

2 June 2016

Municipal Review Committee, Inc.
c/o Greg Louder, Executive Director, MRC
395 State Street
Ellsworth, Maine 04605

RE: Pro forma economics of the Fiberight Facility

To the Members of the MRC Board of Directors:

In May 2016, Fiberight provided CommonWealth Resource Management Corporation (CRMC) with a revised pro forma economic analysis (the Fiberight Pro Forma) for the construction and operation of its mixed municipal solid waste processing facility under development in Hampden, Maine (the Fiberight Facility). The Fiberight Pro Forma is a mathematical model of the Fiberight Facility's process flow diagram; mass, energy and water balances; construction costs; operations and maintenance costs; approach to financing; and potential returns to investors, all in the form of a large integrated multi-tab Excel spreadsheet. The Fiberight Pro Forma provides refined costs and additional details regarding the pro forma analysis that Fiberight presented to the MRC Board in the fall of 2015; that CRMC reviewed to evaluate Fiberight's compliance in achieving the Feasibility Milestone under the Development Agreement¹; and that was the basis for information that CRMC presented to the public at the MRC's 2015 Annual Meeting².

In this letter, CRMC describes its review of the Fiberight Pro Forma in order to provide additional information on the economic feasibility of the Fiberight Facility to municipalities that are considering whether to execute Joinder Agreements with the MRC to provide long-term commitments to have MSW delivered to the Fiberight Facility.

¹ The Development Agreement between the MRC and Fiberight contains the following milestone in Article IV: "Provide updated process flow diagram, mass, energy and water balances, facility design plans, estimates of capital costs and operating expenses, and a project pro forma and supporting assumptions and information. Provide sufficient detail to enable evaluation and verification of the feasibility of the project at the proposed performance levels and tip fees by an independent engineer/reviewer." (the Feasibility Milestone). After reviewing the pro forma and ancillary information provided by Fiberight, CRMC advised that "[I]n light of the findings presented herein, the remaining project risks notwithstanding, CRMC recommends that the Board find, and advise Fiberight, that the Feasibility Milestone has been achieved." Letter to the MRC Board of Directors from CommonWealth Resource Management Corporation (CRMC) dated 2 October 2015.

² <http://mrcmaine.org/wp-content/uploads/2015/12/MRC-2015-Annual-Membership-Meeting-Presentation-FNL.pdf>. See page 15 and surrounding slides.

To complete the review, CRMC performed both external and internal validations of the Fiberight Pro Forma. For the external validation, CRMC obtained information from entities other than, and independent of, Fiberight, regarding MSW composition, product production rates, prices for recovered materials and products, arrangements for product sales, and the basis for, and benchmark measures of, projected capital costs and annual operating costs. CRMC then compared information from the Fiberight Pro Forma with the information obtained from the external sources. For the internal validation, CRMC reviewed in detail the algorithms in the Excel spreadsheet provided by Fiberight. To verify every calculation and input, CRMC then created its own Excel spreadsheet model (the CRMC Pro Forma) of Fiberight's revenues, expenses, capital investment and returns. The CRMC Pro Forma takes into account the Fiberight Pro Forma projections of incoming MSW quantities; material flows and recovery rates; product production rates, prices and costs; approaches to financing; and rebates to Joining Members. The CRMC Pro Forma was used to evaluate Fiberight's revenues and expenses for the levels of MSW deliveries described below:

-) A base case analysis with MSW deliveries of 181,500 tons per year (the Base Case), which is based on a delivery commitment of 150,000 tons per year from the MRC and over 31,000 tons per year from commercial haulers. This case assumes that the Fiberight Facility is built at a scale large enough to serve MSW generated throughout the region historically served by the MRC.
-) A sensitivity case with MSW deliveries of 110,000 tons per year (the Low MSW Case), which is based on a delivery commitment of 92,000 tons per year from the MRC and 18,000 tons per year from commercial haulers.³ This case assumes that Fiberight would modify the facility to serve the municipalities that have signed Joinder Agreements by mid-2016, but would not necessarily provide capacity to serve municipalities that do not sign Joinder Agreements by mid-2016 should they seek to return to the MRC at a later date.

The summary results of the CRMC Pro Forma for the Base Case and the Low MSW Case for the first ten operating years of the initial term are provided as attachments to this letter. Note that the summary results rely in part on proprietary information from Fiberight that CRMC has reviewed pursuant to a Non-Disclosure Agreement, but has not disclosed herein or in the attachments.

The results show that, for the Base Case:

³ In the Low MSW Case, the MRC and Fiberight would modify applicable agreements to provide a delivery commitment to Fiberight of less than 150,000 tons per year.

-) Operating revenues are projected to exceed project operating expenses by a significant margin in every year over the initial 15-year term, even when material and product prices are estimated conservatively and market prices for materials are not subject to escalation. In the first full year of operation, for example, revenues (net of rebates) would be \$21.0 million, which would exceed the first-year operating expenses of \$10.7 million. In this case, the project would have earnings before interest, depreciation, amortization and taxes (EBITDA) projected to be \$10.3 million in the first year and positive in every year over the project term.
-) Annual revenue from tip fees alone (\$12.7 million in the first year) would exceed annual operating expenses in every year, even if revenues from products are assumed to be zero.
-) Fiberight projects that the capital cost of the facility would be \$78.7 million exclusive of the value of the investment tax credit (ITC). The internal rate of return on that capital cost, for a case with no debt, would be in the range of seven percent to eleven percent, depending on the basis for utilization of the ITC. Under one scenario reviewed by CRMC, leveraging the equity investment with debt could raise the internal rate of return to 17.8 percent.
-) The returns supported by the Base Case are sufficiently attractive to support Fiberight's statements of receiving proposals to provide the required financing.

In addition, for the Low MSW Case:

-) As in the Base Case, operating revenues are projected to exceed project operating expenses by a significant margin in every year over the initial 15-year term, although the absolute values of revenues and expenses are reduced for the Low MSW Case as compared to the Base Case. For example, in the first full year of operation, revenues (net of rebates) for the Low MSW Case would be \$12.6 million, which would exceed the first-year operating expenses of \$7.1 million. In this case, the project would have positive EBITDA projected to be \$5.6 million in the first year and projected to be positive in every year.
-) Annual revenue from tip fees alone (\$7.7 million in the first year) would exceed annual operating expenses in every year, even if revenues from products are assumed to be zero.
-) Fiberight projects that the capital cost of the facility would be \$35.3 million. The downsized facility would include the same front-end processing equipment as the Base Case, but would not include equipment to generate electricity on-site and would have reduced capacity for hydrolysis and anaerobic digestion. The down-sized facility would not be eligible for the ITC. The internal rate of return for the project is projected to be in the range of eleven to fourteen percent depending on the degree of leveraging with debt. These values indicate that investment in the facility under the Low MSW Case would have returns comparable to the Base Case. Indeed, the downsized facility contemplated under the Low MSW Case, although it would not be capable of serving all municipalities that are currently MRC members, might offer investors comparable returns for a reduced level of investment as compared to the facility contemplated under the Base Case.

Based on the above, CRMC confirms (consistent with its findings from October 2015) that the Facility, if constructed, operated and maintained in accordance with proposal technical performance levels and projected revenues and costs, would generate positive cash flows and a positive return on investment. These results are indicated for both the Base Case and the Low MSW Case.

The remainder of this letter presents more detail on the basis for the Fiberight Pro Forma in light of the external and internal validation process. The first section presents and discusses the data, input values and relationships that form the basis for the Fiberight Pro Forma in general and the Base Case in particular. The second section presents and discusses the changes in assumptions that provide the basis for the Low MSW Case as compared to the Base Case. The last section provides a summary of the findings from the analysis.

The Basis for the Base Case

1. MSW composition. In the Fiberight Pro Forma, Fiberight uses a significantly more refined analysis of the composition of the MSW to be received at the Fiberight Facility as compared to prior analyses reviewed by CRMC. The Fiberight Pro Forma includes four calculations of the products that would be produced from incoming MSW using four different assumptions for MSW composition corresponding to each of the four calendar quarters of a typical year. The MSW composition input values used for the analysis are based on composition studies of Maine MSW performed by the University of Maine in the summer and fall, as calibrated and verified by comparison with other available public data on seasonal variations in the composition of MSW and single-sort recyclables in the northeast. To supplement the data from composition studies, Fiberight had multiple loads of MSW from Maine delivered to its processing facility in Lawrenceville, Virginia. Fiberight has also correlated data from these sources with data on aggregate characteristics of MSW (such as composition and moisture content of residuals streams, and ferrous metal recovery rates) and various residuals streams from operating facilities in the Northeast.

Based on our review, the data on MSW composition used in the Fiberight Pro Forma provide a reasonable basis for representing the MSW likely to be delivered to the Fiberight Facility.

2. Mass balance and product production. The Fiberight facility would process incoming MSW in order to recover recyclable materials (old corrugated cardboard and other recovered paper products, plastics such as PET, HDPE, mixed rigid plastics and films, metals such as ferrous and aluminum, and glass); convert soluble and insoluble organics, including cellulose, to bio-methane and other products; produce processed engineered fuel (PEF) for sale to off-site customers; and manage the remaining materials as residuals for landfill disposal. Fiberight has provided information and data in support of an updated process flow diagram and mass

balance to track the flow of MSW components through the Fiberight facility to the various products and residual materials. The data and parameter values for the mass balance begin with the MSW composition data, with the impacts of processing on the flow of materials at each step derived from Fiberight's experience with its pilot facility in Lawrenceville, Virginia, as well as from data provided by equipment manufacturers.

An important feature of the Fiberight technology is the ability to produce multiple products from fibrous and cellulosic components of MSW. Depending on the market value of the product, Fiberight can design and operate its facility to:

- (i) maximize conversion of fibrous and cellulosic material in incoming MSW to bio-methane (also known as bio-gas);
- (ii) convert all or a portion of these materials to cellulose products for sale to off-site end-users;
- (iii) convert a portion of these materials to post-hydrolysis solids (PHS) -- a biomass material that, if permitted, might be suitable for use as a fuel for on-site gasifiers and boilers to generate process steam or to run a steam turbine to generate electricity, both for on-site use;
- (iv) blend a portion of these materials with plastic film to create a processed engineered fuel product (PEF) that can be sold off-site as a fuel product; and/or
- (v) convert a portion of these materials to industrial sugar products or organic acid products with potential markets in the Northeast.

Indeed, Fiberight is investigating all of these options; has provided CRMC with draft letters of intent with potential purchasers of the bio-gas, clean cellulose product and PEF; and has provided information related to potential future sales of an industrial sugar product. The mass balance algorithms in the Fiberight Pro Forma provide the capability to model the economic impacts of all of these options.

Per the mass balance, in the Base Case, the Fiberight facility is projected to recover materials and products as shown in the table below. Years 1 through 4 would involve maximum production of bio-gas from cellulose to take full advantage of existing and available federal incentives for production of pipeline gas from renewable sources (the D-3 RINs). Years 5 through 15, after the RINs program is scheduled to expire, would involve production of a fiber-based product under an arrangement that might be implemented earlier if necessary. The mass balance does not project the production of industrial sugars or organic acids, since those markets, although offering potential for significant revenue and margins, are still emerging and not sufficiently defined at this time to be included in a conservative projection. Other allocations between bio-gas, PEF, cellulose products, industrial sugar products and organic acid products are possible depending on future market conditions and the actual paths for emergence of the markets for industrial sugar products and organic acid products.

<i>Product</i>	<i>Years 1 through 4</i>	<i>Years 5 through 15</i>
Old corrugated cardboard (OCC) and other recovered paper	12,948 tons per year	12,948 tons per year
Plastics (PET, HDPE and mixed rigids)	15,603 tons per year	15,603 tons per year
Metals (aluminum, ferrous and other)	6,989 tons per year	6,989 tons per year
Glass	10,388 tons per year	10,388 tons per year
Processed fuel (PEF)	27,597 tons per year	27,597 tons per year
Bio-gas (and RINs in Years 1 through 4 only)	205,400 MMBtu per year from food waste and cellulose	68,673 MMBtu per year from food waste only
Other fiber products	11,271 tons per year	29,503 tons per year

Based on CRMC's review, the mass balance in the Fiberright Pro Forma provides a reasonable basis for projecting the products that would be recovered or produced by the Fiberright Facility as part of an evaluation of the economic feasibility of the Facility.

- Energy and water balances. For the Base Case, the Fiberright Facility is designed to incorporate an on-site gasifier/boiler and steam turbine to generate electricity, steam and hot water on an ongoing basis to meet on-site needs for thermal energy and a portion of internal needs for electricity. The gasifier/boiler would be fueled either by natural gas, bio-gas, and/or, if permitted, a portion of the PHS not sold for its material value, not converted to PEF, and not converted to bio-methane. Fiberright has provided information and data to support an updated energy balance to evaluate electricity, steam and hot water loads at the Facility, along with supporting information on the operating conditions for the gasifier/boiler and the steam turbine, and uses of the steam and hot water. The Base Case provides data on projected demand for and costs of water supplies and wastewater treatment services, and for purchases of supplemental electricity through a grid connection (in the Base Case, Fiberright would not generate on-site all of the electricity to be used by its facility), consistent with the identified needs for electricity supply, water supply and wastewater disposal.

Based on CRMC's review, the energy and water balances in the Fiberright Pro Forma provide a reasonable basis for an evaluation of the economic feasibility of the Facility.

- Arrangements and prices for recovered materials. Fiberright has been working with the Maine Resource Recovery Association (MRRA) to evaluate prices for recycled materials recovered in central Maine. MRRA provides assistance with the marketing of recyclable and reusable materials to town-level recycling programs throughout Maine (www.mrra.net). Fiberright would also take advantage of mill-direct pricing for recovered metals through a

blanket arrangement available through an investment partner and the facility operator, Covanta Energy, LLC (Covanta).

The Fiberight Pro Forma and the CRMC Pro Forma, in all cases, use the following prices for sales of recovered material, which prices reflect historically-low prices for commodities prevalent in early 2016 per advice of MRRA:

<i>Product</i>	<i>Price</i>
OCC	\$85 per ton
PET #1 bottles	\$180 per ton
HDPE #2 containers	\$480 per ton
Mixed rigid plastics	\$40 per ton
Aluminum used beverage containers	\$1,100 per ton
Ferrous beverage containers and other metals	\$40 per ton

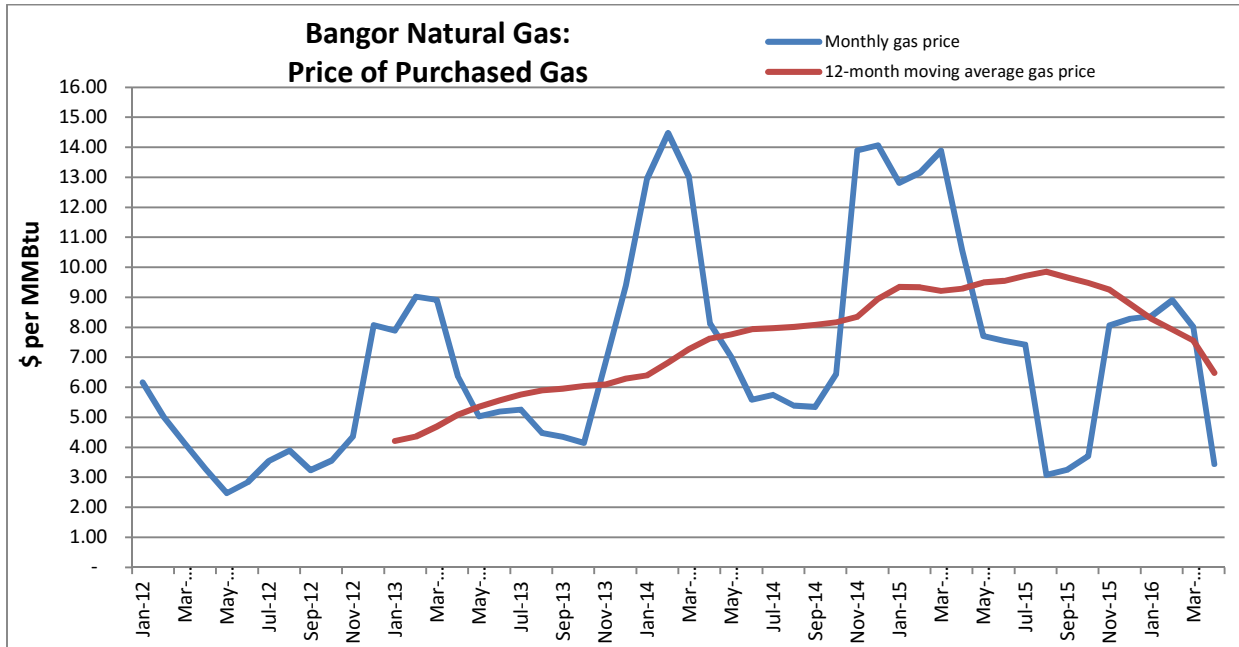
5. Arrangements and prices for products. The products to be sold can be divided into two categories: bio-gas and the related attribute product known as renewable identification numbers (D-3 RINs, or RINs); and other products that include glass, PEF, the cellulose product and industrial sugar and organic acid products.

Bio-gas and RINs. Fiberight would deliver bio-methane, upgraded to bio-gas, by injection into the Loring pipeline, owned by Bangor Natural Gas, which crosses the Fiberight facility site. Bangor Natural Gas has indicated to CRMC that it can accept bio-gas that has been (i) upgraded to be compatible within the ranges of quality of gas obtained from the Maritimes Pipeline in terms of heating value, specific gravity, WOBBE number⁴, and composition of methane and other gasses; and (ii) pressurized properly for injection into the pipeline. Given the likely composition of the bio-gas, the availability of standard skid-mounted equipment to upgrade bio-gas to pipeline quality, and statements from Bangor Natural Gas regarding the capability of the Loring Pipeline to accept bio-gas at the levels proposed, CRMC has seen no significant technical barrier to acceptance of the bio-gas product into the pipeline system.

Upon physical acceptance, the bio-gas can be sold directly to Bangor Natural Gas for resale to customers receiving bundled services; to a third-party competitive gas supplier for resale; or directly to retail customers. CRMC understands that Fiberight is currently in active discussions with multiple potential buyers of the bio-gas, and has reviewed draft term sheets for sale of all of the bio-gas to a competitive gas supplier. The draft term sheets would link

⁴ The WOBBE number is a measure of gas interchangeability in terms of Btu per cubic foot divided by the square root of the specific gravity in order to account for heat output at constant pressure through a given orifice size.

the purchase price of the bio-gas to a local index such as the purchased cost of gas to Bangor Natural Gas as shown below for the period from January 2012 through May 2016.



As shown, the 12-month moving average gas price has stayed above \$6.00 per MMBtu despite the abnormally warm 2015-16 winter and recent declines in oil and natural gas prices, and with much higher prices during winter months than spring and summer months. On a monthly basis, prices have stayed above a monthly average price of \$3.00 per MMBtu.

The Fiberight Pro Forma and the CRMC Pro Forma, in all cases, use an annual average price of \$3.00 per MMBtu (without escalation) for sales of bio-gas, which price reflects the historically-low prices for natural gas prevalent in early 2016.

RINs are an attribute product that were created as part of a program to accelerate the use of fuels derived from renewable sources pursuant to the federal Energy Policy Act of 2005, the federal Energy Independence and Security Act of 2007, and the implementing regulations of the U.S. Environmental Protection Agency (the USEPA). Under the program, products derived from MSW may qualify as renewable biomass if the USEPA has approved a plan for removal of recyclable materials from the MSW under procedures set forth in 40 CFR 80.1450(b)(1)(viii). The program is authorized to continue through 2022. RINs are traded nationally by purchasers that have a regulatory obligation to buy the RINs and by brokers and other entities that provide placement services for the ultimate purchasers.⁵

⁵ See the USEPA website at <https://www.epa.gov/renewable-fuel-standard-program>.

The Fiberight process was approved as a pathway that qualifies as renewable biomass eligible for creation of D-3 RINs by the USEPA in June 2012. Generation of D-3 RINs from the facility in Hampden would involve initial confirmation that the separation plan for the facility conforms to the pathway that the USEPA has already approved for the Fiberight technology, as well as ongoing verification of compliance with the conditions of the initial confirmation. Such confirmation would rely on the prior approval of the pathway for creation of D-3 RINs as a precedent.

CRMC understands that Fiberight is currently in active discussions with multiple potential buyers of the RINs. The draft term sheets for sale of bio-gas that CRMC has seen would also have that buyer purchase all RINs from the Fiberight Facility pursuant to a complicated pricing formula. In current markets, the draft term sheet reviewed by CRMC would result in RIN sales at prices in the range of \$14.00 to \$20.00 per MMBtu depending on market conditions. The Fiberight Pro Forma and the CRMC Pro Forma, in all cases, use an annual average price of \$14.21 per MMBtu (without escalation) for sales of D-3 RINs originating at the Facility through 2022. This price reflects a conservative value of the market price for D-3 RINs prevalent in early 2016 as it would flow to Fiberight under the formula in the draft term sheet.

Other products. The other products addressed herein include glass, PEF and the cellulose products. Industrial sugar products and organic acid products are not addressed herein, because the markets for such products are considered emerging and, although promising, are not yet sufficiently defined at this time to be included in a conservative projection. Note that the summary pro forma was developed in part through reliance on proprietary information from Fiberight that was provided pursuant to a Non-Disclosure Agreement with CRMC; consequently, detailed information about the other products, which is considered proprietary and sensitive, is not disclosed here.

Regarding the individual other products:

-) Glass. CRMC reviewed a draft arrangement under which Fiberight can arrange for beneficial re-use of its clean recovered glass at no cost. The arrangement, which appears credible, is incorporated into the Fiberight Pro Forma and the CRMC Pro Forma.
-) PEF. CRMC reviewed draft arrangements and draft term sheets for supply and sale of PEF to either of two different companies, with slightly different specifications for each company. Though neither arrangement is final, there is reasonable evidence of demand for and technical ability to accept and purchase the PEF, as well as an economic rationale for the purchaser to be interested in such purchases. Based on the information reviewed,

the Fiberright Pro Forma and the CRMC Pro Forma, in all cases, incorporate revenues from sales of PEF at a price of not less than \$20 per ton.

) Cellulose product. CRMC reviewed draft arrangements and a term sheet for supply and sale of a cellulose product to a business that would accept it starting in 2018. CRMC also consulted with a representative of the University of Maine having knowledge of the product and the purchaser. In addition, Fiberright identified a second potential purchaser of the product in Maine having a facility currently in commercial operation that could accept the cellulose product immediately upon its generation by Fiberright, although a draft term sheet was not provided for such purchaser. Though neither arrangement is final, there is reasonable evidence of demand for and technical ability for Fiberright to produce and sell the product, as well as an economic rationale for the purchasers to be interested in such purchases. Based on the information reviewed, the Fiberright Pro Forma and the CRMC Pro Forma, in all cases, incorporate revenues from sales of the cellulose product a price of not less than \$50 per ton. Note that the cellulose might also be converted to bio-gas by use of the hydrolysis process, which would provide similar value to Fiberright, if the first purchaser is not operational when anticipated and the second purchaser does not purchase the product.

) Industrial sugar products. CRMC reviewed correspondence between Fiberright and a potential purchaser of an industrial sugar product. CRMC also consulted with a representative of the University of Maine having knowledge of the product and the purchaser, and with others involved with these emerging markets. There is reasonable evidence of demand for and technical ability to accept and purchase the product, as well as an economic rationale for the purchaser to be interested in such purchases. Due to the emerging nature of this market, however, the Base Case analysis assumes that cellulose would be made into bio-gas rather into the industrial sugar product for the first four years, when the RINs incentives are in effect. After the RINs incentives expire, the Fiberright Pro Forma and the CRMC Pro Forma, in all cases, incorporate revenues from sales of the product at a price of not less than \$50 per ton, based on its value as cellulose. This approach leaves four years for the product market to develop and for Fiberright to develop its capability to manufacture and sell the product, and provides a conservative value for revenues from product sales for the purposes of this review.

6. Rebates to the Joining Members. Under the project agreements⁶, the MRC would receive rebates from Fiberright for distribution to the Joining Members on a quarterly basis. The rebate amount would be based on the sum of (a) 30 percent of tip fee revenues in excess of those from 180,000 tons per year at \$70 per ton escalating with inflation; and (b) 30 percent

⁶ See Section 5.3 and Exhibit F of the Master Waste Supply Agreement and Section 4.3 of the Joinder Agreements.

of product revenues in excess of \$5.825 million per year escalating with inflation. Applying the formula to the Base Case, rebates are projected to begin in the range of \$5 to \$8 per ton, resulting in net disposal costs after the rebate in the range of \$62 to \$65 per ton. After the first year, the Base Case indicates that rebates would decline each year, which results from the conservative assumptions that (a) the baselines in the rebate formula are escalated with inflation; and (b) the product prices not covered by contracts have not been escalated with inflation, but, to be conservative, have been set throughout the initial term on the basis of current depressed values without escalation. Actual rebates would depend on actual prices.

7. Estimates of operating expenses. The facility would be operated for Fiberight by a corporate affiliate of Covanta Energy, LLC (Covanta). Covanta, which is one of the world's leading owners and operators of waste processing facilities, operates and maintains more than 50 energy-from-waste facilities and process more than 20 million tons of MSW per year. Per the draft terms of its agreement with Fiberight, within budgeted costs, Covanta would hire, train and maintain staff for the Facility, procure materials and supplies as needed, arrange for equipment maintenance through staff or outside contractors, provide administrative and general services, and comply with performance standards, all in exchange for a fee for O&M services. Fiberight would pay for residuals disposal costs at the rate in the residuals agreement with Crossroads Landfill, and would pay for supplemental electricity, water supply and wastewater services at commercial tariff rates. Covanta would limit its exposure to operating cost overruns through reliance on the process sufficiency insurance to reimburse claimed losses for failure to achieve certain measures of guaranteed performance as discussed in Note 7 and Section 8 below. Covanta would procure property value and liability insurance for the facility under its blanket policy.

The Fiberight Pro Forma for the Base Case provides a line-item build-up of budgeted operating costs for the Base Case that includes the following:

-) Labor costs are based on a staffing plan for 67.5 full-time equivalent workers (FTEs), including 39 FTEs in the MRF (18 pickers), 22 FTEs in the process area, and 6.5 FTEs management and salaried positions, with a 40-percent mark-up for benefits and with allowances for overtime and bonuses. Labor costs are escalated at a rate above inflation.
-) Equipment O&M costs are based on allowances for parts, materials and outside services consistent with an overall cost of \$6.00 per ton of MSW processed.
-) Enzyme and additive costs, and expenses for supplies and other materials, are based on incoming waste composition; experience with enzyme and additive supply costs and consumption rates from Fiberight's Lawrenceville facility; and guarantees of enzyme performance from the supplier, Novozymes, which is a global biotechnology company from Denmark with annual revenues on the order of \$USD 8 billion per year.

-) Residuals disposal costs are based on the facility mass balance and on the cost of residuals disposal under the agreement with the Crossroads Landfill.
-) Utility service consumption rates are estimated based on the facility's mass and energy balances, with electricity imported to the extent not generated on-site; water supplied consistent with processing needs accounting for the moisture content of MSW (above 30 percent by weight); and wastewater service for water not recycled or evaporated.
-) Insurance and other overhead costs are based on estimates that appear reasonable based on comparison with similar costs for other waste processing facilities.

Other costs accounted for in the Fiberight Pro Forma include transportation costs for products, residuals, and supplies and for MSW under back-haul arrangements; rolling stock leases; property taxes⁷; site lease payments to the MRC; an annual allowance for deductible process insurance costs; and a contingency allowance.

For the Base Case, the all-in costs of operation and maintenance, including overhead costs, are \$58.70 per ton. These costs are consistent with the operating expenses of other mixed-MSW processing facilities of comparable scale and complexity for which operating cost data are available, including data submitted to the MRC in responses to the Request for Expressions of Interest (the RFEI).

8. Initial capital costs and allowance for continuing capital investment. The Base Case incorporates an all-in estimate of initial capital costs of \$78.7 million as follows:

Equipment and installation	\$51.3 million
Building and site improvements	\$6.5 million
Subtotal, facility costs	\$57.8 million
Construction contingency	\$6.9 million
Subtotal, facility costs with contingency	\$64.7 million
Soft costs (development, engineering, procurement, construction management)	\$11.0 million
Process sufficiency insurance ⁸	\$3.0 million
Total project cost	\$78.7 million

⁷ The town would assess Fiberight for property taxes on the building. Equipment value is excluded from the basis for assessment under the state Business Equipment Tax Exemption (BETE) program.

⁸ The process sufficiency insurance would be offered by an established insurance company with an A rating for financial strength from A.M. Best. Fiberight would pay a substantial premium for the policy prior to construction. The policy would provide reimbursement over an initial 10-year term for claimed losses for failure to achieve certain measures of guaranteed performance arising from improper design, improper engineering, improper installation, improper construction or improper output estimation. Detailed terms are in the process of being negotiated.

The costs are based on undiscounted retail quotes for 14 equipment area supply packages that comprise the facility, along with separate cost estimates for utility connections and systems, balance of plant items and installation. Fiberight has had its cost estimates, which are tied to a substantial 3D design effort, reviewed by a large (revenues of over \$5.5 billion per year) multi-national engineering, procurement and construction (EPC) contractor that would manage the project through construction completion. The EPC contractor would provide a guaranteed maximum price and a guaranteed schedule, with a shared savings arrangement and a bonus and penalty structure that would be funded from the contingency allowance. A substantial portion of the equipment area supply packages would be assembled by Maine-based contractors.

The estimates of the capital cost for the Facility provided in the Fiberight Pro Forma, and used in the CRMC Pro Formas, are developed in sufficient detail to support investor evaluation of the Facility, and appear consistent with the capital costs of other mixed-MSW processing facilities of comparable scale for which operating cost data are available.

For any facility of the type proposed by Fiberight, the MRC is well aware that there will be an ongoing need for investments in capital improvements, major maintenance projects and equipment replacement. The Fiberight Pro Forma and the CRMC Pro Forma include, in all cases, an allowance of two percent of the installed equipment costs starting in year four to allow for such investments to be funded from cash flow.

9. Approach to financing. CRMC is aware that Fiberight has solicited and received offers to provide financing for the Fiberight Facility from multiple private entities through a mix of tax equity, private equity and debt. CRMC has not reviewed such proposals, which are reasonably considered proprietary, and is not in a position to evaluate the nature of the financing offers that Fiberight has received to date. For the purposes of this letter, in addition to the calculations of EBITDA, capital cost, an allowance for ongoing equipment replacement, and net cash flow, CRMC also refers to calculations not shown in the attachments of project internal rates of return, based on cases that ascribe varying value to the ITC and that improve the return on equity by leveraging the cash flows with debt levels tied to contracted revenues from Joining Members. For the Base Case, as an example, the unleveraged internal rates of return would range between seven and eleven percent depending on the value ascribed to the ITC. Leveraging on the basis of 50 percent debt (since tip fees from Joining Members would comprise about 50 percent of the revenue stream) could increase the internal rate of return to as much as 18.4 percent.

No pro forma, no matter how attractive, can provide certainty that a project will receive financing, or can assure that project characteristics and performance will be evaluated by

providers of financing as sufficient to support financial closure on the necessary schedule and on terms acceptable to all involved entities. Nonetheless, the returns supported by the Base Case appear sufficiently attractive to support Fiberight's statements that it has received proposals from investors with strong interest in providing the required financing.

The Basis for the Low MSW Case

CRMC notes the following differences between (i) the basis for the Base Case as described above; and (ii) the basis for the Low MSW Case (see also the table provided below):

- J) MSW deliveries. MSW deliveries from Joining Members are reduced from 150,000 tons per year for the Base Case to 92,000 tons per year for the Low MSW Case, with the balance of deliveries provided by commercial haulers in each case.
- J) MSW composition. The Base Case and Low MSW Case use the same basis for the composition of incoming MSW.
- J) Mass, energy and water balances and product production. Generally, in the Low MSW Case, the quantities of recovered materials, processed fuel, other products and residuals are reduced compared to the Base Case in proportion to tonnage. For the Low MSW Case, however, Fiberight would install hydrolysis and anaerobic digestion (AD) equipment with reduced capacity; as a result, the facility would have less capacity to produce bio-gas and would produce relatively more of the cellulose product. Fiberight would also divert materials into the processed engineered fuel product that might otherwise be processed into post-hydrolysis solids.
- J) Prices for recovered materials and products. The Base Case and Low MSW Case all use the same values of prices for recovered materials and products.
- J) Operations and maintenance costs. The projections of operations and maintenance costs for the Low MSW Case are built up on the basis of changes in individual line-items that reflect the extent to which the costs (i) are fixed; (ii) vary with the amount of tonnage being processed; or (iii) reflect changes in the approach to operations that correspond to the level of MSW deliveries. In this context:
 - o) Labor costs. The overall labor costs for the Low MSW Case reflects a staff of 42.4 FTEs, mostly by reducing the number of material picker shifts from two to one, decreasing the number of operators of back-end equipment (based on experience at the Lawrenceville facility) and reducing the number of utility personnel. The cost per ton of labor does not change appreciably between the Base Case and the Low MSW Case.
 - o) Equipment O&M costs. Equipment O&M costs for the MRF equipment would be reduced in proportion to the tons processed. Equipment O&M costs overall would be reduced to the extent the facility would not incorporate equipment to generate electricity on-site, and the facility would incorporate reduced capacity for the hydrolysis and AD equipment.

- Materials and supplies. Use and cost of enzymes, additives and materials are adjusted in proportion to product production.
- Utility costs. In the Low MSW Case, Fiberright would purchase rather than generate electricity, resulting in much higher costs to purchase electricity and to purchase gas rather than recovering waste heat, but with disproportionately reductions in water use and wastewater generation due to less use of make-up water for the boiler and condenser. Overall utility costs are higher for the Low MSW Case than the Base Case, because the increases in purchased electricity and natural gas costs more than offset the savings in avoided water purchase and wastewater service charges; however, the increases are more than justified by the reduction in capital costs as compared to the Base Case.
- Residuals disposal costs, which are driven by the mass and energy balances, are adjusted in proportion to tons processed.
- Overhead costs are reduced slightly in the Low MSW Case as compared to the Base Case, but by less than the ratio of the reduction in MSW being processed.
-) Capital costs. For the Low MSW Case, the capital cost estimate is \$35.3 million as shown:

Equipment and installation	\$22.3 million
Building and site improvements	\$5.0 million
Subtotal, facility costs	\$27.3 million
Construction contingency	\$3.0 million
Subtotal, facility costs with contingency	\$30.3 million
Soft costs (development, engineering, procurement, construction management)	\$3.6 million
Process sufficiency insurance	\$1.4 million
Total project cost	\$35.3 million

For the Low MSW Case, the capital costs for equipment and installation reflect the decision not to install equipment for electricity generation on-site; the reduced capacity of the hydrolysis equipment and AD system, and re-purposing of certain equipment now at the Fiberright facility in Lawrenceville, Virginia, that would be relocated to the Hampden site. These changes also lead to significant reductions in engineering, procurement costs and construction management costs and time requirements.

-) Rebates. The MRC and Fiberright have already begun discussions regarding how the rebate formula would be modified to preserve an appropriate level of anticipated rebates for the Low MSW Case. The CRMC Pro Forma, which uses conservative product prices without escalation, reflects rebates in the range of \$3.00 to \$4.00 per ton in the early years.
-) Approach to financing. For the Low MSW Case, which would not be eligible for the ITC, the internal rate of return for the project is projected to be in the range of eleven to fourteen percent depending on the degree of leveraging with debt. Similar to the Base Case, the returns supported by the Low MSW Case appear sufficiently attractive to support Fiberright's statements that it has received proposals from investors with strong interest in providing the

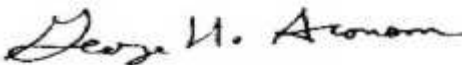
required financing. Indeed, the downsized facility being contemplated under the Low MSW Case, although it would not be capable of serving all municipalities that are currently MRC members, might offer investors equivalent of higher overall returns for a reduced level of investment as compared to the facility contemplated under the Base Case.

Summary of Findings

Based on the above, CRMC confirms that the Facility, if constructed, operated and maintained in accordance with proposal technical performance levels and projected revenues and costs, would generate positive cash flows and a positive return on investment. The returns supported by the Base Case and the Low MSW Case are sufficiently attractive to support Fiberright's statements of having received strong and viable proposals to provide the required financing. This statement is based on the following findings discussed previously:

-) The data on MSW composition provide a reasonable basis for representing the range of compositions of MSW likely to be delivered to the Fiberright Facility.
-) The mass, energy and water balances provide a reasonable basis for projecting the products that would be recovered or produced by the Fiberright Facility as part of an evaluation of the economic feasibility of the Facility.
-) The Fiberright Pro Forma use prices for sales of recovered material that reflect historically-low prices for commodities prevalent in early 2016, and prices for sales of recovered products that are consistent with information provided by potential purchasers.
-) The all-in costs of operation and maintenance, including overhead costs, are consistent with the operating expenses of other mixed-MSW processing facilities of comparable scale for which operating cost data are available.
-) The capital cost estimates for the Facility are consistent with capital costs of other mixed-MSW processing facilities of comparable scale for which operating cost data are available.
-) The Fiberright Pro Forma includes an allowance for ongoing investments in capital improvements, major maintenance projects and equipment replacement.

Sincerely,



George H. Aronson, Principal
Attachments

- A Base Case Pro Forma
- B Low MSW Case Pro Forma

Municipal Review Committee, Inc.			Attachment A Base Case Prof Forma				181,500 tons per year								
Fiberight Maine Facility			2-Jun-16		0	1	2	3	4	5	6	7	8	9	10
Revenues															
MSW															
	Joinder MSW		\$000		10,545	10,809	11,079	11,356	11,640	11,931	12,229	12,535	12,848	13,169	
	Other MSW		\$000	12,705	2,160	2,214	2,269	2,326	2,384	2,444	2,505	2,567	2,632	2,697	
	Other (SSR)		\$000		164	168	172	176	181	185	190	195	200	205	
MRF material products															
	OCC and other recovered paper		\$000		1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008
	PETE #1 bottles		\$000		475	475	475	475	475	475	475	475	475	475	
	HDPE #2 bottles		\$000		1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	
	Mixed rigids		\$000		388	388	388	388	388	388	388	388	388	388	
	Aluminum		\$000		877	877	877	877	877	877	877	877	877	877	
	Ferrous UBC and other		\$000		248	248	248	248	248	248	248	248	248	248	
	Processed fuel		\$000		552	552	552	552	552	552	552	552	552	552	
Other products															
	Bio-gas		\$000		615	615	615	615	206	206	206	206	206	206	
	RINs		\$000		2,914	2,914	2,914	2,914	-	-	-	-	-	-	
	Other products		\$000		564	564	564	564	1,475	1,475	1,475	1,475	1,475	1,475	
	Industrial sugar and organic acid products		\$000												
	Total operating revenues		\$000		22,074	22,396	22,726	23,064	20,999	21,354	21,718	22,091	22,474	22,866	
	Rebates to Joining Members		\$000		(1,095)	(1,053)	(1,010)	(967)	(198)	(152)	(105)	(57)	(38)	(39)	
	Revenues net of rebates		\$000		20,979	21,343	21,715	22,097	20,801	21,202	21,613	22,034	22,436	22,827	
Expenses															
	Labor	4,433	3.00%	\$000	Covanta	4,433	4,566	4,703	4,844	4,989	5,139	5,293	5,452	5,615	5,784
	Equipment O&M	1,089	2.50%	\$000	Covanta	1,089	1,116	1,144	1,173	1,202	1,232	1,263	1,294	1,327	1,360
	Supplies (incl. enzymes)	1,444	2.50%	\$000	Novozymes	1,444	1,480	1,517	1,555	1,594	1,634	1,674	1,716	1,759	1,803
	Fuel, equipment	245	2.50%	\$000	Covanta - use	245	251	257	264	270	277	284	291	299	306
	Utilities	352	2.50%	\$000	Covanta - use	352	360	370	379	388	398	408	418	429	439
	Residuals disposal		3.00%	\$000	Crossroads LF	776	800	824	848	874	900	927	955	984	1,013
	Transportation	438	2.50%	\$000	Listed	438	449	460	471	483	495	508	520	533	547
	Rolling stock leases	150	2.50%	\$000	Listed	150	154	158	162	166	170	174	178	183	187
	Insurance	200	2.50%	\$000	allowance	200	205	210	215	221	226	232	238	244	250
	Admin and general	320	2.50%	\$000	allowance	320	328	336	345	353	362	371	380	390	400
	Prop tax (exclude equip val - BETE)	228	2.50%	\$000	assessor	228	233	239	245	251	257	264	270	277	284
	Site lease	125	0.00%	\$000	Site Lease	125	125	125	125	125	125	125	125	125	125
	Financing insurance	172	0.00%	\$000	Energi	172	172	172	172	172	172	172	172	172	172
	Fee, contingency and other	700	2.50%	\$000	Covanta	700	718	735	754	773	792	812	832	853	874
	Total expenses	\$ 58.79	per ton MSW			10,671	10,957	11,250	11,551	11,861	12,180	12,507	12,843	13,189	13,544
	Operating gain (EBITDA)			\$000		10,308	10,386	10,465	10,546	8,940	9,022	9,106	9,191	9,247	9,282
	Operating gain (EBITDA)			\$000		10,308	10,386	10,465	10,546	8,940	9,022	9,106	9,191	9,247	9,282
	Capital cost	2.50%		\$000	(78,670)										
	Equipment replacement	2.00%	4			-	-	-	(1,275)	(1,307)	(1,339)	(1,373)	(1,407)	(1,442)	(1,478)
	Net cash flow			\$000	(78,670)	10,308	10,386	10,465	9,271	7,633	7,683	7,733	7,784	7,804	7,804
	Project IRR range unleveraged	7.0%	10.9%	\$000	(63,453)	10,308	10,386	10,465	9,271	7,633	7,683	7,733	7,784	7,804	7,804
Rebates to Joining Members															
	Tip fee revenues					12,705	13,023	13,348	13,682	14,024	14,375	14,734	15,102	15,480	15,867
	Baseline tip fee revenues	\$ 70.00	180,000	2.50%		12,600	12,915	13,238	13,569	13,908	14,256	14,612	14,977	15,352	15,736
	Tip fees to be shared		\$000			105	108	110	113	116	119	122	125	128	131
A	Share for rebate		\$000	30%		32	32	33	34	35	36	37	37	38	39
	Material/product revenues		125,000			9,369	9,373	9,378	9,382	6,975	6,980	6,984	6,989	6,994	6,999
	Baseline material/product revenues	\$ 31.67	180,000	2.50%		5,825	5,971	6,120	6,273	6,430	6,590	6,755	6,924	7,097	7,275
	Other revenues to be shared		\$000			3,544	3,403	3,258	3,109	546	389	229	65	-	-
B	Share for rebate		\$000	30%		1,063	1,021	977	933	164	117	69	20	-	-
	Total rebate (A + B)		\$000			1,095	1,053	1,010	967	198	152	105	57	38	39
	Total rebate (A + B)		\$/ton			\$ 7.27	\$ 6.99	\$ 6.71	\$ 6.42	\$ 1.32	\$ 1.01	\$ 0.70	\$ 0.38	\$ 0.25	\$ 0.26
	Net disposal cost after rebate			\$/ton		\$ 62.73	\$ 64.76	\$ 66.84	\$ 68.97	\$ 75.95	\$ 78.19	\$ 80.48	\$ 82.83	\$ 85.03	\$ 87.16

Municipal Review Committee, Inc.		Attachment B Low MSW Case Prof Forma			110,550 tons per year										
Fiberight Maine Facility		2-Jun-16		0	1	2	3	4	5	6	7	8	9	10	
Quantities/Mass Balance															
MSW suppliers		tph	tpd												
	Joinder MSW	15.7	251	Tons/y	91,757	91,757	91,757	91,757	91,757	91,757	91,757	91,757	91,757	91,757	
	Other MSW	3.2	51	Tons/y	110,550	18,794	18,794	18,794	18,794	18,794	18,794	18,794	18,794	18,794	
	Other (SSR)			Tons/y		4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	
		18.9	303		115,230	115,230	115,230	115,230	115,230	115,230	115,230	115,230	115,230	115,230	
Recovered materials			MSW %	SSR %											
	OCC and recovered paper		5.2%	75.0%	9,259	9,259	9,259	9,259	9,259	9,259	9,259	9,259	9,259	9,259	
	PETE #1 bottles		1.4%	1.0%	9,595	1,626	1,626	1,626	1,626	1,626	1,626	1,626	1,626	1,626	
	HDPE #2 bottles		1.7%	3.0%		2,041	2,041	2,041	2,041	2,041	2,041	2,041	2,041	2,041	
	Mixed rigids		5.3%	1.0%		5,928	5,928	5,928	5,928	5,928	5,928	5,928	5,928	5,928	
	Aluminum UBC		0.4%	0.2%	4,330	489	489	489	489	489	489	489	489	489	
	Ferrous UBC		2.6%	3.8%		3,077	3,077	3,077	3,077	3,077	3,077	3,077	3,077	3,077	
	Other metals		0.7%			764	764	764	764	764	764	764	764	764	
			17.4%	84.0%		23,184	23,184	23,184	23,184	23,184	23,184	23,184	23,184	23,184	
	Processed fuel		15.2%	0.0%		16,809	16,809	16,809	16,809	16,809	16,809	16,809	16,809	16,809	
Back-end process materials															
	Cellulose (dry)		16.3%			17,970	17,970	17,970	17,970	17,970	17,970	17,970	17,970	17,970	
	Food waste (dry)		4.9%			5,411	5,411	5,411	5,411	5,411	5,411	5,411	5,411	5,411	
	Moisture		31.8%			35,174	35,174	35,174	35,174	35,174	35,174	35,174	35,174	35,174	
Residuals															
	Glass/ceramics		5.5%	7.0%		6,455	6,455	6,455	6,455	6,455	6,455	6,455	6,455	6,455	
	Other		8.9%	9.0%		10,227	10,227	10,227	10,227	10,227	10,227	10,227	10,227	10,227	
			100.0%	100.0%		115,230	115,230	115,230	115,230	115,230	115,230	115,230	115,230	115,230	
Other products															
	Bio-gas	food waste	7.73	MMBtu/ton		41,828	41,828	41,828	41,828	41,828	41,828	41,828	41,828	41,828	
	Bio-gas	cellulose	7.61	MMBtu/ton		25,239	25,239	25,239	-	-	-	-	-	-	
		AD annual max	63,500	MMBtu/year		63,500	63,500	63,500	63,500	41,828	41,828	41,828	41,828	41,828	
	RINS	through year	4	MMBtu/y		63,500	63,500	63,500	63,500	-	-	-	-	-	
	PHS to processed fuel				LOI	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	
	Other product 1	confidential	82%	tons/y	LOI	14,653	14,653	14,653	14,653	14,653	14,653	14,653	14,653	14,653	
	Other product 2			tons/y	LOI	-	-	-	-	3,317	3,317	3,317	3,317	3,317	
	Industrial sugars and organic acid products				to come										
Prices and Costs															
MSW															
	Joinder MSW	\$ 70.00	2.5%	\$/ton	MRC	\$ 70.00	\$ 71.75	\$ 73.54	\$ 75.38	\$ 77.27	\$ 79.20	\$ 81.18	\$ 83.21	\$ 85.29	\$ 87.42
	Other MSW	\$ 70.00	2.5%	\$/ton	Haulers	\$ 70.00	\$ 71.75	\$ 73.54	\$ 75.38	\$ 77.27	\$ 79.20	\$ 81.18	\$ 83.21	\$ 85.29	\$ 87.42
	Other (SSR)	\$ 35.00	2.5%	\$/ton	In region	\$ 35.00	\$ 35.88	\$ 36.77	\$ 37.69	\$ 38.63	\$ 39.60	\$ 40.59	\$ 41.60	\$ 42.64	\$ 43.71
Materials				\$/ton											
	OCC	\$ 85.00	0.0%	\$/ton	MRRRA	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	\$ 85.00	
	Other recovered paper	\$ 40.00	0.0%	\$/ton	MRRRA	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	
	PETE #1 bottles	\$ 180.00	0.0%	\$/ton	MRRRA	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	
	HDPE #2 bottles	\$ 480.00	0.0%	\$/ton	MRRRA	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00	
	Mixed rigids	\$ 40.00	0.0%	\$/ton	MRRRA	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	
	Aluminum UBC	\$ 1,100.00	0.0%	\$/ton	Covanta	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	
	Ferrous UBC and other	\$ 40.00	0.0%	\$/ton	Covanta	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	
	Glass	\$ -	0.0%	\$/ton	Confidential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Processed fuel	\$ 20.00	0.0%	\$/ton	LOI	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	
Other products															
	Bio-gas	\$ 3.00	0.0%	\$/MMBtu	LOI	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	
	RINS	\$ 14.21	0.0%	\$/MMBtu	LOI	\$ 14.21	\$ 14.21	\$ 14.21	\$ 14.21	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other products	\$ 50.00	0.0%	\$/ton	LOI	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	
	Industrial sugars and organic acid products				To come										
	Residuals cost	\$ 47.00	3.0%	\$/ton	net of haul	\$ 47.00	\$ 48.41	\$ 49.86	\$ 51.36	\$ 52.90	\$ 54.49	\$ 56.12	\$ 57.80	\$ 59.54	\$ 61.32

Municipal Review Committee, Inc.			Attachment B Low MSW Case Prof Forma				110,550 tons per year								
Fiberight Maine Facility			2-Jun-16												
					0	1	2	3	4	5	6	7	8	9	10
Revenues															
MSW															
	Joinder MSW		\$000		6,423	6,584	6,748	6,917	7,090	7,267	7,449	7,635	7,826	8,021	
	Other MSW		\$000	7,739	1,316	1,348	1,382	1,417	1,452	1,488	1,526	1,564	1,603	1,643	
	Other (SSR)		\$000		164	168	172	176	181	185	190	195	200	205	
MRF material products															
	OCC and other recovered paper		\$000		694	694	694	694	694	694	694	694	694	694	694
	PETE #1 bottles		\$000		293	293	293	293	293	293	293	293	293	293	293
	HDPE #2 bottles		\$000		980	980	980	980	980	980	980	980	980	980	980
	Mixed rigids		\$000		237	237	237	237	237	237	237	237	237	237	237
	Aluminum		\$000		538	538	538	538	538	538	538	538	538	538	538
	Ferrous UBC and other		\$000		154	154	154	154	154	154	154	154	154	154	154
	Processed fuel		\$000		369	369	369	369	369	369	369	369	369	369	369
Other products															
	Bio-gas		\$000		191	191	191	191	125	125	125	125	125	125	125
	RINs		\$000		902	-	902	902	-	-	-	-	-	-	-
	Other products		\$000		733	733	733	733	899	899	899	899	899	899	899
	Industrial sugar and organic acid products		\$000												
	Total operating revenues		\$000		12,993	13,191	13,393	13,601	13,012	13,230	13,453	13,683	13,917	14,158	
	Rebates to Joining Members		\$000		(351)	(322)	(292)	(261)	-	-	-	-	-	-	-
	Revenues net of rebates		\$000		12,642	12,869	13,101	13,340	13,012	13,230	13,453	13,683	13,917	14,158	
Expenses															
	Labor	2,702	3.00%	\$000	Covanta	2,702	2,783	2,867	2,953	3,042	3,133	3,227	3,324	3,423	3,526
	Equipment O&M	663	2.50%	\$000	Covanta	663	680	697	714	732	750	769	788	808	828
	Supplies (incl. enzymes)	356	2.50%	\$000	Novozymes	356	365	374	383	393	403	413	423	434	444
	Fuel, equipment	149	2.50%	\$000	Covanta - use	149	153	157	161	165	169	173	177	182	186
	Utilities	954	2.50%	\$000	Covanta - use	954	978	1,002	1,027	1,053	1,079	1,106	1,134	1,162	1,191
	Residuals disposal		3.00%	\$000	Crossroads LF	481	495	510	525	541	557	574	591	609	627
	Transportation	266	2.50%	\$000	Listed	266	273	280	287	294	301	309	316	324	332
	Rolling stock leases	150	2.50%	\$000	Listed	150	154	158	162	166	170	174	178	183	187
	Insurance	150	2.50%	\$000	allowance	150	154	158	162	166	170	174	178	183	187
	Admin and general	270	2.50%	\$000	allowance	270	277	284	291	298	305	313	321	329	337
	Prop tax (exclude equip val - BETE)	228	2.50%	\$000	assessor	228	233	239	245	251	257	264	270	277	284
	Site lease	125	0.00%	\$000	Site Lease	125	125	125	125	125	125	125	125	125	125
	Financing insurance	172	0.00%	\$000	Energi	172	172	172	172	172	172	172	172	172	172
	Fee, contingency and other	420	2.50%	\$000	Covanta	420	431	441	452	464	475	487	499	512	525
	Total expenses	\$ 64.10	per ton MSW			7,086	7,272	7,463	7,659	7,860	8,067	8,280	8,498	8,723	8,954
	Operating gain (EBITDA)			\$000		5,555	5,597	5,639	5,681	5,152	5,163	5,174	5,184	5,194	5,204
	Operating gain (EBITDA)			\$000		5,555	5,597	5,639	5,681	5,152	5,163	5,174	5,184	5,194	5,204
	Capital cost	2.50%		\$000	(35,257)										
	Equipment replacement	2.00%	4						(602)	(617)	(632)	(648)	(664)	(681)	(698)
	Net cash flow			\$000	(35,257)	5,555	5,597	5,639	5,079	4,535	4,531	4,526	4,520	4,514	4,507
	Project IRR range unleveraged	11.2%													
Rebates to Joining Members															
	Tip fee revenues					7,739	7,932	8,130	8,334	8,542	8,755	8,974	9,199	9,429	9,664
	Baseline tip fee revenues	\$ 70.00	150,000	2.50%	10,500	10,763	11,032	11,307	11,590	11,880	12,177	12,481	12,793	13,113	
	Tip fees to be shared		\$000		-	-	-	-	-	-	-	-	-	-	-
A	Share for rebate		\$000	30%	-	-	-	-	-	-	-	-	-	-	-
	Material/product revenues		125,000		5,255	5,259	5,263	5,267	4,470	4,475	4,479	4,484	4,489	4,494	
	Baseline material/product revenues	\$ 31.67	125,000	2.50%	4,083	4,185	4,290	4,397	4,507	4,620	4,735	4,854	4,975	5,100	
	Other revenues to be shared		\$000		1,171	1,073	973	870	-	-	-	-	-	-	-
B	Share for rebate		\$000	30%	351	322	292	261	-	-	-	-	-	-	-
	Total rebate (A + B)		\$000		351	322	292	261	-	-	-	-	-	-	-
	Total rebate (A + B)		\$/ton		\$ 3.83	\$ 3.51	\$ 3.18	\$ 2.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Net disposal cost after rebate			\$/ton	\$ 66.17	\$ 68.24	\$ 70.36	\$ 72.54	\$ 77.27	\$ 79.20	\$ 81.18	\$ 83.21	\$ 85.29	\$ 87.42	