

TRANSACTION GUIDELINES

Guidelines for management of transactions involving specific assets held by the Municipal Review Committee on behalf of the Equity Charter Municipalities

Version 8.0 updated May 4, 2011

- Context.** These Transaction Guidelines are intended to provide guidance regarding the ongoing administration by the Municipal Review Committee, Inc. (the MRC), of certain assets of the Equity Charter Municipalities and the New Charter Municipalities (together, the Charter Municipalities) pursuant to the Second Amended, Restated and Extended Waste Disposal Agreements (the Waste Disposal Agreements) and certain other related agreements contemplated therein. The Waste Disposal Agreements authorize the MRC to act as advisor or agent in respect of certain duties of the Charter Municipalities thereunder. The tasks that the MRC is specifically authorized to perform include, but are not limited to, the following: (a) allocate and apply Performance Credits to the purchase of limited partnership interests in the Penobscot Energy Recovery Company Limited Partnership (PERC), and receive, invest and administer the distribution of the remaining Performance Credits to and among the Charter Municipalities; (b) receive, invest and administer the distribution of any partnership distributions (otherwise known as Net Cash Flow) made to Equity Charter Municipalities as a result of their limited partnership interests in PERC; (c) manage transfers of funds to and from the Tip Fee Stabilization Fund and other reserve funds; and (d) direct PERC to move funds in the MRC accounts held by the Trustee, as required to implement these guidelines.
- Target values.** The MRC intends to administer the assets of the Charter Municipalities pursuant to the Waste Disposal Agreements such that the net cost of disposal will not exceed target values on a system-wide average basis for all Charter Municipalities for as long as possible. The current values of the target values are as follows:

Period of distribution	Equity Charter Municipalities	New Charter Municipalities
Before 1 July 2011	\$45 per ton	\$54 per ton
Until 1 July 2012	\$46 per ton	\$54 per ton
Until 1 July 2013	\$48 per ton	\$54 per ton
Until 1 July 2014	\$51 per ton	\$54 per ton
Until 1 July 2015	\$55 per ton	\$55 per ton
Until 1 July 2016	\$59 per ton	\$59 per ton
Until 1 July 2017	\$63 per ton	\$63 per ton
Until 1 July 2018	\$67 per ton	\$67 per ton

To achieve the target values, the MRC intends to offset tipping fees under the Waste Disposal Agreements with distributions of Performance Credits and distributions of Net Cash Flow from PERC, as well as withdrawals from the Tip Fee Stabilization Fund and funds from prior balances of the Custody Account. Performance Credits, withdrawals from the Tip Fee Stabilization Fund and funds from prior balances of the Custody Account will each be allocated among the Equity Charter Municipalities on the basis of actual tonnage delivered in the prior quarter. Net Cash Flow payments will be allocated among the Equity Charter Municipalities pro rata on the basis of ownership of limited partnership shares in PERC. The MRC will ensure that distributions to all of the Equity Charter Municipalities as a group, and to each individual New Charter Municipality, occur each quarter such that the amount distributed in each case equals the product of (a) the total tons delivered by such municipalities in the prior quarter; and (b) the difference between the tipping fee for the prior quarter and the applicable target value, in dollars per ton.

3. **Funds in the MRC Custodial Account.** At the start of each calendar quarter, the MRC shall project the balance in the Custodial Account at the end of such quarter, and the cash flows into and out of the Custodial Account during such quarter, accounting for the following

- Opening balance in the calendar quarter.
- Performance Credits projected to be received in the quarter.
- Net Cash Flow projected to be received in the quarter.
- Other amounts projected to be received in the quarter, if any.
- Cash distributions to be paid to the Charter Municipalities during the quarter in order to achieve the target values.
- Transfers to the MRC Operating Account or for other purposes to the extent explicitly authorized by vote of the MRC Board of Directors.
- Any projected need to reserve funds for cash distributions in future quarters.

Based on such projected balance, the MRC shall also project and confirm by vote (a) amounts to be transferred from the Tip Fee Stabilization Fund to the Custody Account in order to provide cash for distribution to the Charter Municipalities; and (b) projections of any amounts available for transfer to the Tip Fee Stabilization Fund at the end of quarter.

The MRC shall distribute cash distributions to the Charter Municipalities within 60 days of the end of calendar quarter for which such distributions are required in order to achieve the target values.

At the end of the quarter, based on actual values of Performance Credits, Net Cash Flow, and other amounts received, and on the actual value of cash distributions and other amounts paid, the MRC shall retain available cash in the Custodial Account unless directed otherwise by vote of the MRC Board of Directors.

4. **Funds in the Tip Fee Stabilization Fund.** The funds in the Tip Fee Stabilization Fund shall be placed in a separate account and shall be invested in accordance with an Investment Policy approved by the Board of Directors. No funds shall be withdrawn from the Tip Fee Stabilization Fund without a prior authorizing vote of at least seventy-five percent of those present and voting, but not less than six voting in the affirmative (a Supermajority), at a noticed meeting of the MRC Board of Directors at which a quorum is present.

The MRC Clerk is instructed to cause all required notices to be drawn up to implement such transfer in accordance with the applicable provisions of the Surplus Cash Agreement and the Partnership Agreement. The MRC Treasurer, or, in the absence of the Treasurer, his designee from the Finance Committee, is authorized to sign all such notices.

5. **General provisions.** These Transaction Guidelines shall not be amended, nor shall any provision hereunder be waived, without the approval of the MRC Board of Directors; provided, however, that neither the provision requiring authorization of a Supermajority of the Board of Directors to withdraw funds from the Tip Fee Stabilization Fund nor this Section 5 shall be amended or waived without the approval of a Supermajority of the MRC Board of Directors at a noticed meeting of the MRC Board of Directors at which a quorum is present. The MRC Finance Committee shall review projected and actual transactions for compliance with these guidelines on a periodic basis. The MRC Finance Committee shall have the right to recommend specific amendments to these Transaction Guidelines to the MRC Board of Directors as warranted by the circumstances.

Approved by vote of the MRC Board of Directors at the meeting on May 4, 2011.