value Plan (2011) in July 2016 we would increase the tip fee by \$4, which would cause \$720,000 in additional costs to towns. The Board agreed that this should be reviewed and asked that Greg Louder and George Aronson review that issue and come to the next board meeting with more information for discussion.

PERC FACILITY OPERATIONS REPORT

Peter Prata, Plant Manager of PERC, was absent from the meeting, so George Aronson presented the PERC Facility Operations Report on his behalf. The MRC staff receives a monthly performance report from PERC outlined by day, week and month, with full discussions of capital and maintenance, environmental performance, worker health and safety issues and full profit & loss financials for the month and year to date. Mr. Aronson reported that the plant performed well in December, receiving 26,000 tons, bringing total deliveries to just under 310,000 tons for the year. Of that amount, 78% was converted to fuel, and 19% was glass and grit. The Board questioned the glass and grit rate and Mr. Aronson explained that this rate starts creeping up right before annual maintenance, and he discussed the PERC plant's outdated technology which results in sending a lot of organic material to landfills without processing. Mr. Aronson noted that a next generation facility with updated technology would not repeat this. Craig Stuart-Paul of Fiberight indicated that Fiberight has analyzed the glass and grit and determined that 50% is moisture. In addition, there is lots of organic waste going to landfills. Mr. Aronson reported that electrical production in 2015 was at 87.86% and no traffic incidents were reported.

Board member Karen Fussell asked about large capital projects at PERC and which would take it past the post-2018 period. Mr. Aronson reported that those projects in the budget are annual

projects, including a turbine minor inspection which is beneficial. The next big capital project is not scheduled until 2019.

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

George Aronson presented the Charter Municipality Asset Management Report. As of January 1st, there was \$2,376,269 in the Custody Account, \$24,659,018.84 in the Tip Fee Stabilization Fund (“TFSF”), and \$862,528.97 in the Operating Budget Stabilization Account. The cash distribution for the quarter is \$795,182.79. Mr. Aronson noted that the balance in the Custody Account includes the \$600,000 that was authorized to be transferred from the Custody Account to the Tip Fee Stabilization Fund in the fourth quarter of 2015 because the transfer had not occurred as of the end of 2015. Mr. Aronson also noted that approximately \$5,000,000 of the funds in the TFSF will be liquid by the second quarter of 2016, in time for the contemplated infrastructure investment in Hampden.

There is sufficient cash flow to make the quarterly distribution, and no transfer from the Tip Fee Stabilization Account will be necessary. After discussion, upon motion duly made and seconded, it was unanimously:

VOTED: That the recommended cash distribution for the quarter of \$795,182.79 hereby is approved.

**ADMINISTRATIVE REPORT – WASTE DELIVERY TRENDS, COMMUNITY
OUTREACH MEETINGS, INDEPENDENT LEGAL REVIEW PROCESS**

Greg Louder reported that as a group, waste delivery trends went up slightly in the 4th quarter, however individual communities have seen a decrease. Bucksport’s decrease is likely due to the mill closure. Fairfield’s trend is lower but only because they were so high for so long.

Newburgh's trend is lower, however they have made gains with zero sort. Clinton's trend is lower, possibly as a consequence of implementing single sort.

Mr. Louder next reported on the numerous community outreach meetings and praised the efforts of staff and board members making the rounds to member communities.

Dan McKay reported on the independent legal review process, indicating a positive relationship with Jim Katsiafikas at Perkins Thompson. Mr. McKay has spoken with Mr. Kaisiafikas on a number of occasions and has been able to provide a good deal of background information. Some suggestions received from Mr. Katsiafikas have been incorporated in the documents. Others have not. Overall it was a competent and thorough review. A public meeting was held at which representatives from Perkins Thompson presented to participating municipalities. Dan McKay and Greg Louder offered to attend but that offer was declined. Greg Louder will send out a cover letter with the review as requested by Roger Raymond, including a note that the MRC has incorporated several changes in the big white book that already went out containing all of the agreements.

**REPORT ON STATUS OF PROCESSING FACILITY APPLICATION PENDING WITH
DEP AND THE LOCAL DEVELOPMENT REVIEW PROCESS**

Greg Louder reported that he had hoped we would have draft permits in hand by today, but the process has lagged a bit. The MRC and Fiberight continue to work very hard daily with DEP to get draft license approvals available. It could be a week or two, but he feels very positive that we will receive favorable draft licenses shortly.

**REPORT ON PROVISION OF FINAL PROJECT CONTRACT DOCUMENTS TO THE
MRC MEMBER COMMUNITIES AND LOCAL CONSIDERATION CONSENT
TIMETABLE**

Greg Louder stated that the amount of work that went into preparing the "big white book" of agreements cannot be overstated. MRC staff is very pleased to have the materials out to

communities as the process moves to the local consent phase. The City of Brewer last evening was the first to act on the MRC's proposal. Board Member Karen Fussell explained the importance of ensuring that communities have a liaison with MRC through board members and consultants and helping them through the process. They have the information they need and know the time frame to get on their calendars. Ms. Fussell indicated that it will take a lot of effort by the board members to reach out to all member communities and asked that Board members set aside time in their schedules to answer questions so that towns feel informed enough to vote. To that end, CES will help us manage this effort.

**OPEN QUESTION/ANSWER/COMMENT DISCUSSION REGARDING LOCAL
CONSIDERATION OF THE CONTRACT DOCUMENTS AND OTHER POST 2018
RELATED TOPICS**

Chairman Reeves opened the floor to the audience for questions. Jay Dresser of Dresser Refillables introduced himself and asked for time to present an alternative disposal option that he has been developing. Mr. Louder directed Mr. Dresser to complete the Request for Expressions of Interest ("RFEI") package which was mailed to him, and to provide a copy to the Board in advance of the next board meeting. Board member Sophie Wilson clarified that the MRC is always open to proposals, and can take out the deadline for submission of a response to the REFI, but that there is a very clear process. The MRC Board will review any proposal and screen with the same criteria that has been applied to others and would be able to respond once it determines how any new proposal would fit in with the MRC decisions taken to date. Bob MacFarland, a Selectman from the town of China, thanked the Board members for the clarification and insight. He indicated that the Board has alleviated his concerns, and in particular financial concerns. He asked if the MRC would receive a tax break from the Town of Hampden was reassured that it would not.

**REPORT ON LITIGATION INITIATED BY THE MRC AGAINST PERC'S GENERAL
PARTNER USA ENERGY**

Greg Lounder, Sophie Wilson and George Aronson attended mediation yesterday from 9:00 a.m. until 4:30 p.m., but a settlement was not achieved. The day concluded with MRC counsel again requesting dates for the depositions of USAE key employees. Ms. Wilson reported that litigation strategy would be discussed in executive session.

OTHER BUSINESS

Board Member Mike Roy reported that the City of Waterville will be hosting an information meeting on next Wednesday, February 3, 2016 at 6:30 p.m. at the Waterville City Hall. Eight neighboring towns have been invited.

Chairman Reeves thanked the volunteer board and praised their level of effort with public outreach, and praised the efforts of staff and consultants as well.

The Board took a lunch break at 11:44 a.m. and Board Member Ken Fletcher left the meeting.

At 12:32p.m., the board reconvened.

EXECUTIVE SESSION

A motion was made, and duly seconded, at 12:32 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 regarding litigation. Whereupon, it was unanimously:

VOTED: That the meeting is adjourned to executive session.


At 12:59 p.m., the executive session ended and the regular meeting reconvened.

George Aronson discussed the new PERC plant proposed operating method and the potential for major problems with running a boiler on and off. Temperature differences can cause emissions which violate the permits. A general discussion regarding how to make this information available to

communities to understand the flaws in the new operating plan. The Board agreed that any information should be succinct and accurate.

There being no further business to come before the Board, the meeting adjourned at 1:09 p.m.

Respectively submitted,



Jennifer S. Baroletti

Dated: April 24, 2016