

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A quarterly meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, April 26, 2017 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
James Guerra, Mid-Coast Solid Waste Corp.
Catherine Conlow, Bangor
Chip Reeves, Bar Harbor
Karen Fussell, Brewer
Tony Smith, Town of Mount Desert
Susan Lessard, Town of Bucksport
Mike Roy, City of Waterville

Staff:

Greg Louder, MRC Executive Director

Consultants:

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

Guests:

Steve Davey, Fiberright
Hank Lang, PERC
Gary Stacey, PERC

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

President Reeves convened the meeting at 10:09 a.m.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the January 25, 2017 quarterly meeting of the Board of Directors, and the February 21, 2017 special meeting of the Board of Directors.

Chairman Reeves reminded board members of the various committee positions. There being no changes to the draft minutes as presented, upon motion made and duly seconded, it was unanimously:

VOTED: That the minutes of each of the January 25, 2017 quarterly meeting of the Board of Directors, and the February 21, 2017 special meeting of the Board of Directors, and the December 14, 2016 Annual Meeting of Members hereby are approved in the forms presented to the Board at this meeting.

**CONSIDERATION OF FINANCIAL STATEMENTS
& BILLS PAYABLE AS OF APRIL 20, 2017**

Sophie Wilson presented bills payable totaling \$109,194.02. Ms. Wilson noted that there were no expenses outside of the usual course, and that the Finance Committee recommends approval of the payables. Upon motion duly made and seconded, it was unanimously:

VOTED: That bills payable of \$109,194.02 as presented to the Board at this meeting hereby are approved for payment.

Ms. Wilson reported that the Finance Committee has discussed disposition of the \$600,000 payment received as part of the settlement of the USAE lawsuit. The MRC's intention has always been to try to move a portion of that \$600,000 back into the Operating Budget Stabilization Fund or Operating Fund, in recognition of the fact that the lawsuit that led to the payment was funded from the Operating Fund. There has not been an actual reconciliation of legal fees relating to the lawsuit, but the Finance Committee recommends that the Board grant authority to the Executive Director and Treasurer to perform the reconciliation and move the funds as appropriate. Upon motion duly made and seconded, it was unanimously:

VOTED: That the Executive Director and Treasurer are hereby authorized and directed to perform a reconciliation of payables relating to legal fees associated with the USAE lawsuit, and to transfer to the Operating Budget Stabilization Fund or Operating Fund, an amount equal to the funds expended but not to exceed Four Hundred Thousand Dollars (\$400,000).

George Aronson noted that authorization of this transfer of funds has been properly noticed in accordance with MRC policies.

FIBERIGHT PROGRESS TO FINANCIAL CLOSE

Steve Davey, Chief Operating Officer of Fiberright reported that the project is moving along with great pace now that the appeal process is completed and the permits are clear. Fiberright has secured the private equity needed for the project and counsel has been identified. Fiberright is still in positive discussions with the strategic investor, and is working through the final approval process within their organization. Fiberright has agreed with the private equity partners to be on site in Hampden during the construction phase, as well as for maintenance once the facility is up and running. Fiberright has secured approval from Finance Authority of Maine (“FAME”) to issue bonds if needed, and term sheets are in place with several national banks. Maine regional banks have also shown an interest in investing. Mr. Davey reported that financial close is weeks away. The target date is June, although there are several moving factors which are not in Fiberright’s control. The private equity partners have hired an engineer to vet the project and a consultant to vet waste supply. Amec Foster Wheeler has been hired for due diligence and, upon completion, Fiberright will receive a maximum contract price which is a key element to the financing process. That information is expected within a few weeks. With respect to engineering, Fiberright is lining up all of the letters of intent for off-takes, and has met with materials recovery facility providers. With respect to agreements, the private equity firm has identified counsel and is reviewing partnership agreements, licensing agreements and the MRC agreements. Fiberright is working with George Aronson and Dan McKay to finalize the key documents, subject to a final review by lender counsel.

Mr. Davey reported positive momentum toward the goal of making the plant operational within one year. He expects to have a start date once the final word is received from the engineering team. Fiberight expects that the front end of the facility will be operational by April 1, 2018, and hopefully the entire facility will be up and running by that date. Greg Louder noted that if the back end of the facility is not complete, Fiberight will deal with the municipal solid waste (“MSW”) in accordance with the agreement. A brief discussion ensued regarding the sources of equipment for the facility and George Aronson requested that Fiberight provide that information when available.

George Aronson made a general point as to the status of the agreements, noting that the Master Waste Supply Agreement (“MWSA”) will need modest amendments as the equity investors and lenders have final review, but that the preliminary review by the proposed equity partners is complete and positive. A few items in the site lease remain outstanding, as it needs to be made consistent with lender requirements. From the MRC’s perspective, finalizing those agreements should be a manageable task within the time frame.

CONSIDERATION OF DEFERRAL OF MRC’S TERMINATION RIGHTS UNDER SECTION 4.1(D) OF THE DEVELOPMENT AGREEMENT WITH FIBERIGHT UNTIL AUGUST 1, 2017

George Aronson reported that the MWSA, as written and signed, includes a right for the MRC to terminate the agreement if financial close is not achieved by January 1, 2017. At the last board meeting, the board voted not to exercise that termination right until May 1, 2017, and that it would facilitate the financing if the MRC board agreed to extend the date again to a short time frame of August 1, 2017. Dan McKay added that it is important to note that the delay in financial close is not related to any substantial problem with the project, but rather a result of

delays arising as a consequence of PERC's appeal of the DEP action granting project permits.

Upon motion duly made and seconded, it was unanimously:

VOTED: That the MRC defer its termination rights under Section 4.1(d) of the Master Waste Supply Agreement until August 1, 2017.

**REPORT ON CONTINGENCY PLANNING AND COSTS FOR BRIDGE MSW
TRANSFER/TRANSPORTATION**

Greg Lounder presented the transportation analysis prepared by staff in response to the Board's request at the last meeting. The purpose of the analysis is to provide contingency planning in the event that the Fiberight project is not ready to accept waste on April 1, 2018 and it becomes necessary to transport Bridge Waste to Norridgewock. The analysis contemplated those towns close to Norridgewock, as well as those towns with 100 yard trailers, going directly to Norridgewock. The largest group of towns, representing those farther from Norridgewock and without 100 yard trailers, would deliver MSW to the Fiberight facility in Hampden where the waste that could not be processed would be transferred to 100 yard trailers and transported to Norridgewock. The reimbursement to each group of costs associated with this bridge was analyzed, and it was determined it would cost approximately \$600,000 for one (1) year. Board member Sophie Wilson raised the issue of permitting, and Denis St. Peter of CES, Inc. reported that the current permit doesn't address a transfer option, and that the Board would need to decide whether to procure a permit amendment with the Department of Environmental Protection ("DEP") in order to pursue a non-processing transfer option. Board members expressed concern about representing this as an option without the regulatory framework to support it. Board Member Sue Lessard noted that in addition to the DEP permit, the Town of Hampden would also need to issue a permit, and there is concern as to whether the Town of Hampden would be amenable. Denis St. Peter noted that direct transfer in packer trucks could be analyzed, however

that option also has issues to consider. Angus Jennings, Town Manager of Hampden confirmed that a separate municipal permit would need to be considered by the Hampden Planning Board.

Chairman Reeves explained that we have contingencies in place, and with the positive feedback from Fiberight received at this meeting, this will likely be a non-issue. The MRC has heard concerns and understands the Town of Hampden position. The Board asked staff to look into this contingency, however the options have not been fully vetted. Chairman Reeves also noted that there are other transfer stations which may be open to an agreement with MRC if there is a need for sustained transfer rather than qualified bridge or bypass from the processing facility. Board Member Sophie Wilson stated that, despite the fact that it is unlikely this will ever be an issue, it is concerning to have a contingency plan that is not feasible. Board Member Karen Fussell suggested that staff explore the option to use packer trucks to transport to determine the additional costs and timeline of that option given the amount of funds in the transportation reserve.

Board Member Mike Roy made a motion to delay a decision on this question until the next board meeting to allow staff to come back to the Board with additional information, which motion was seconded. A discussion ensued regarding this delay, and Board Members Cathy Conlow, Sophie Wilson and Sue Lessard each expressed a reluctance to seek any new permits or modifications to existing permits. There being no further discussion, by a vote of 5 to 3, with Board Members Cathy Conlow, Sophie Wilson and Sue Lessard voting against, it was:

VOTED: That staff hereby is directed to further investigate options for a contingency plan for the transportation of Bridge Waste and report back to the Board at its next regular meeting.

OVERVIEW OF PENDING DECISIONS TO EXERCISE OPTION TO PURCHASE PROJECT SITE AND UTILITY CORRIDOR, ENTER INTO AN AGREEMENT OF THE HAMPDEN WATER DISTRICT, ENTER INTO A MOU WITH THE TOWN OF HAMPDEN, ENTER INTO THE PHASE II CONSTRUCTION AGREEMENT WITH SARGENT CORP.. AND TO FUND ASSOCIATED PROJECT COSTS AND TO AMEND THE MASTER WASTE SUPPLY AND SITE LEASE AGREEMENT INCLUDING ADJUSTMENTS TO THE REBATE STRUCTURE AND THE REALLOCATION OF PROJECT RESERVE FUNDS

Greg Lounder explained the terms of the current option to purchase the 90 acre project site for the price of \$260,000. The purchase price is \$285,000, however HO Bouchard, Inc. has graciously agreed to step forward as an interested landowner to contribute \$25,000 toward the Hampden Water District line project, effectively reducing the net purchase price to \$260,000. Closing is scheduled to take place on or about May 1, 2017. Mr. Lounder next explained a second option to purchase a 100 foot wide utility corridor from Maine Ground Developers, Inc. for a purchase price is \$160,000. That closing is scheduled to take place on or around May 10, 2017.

Denis St. Peter presented an update on the road and utility construction at the Fiberright site. Phase I was approved by the Board last year. Phase II is to be completed by October 2017. Mr. St. Peter reviewed the major items in Phase II Construction, presenting the Board with color-coded maps of the access road progress and water main. Fiberright has not yet been issued the building permit, but Angus Jennings noted that the Town of Hampden has worked with its legal counsel regarding a road frontage issue and a solution is at hand.

George Aronson discussed amendments to the Master Waste Supply Agreement and Site Lease. Substantial progress has been made. All substantive issues have been addressed, and the final details of financing are needed in order to make final edits. Mr. Aronson explained that the amendments are needed to be consistent with the final delivery commitment, and to honor commitments made after the period of January 1, 2016 – June 30, 2016. At Board Member Cathy

Conlow's request, Mr. Aronson clarified that Fiberight has represented in public meetings that exclusivity provisions in the Master Waste Supply Agreement are not intended to apply to home composting, diverting food waste, etc.. Lastly, the agreements needed to be revised to include investor and lender benefits, which we knew would need to occur once those parties had been identified. These issues do not require the MRC to go back to the towns for approval.

Mr. Aronson reviewed the rebate calculation, explaining that rebates will depend on how well the facility performs and on current market conditions. It will likely be two to three years before rebates are realized, at which time levels of rebates should be consistent with expectations. Mr. Aronson noted the Joinder Agreement provision which provides that new Joining Members pay a \$2.21 per ton premium over the initial contract term. He clarified that this \$2.21 per ton will be paid directly to the MRC and not to Fiberight and, consequently, will be carved out of the rebate structure.

Mr. Aronson next reviewed reallocation of reserve funds. Board member Sophie Wilson noted that these are estimates based on projections, and there is no guarantee that cash will come in as anticipated. Therefore, further revisions may be needed.

The Board took a lunch break at 12:01 p.m.

At 12:38 p.m., the board reconvened.

Greg Lounder reported that the Communications Committee has worked diligently over the last several weeks to organize communications with members. He has not yet received any member feedback in response to the recent mailing. Mr. Lounder recently attended the Maine Resource Recovery Association ("MRRRA") conference and encouraged people to ask questions. Board Member Karen Fussell commended George Aronson on his summary materials and Board

member Sophie Wilson suggested that all communications to members be uploaded to the website.

Shelby Wright of MRRA spoke about the textile recovery pilot project, reporting that testing with Fiberright is scheduled for August, 2017. George Aronson clarified that the contractual definition of Acceptable Waste has not changed, but that there is a provision in the Master Waste Supply Agreement requiring that the MRC use reasonable care to identify materials that would become residuals and do what it can to divert those materials on the front end.

CONSIDERATION OF EXERCISE OF THE OPTION HELD WITH HO BOUCHARD, INC. TO PURCHASE THE PROJECT SITE; APPROPRIATION \$260,000

Greg Louder stated that the Option to Purchase with HO Bouchard, Inc. and its affiliate, Hickory Development, LLC, has been in place since late 2014, and has had a couple of minor revisions since that time. A motion was duly made and seconded to approve the exercise of the HO Bouchard, Inc. option. Board Member Sue Lessard requested that staff express the Board's gratitude for H.O. Bouchard's \$25,000 contribution to the project. After discussion, it was unanimously:

VOTED: That the MRC hereby is authorized to exercise the option described in a certain Option to Purchase dated December 4, 2014, given by H.O. Bouchard, Inc. and Hickory Development, LLC, as Seller, and the MRC, as Buyer, and that each of the President and the Treasurer of the MRC hereby is authorized, acting singly, to accept on behalf of the MRC a deed to the Property in exchange for the purchase price, all as described and specified therein, and to execute and deliver all such documents, and take all such further actions, as the signing officer may deem to be necessary or appropriate in order to exercise such option or otherwise to implement the intent of this resolution.

CONSIDERATION OF EXERCISE OF THE OPTION HELD WITH MAINE GROUND DEVELOPERS, INC. TO PURCHASE THE PROJECT UTILITY CORRIDOR;
APPROPRIATION: \$160,000

Greg Lounder reported that if the MRC exercises the option with Maine Ground Developers, Inc. to purchase the project utility corridor, it should be conditioned on the Town of Hampden's approval of the infrastructure, which may not occur until the end of May, 2017 due to the Town Council's meeting schedule. A motion was duly made and seconded to approve the exercise of the Maine Ground Developers, Inc. option, conditioned on the Town of Hampden's approval of the infrastructure. After a short discussion to clarify that the \$160,000 is the remaining unpaid portion of the purchase price of \$200,000, as the MRC has already paid a \$40,000 deposit, it was unanimously:

VOTED: That the MRC hereby is authorized to exercise the option described in a certain Option to Purchase dated November 12, 2015, given by Maine Ground Developers, Inc., as Seller, and the MRC, as Buyer, and that each of the President and the Treasurer of the MRC hereby is authorized, acting singly, to accept on behalf of the MRC a deed to the Option Lands in exchange for the purchase price, all as described and specified therein, and to execute and deliver all such documents, and take all such further actions, as the signing officer may deem to be necessary or appropriate in order to exercise such option or otherwise to implement the intent of this resolution.

CONSIDERATION OF AGREEMENT WITH THE HAMPDEN WATER DISTRICT TO DEVELOP INFRASTRUCTURE AND RELIABILITY UPGRADES TO SERVE THE FIBERIGHT SOLID WASTE PROCESSING AND RECYCLING FACILITY;
APPROPRIATION: \$202,375

Greg Lounder reported on his recent meeting with the Hampden Water District ("HWD") representatives to discuss the final Agreement ("HWD Agreement"). A few elements relate to responsibility that Fiberight may have, which will be addressed in a separate agreement. Mr. Lounder reported that HWD was understanding of the MRC's point of view. A general discussion ensued and Chairman Reeves provided clarification of certain sections of the HWD

Agreement. The HWD has expressed that the MRC's costs will be fixed at \$202,375, which is the MRC's contribution toward the pump station upgrade, however there is concern about the re-opener language in Section 7 of the HWD Agreement.

Board Member Sophie Wilson expressed her dissatisfaction with the HWD throughout this process. Ms. Wilson praised Greg Lounder and Chip Reeves for their efforts in trying to find a middle ground, but noted that HWD has continually moved the target.. It was noted that Section 4 is acceptable, but that Sections 7b and 7c should be removed or clarified. After discussion, and upon motion duly made and seconded, it was:

VOTED: That the MRC hereby is authorized to enter into an Agreement between the Hampden Water District and the Municipal Review Committee ("MRC") providing for a fixed price for liability upgrades in the amount of \$202,375, and that the Treasurer of the MRC hereby is authorized, acting singly, to execute and deliver said Agreement on behalf of the MRC, and take all such further actions, as the signing officer may deem to be necessary or appropriate in order to implement the intent of this resolution.

CONSIDERATION OF MEMORANDUM OF AGREEMENT WITH THE TOWN OF HAMPDEN TO FACILITATE PUBLIC WATER INFRASTRUCTURE

Greg Lounder presented the draft memorandum of understanding ("MOU") with the Town of Hampden, noting the Town's edit regarding the recoupment of funds. As drafted, the MOU obligates the MRC to repay the Town of Hampden \$167,000 if the project does not move forward. Fiberight has agreed to indemnify the MRC, however Dan McKay noted the risks of relying on that indemnification if Fiberight does not have assets. After discussion, and upon motion duly made and seconded, by a vote of 7 to 1, with Chairman Reeves voting against, it was:

VOTED: That the MRC hereby is authorized to enter into a Memorandum of Understanding ("MOU") by and among Fiberight, Inc. and the Town of Hampden, Maine including revisions consistent with the discussions at this meeting to be approved by the signing officer, and that the Treasurer of the MRC hereby is authorized, acting singly, to execute and deliver said MOU on behalf of the MRC, and to take all such further actions

as she may deem to be necessary or appropriate in order to implement the intent of this resolution.

A motion was made and seconded to approve the Indemnity Agreement with Fiberight.

Dan McKay explained that the Indemnity Agreement is related to, but not linked to, the MOU with Fiberight and the Town of Hampden. There being no further discussion, by a vote of 7 to 1, with Chairman Reeves voting against, it was:

VOTED: That the MRC hereby is authorized to enter into an Indemnity Agreement with Fiberight, Inc. on substantially the terms presented to the meeting, and that the Treasurer of the MRC hereby is authorized, acting singly, to execute and deliver said agreement on behalf of the MRC, and to take all such further actions as she may deem to be necessary or appropriate in order to implement the intent of this resolution.

**CONSIDERATION OF AMENDMENT TO ROAD/UTILITY INFRASTRUCTURE
PROJECT TO INCLUDE PHASE II; APPROPRIATION \$2,914,362.42**

Denis St. Peter of CES, Inc. led a brief discussion regarding Phase II of the road/utility infrastructure project. Mr. St. Peter reviewed the Change Order and Schedule of Values prepared by Sargent Corp., and after a brief discussion, it was unanimously:

VOTED: That the Change Order relating to Phase II of the road/utility infrastructure project with Sargent Corp. is hereby approved.

**CONSIDERATION OF APPROVAL OF FUNDING FOR OVERHEAD ELECTRIC
UTILITIES (UP TO \$160,000) AND WETLAND DISTURBANCE IN-LIEU-FEES
(\$72,124); APPROPRIATION: UP TO \$232,124**

The Board considered approval of funding for overhead electric utilities in an amount up to \$160,000 and wetland disturbance in-lieu-of fees in an amount of \$72,124. Board Member Sophie Wilson noted that approval of this item has already been discussed by the Board, and upon motion duly made and seconded, it was unanimously:

VOTED: That the funding for overhead electric utilities in an amount of up to \$160,000 and funding for wetland disturbance in-lieu-fees in an amount of \$72,124 is hereby approved.

CONSIDERATION OF APPROVAL OF FUNDING FOR MDOT HIGHWAY OPENING PERMIT ESCROW ACCOUNT (10% OF FUNDING WILL BE RETAINED BY MDOT UPON SUCCESSFUL PROJECT COMPLETION AND 90% OF FUNDING WILL BE RETURNED TO THE MRC); APPROPRIATION: \$243,000

The Board next considered approval of funding for a Maine Department of Transportation (“MDOT”) Highway Opening Permit Escrow Account. It was noted that 10% of the funding will be retained upon successful completion, and that 90% of the funding will be returned to the MRC. There being no further discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That the funding for a Maine Department of Transportation (“MDOT”) Highway Opening Permit Escrow Account in the amount of \$243,000 is hereby approved, and that the amount of \$243,000 shall be moved from the Operating Budget Stabilization Fund for this purpose.

REPORT ON AND PRELIMINARY CONSIDERATION OF AMENDMENTS TO THE MASTER WASTE SUPPLY AND SITE LEASE AGREEMENTS WITH FIBERIGHT TO IMPLEMENT ADJUSTMENTS TO THE REBATE STRUCTURE, REALLOCATE PROJECT RESERVES AND ADDRESS OTHER ITEMS TO REFLECT CHANGES TO PROJECT COMMITMENT AND SCALE, ALL TO FACILITATE PROJECT FINANCIAL CLOSE AND CONSTRUCTION

Dan McKay reported that the amendments to the Master Waste Supply Agreement and Site Lease Agreement are still in draft form and are currently under review by the lenders, but that the Board can approve the amendments at this meeting and authorize a signing officer and/or a small subgroup of board members to approve any final revisions, using discretion to determine whether or not any final changes should be brought back to the full Board for approval. A brief discussion ensued regarding the revisions to the agreements, and a motion was duly made and seconded to authorize Chairman Reeves as the President of the MRC to continue negotiations of the amendments and to approve further amendments to the agreement as presented. At Board

Member Karen Fussell's request, George Aronson explained the changes to the rebate formula and thresholds. There being no further discussion, it was unanimously:

VOTED: That the President of the MRC hereby is authorized, acting singly, to execute and deliver amendments to the Master Waste Supply Agreement and Site Lease on behalf of the MRC consistent with the discussions at this meeting, and to take all such further actions as he may deem to be necessary or appropriate in order to implement the intent of this resolution.

SECOND QUARTER 2017 TIPPING FEE CALCULATION

George Aronson presented the tipping fee calculation for the second quarter. The proposed tipping fee is \$81.20 per ton. The total tonnage delivered by charter municipalities was down 3.9% from this quarter last year. There were no exceedences during the quarter and PERC complied with the performance standards so no adjustment to the tip fee is necessary. He recommended that PERC's calculation be accepted. After a brief discussion regarding movement of the tipping fee, and upon motion duly made and seconded, it was unanimously:

VOTED: That the Second Quarter 2017 tipping fee calculated by PERC in the amount of \$81.20 per ton hereby is accepted.

PERC FACILITY OPERATIONS REPORT

Hank Lang, Plant Manager of PERC, presented the PERC Facility Operations Report. He reported that the plant ran better than expected during the first quarter. The B boiler outage took place in January, and repairs were made to the grading equipment. The hot side of the generating tank was replaced, and a guillotine damper was installed to enable work on the boiler without keeping the fan running. The annual outage for the A boiler took place in February, and the south water wall was replaced. Electrical production at the end of the quarter was 78%, which was slightly ahead of budget. Deliveries in January totaled 23,653 tons, of which 556 tons were bypassed due to the outages. Deliveries in February totaled 21,238 tons of which 412 tons were bypassed and deliveries in March totaled 28,191 tons, none of which was bypassed.

Mike Roy left the meeting at 2:02 p.m.

**CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT – CUSTODY
ACCOUNT, TIP FEE & OPERATING BUDGET STABILIZATION FUNDS,
CONSIDERATION OF WITHDRAWAL FROM THE TIP FEE STABILIZATION FUND
FOR SECOND QUARTER CASH DISTRIBUTION, TRACKING OF PERC CASH
DISTRIBUTIONS TO SATISFY \$5,400,000 OWNED PER SETTLEMENT
AGREEMENT**

George Aronson presented the Charter Municipality Asset Management Report. As of April 1st, there was \$883,100.45 in the Custody Account, \$26,203,873.26 in the Tip Fee Stabilization Fund , and \$192,573.88 in the Operating Budget Stabilization Account. The cash distribution for the quarter is \$602,602.91. Mr. Aronson also noted that there is sufficient cash flow to make the quarterly distribution, and no transfer from the Tip Fee Stabilization Account will be necessary this quarter. After discussion, upon motion duly made and seconded, it was unanimously:

VOTED: That the recommended cash distribution for the quarter of \$602,602.91 hereby is approved.

**ADMINISTRATIVE REPORT – WASTE DELIVERY TRENDS, MRRA CONFERENCE,
2016 MRC FINANCIAL AUDIT, FLOW CONTROL, LEGISLATIVE SESSION,
JUNIPER RIDGE LANDFILL DRAFT DEP EXPANSION APPROVAL, DEPARTING
MUNICIPALITY DRAFT WITHDRAWAL AGREEMENT, AMENDMENT TO
RESIDUALS DISPOSAL AGREEMENT**

Greg Louder provided the administrative report, noting that he had productive discussions with representatives from several member communities at the recent MRRA conference.

The 2016 financial audit is almost complete and is on track to be available for review at the July meeting.

George Aronson noted that he spoke with representatives from four member communities which currently have ordinances that direct certain waste to be delivered to PERC. It was agreed

that an effort needs to be made to ensure that the ordinances are enforced both legally and economically.

The expansion license for Juniper Ridge is currently going through the public comment period, and the MRC's involvement in that process was discussed. After discussion, it was noted that Greg Louder will review and make some comments to be reviewed by the Communications Committee. The Flow Control Committee should also be involved, and this may be an opportune time to substantially review member ordinances to determine if any updates are needed. Board Member Sophie Wilson suggested that the MRC host a meeting for member communities to discuss the benefits of flow control. After discussion, it was determined that the Flow Control Committee would meet and bring recommendations to the full Board at the July meeting.

Greg Louder reported that the communication to members regarding the PERC put option was sent out about two months ago, and approximately 25-30 member communities have returned the executed paperwork to exercise the put option. Mr. Louder reported that he has received requests from some member communities for a draft of the departing municipality agreement. Dan McKay noted that the agreement will cover the mechanics of how to withdraw, and when they will be paid their dues out of various funds. The agreement clarifies the relationship between the departing member community and PERC after April 1, 2018, and that the MRC will not be representing the interests of withdrawing members after that time. The agreement also provides that by accepting the distribution, the member community accepts the calculation as final. It was noted that the agreement should clarify that the payment to the departing member community is net of costs of closure, and Board Member Sophie Wilson suggested that the revised agreement be presented to the full Board to then be shared with the member communities.

Tony Smith left the meeting at 2:30 p.m.

The Board next addressed the reallocation of reserve funds. Board Member Sophie Wilson made a motion that \$4,360,000 be allocated as a building reserve fund and that the MRC create and fund a development fund in the amount of \$1,000,000. George Aronson clarified that the “up to \$7,000,000” building reserve fund would be funded at an initial value of \$4,360,000, and that the community development fund would be reallocated by funds now available from those that were to be reserved in the building reserve fund (up to the \$7,000,000 amount). The motion was seconded. Board Member Karen Fussell clarified that the alternative is to use the debt service funds that we expect to come due, rather than paying those funds out to charter members. There being no further discussion, it was unanimously:

VOTED: That the amount of \$4,360,000 shall be allocated as an initial building reserve fund, that the MRC shall create and fund a development reserve fund in the amount of \$1,000,000.

VOTED:, If necessary to finalize the restated Master Waste Supply Agreement, that the MRC is hereby authorized to pledge up to \$3,000,000 in reserve funds as collateral to secure the MRC’s obligations under the Site Lease and Master Waste Supply Agreement, and that the Treasurer is hereby authorized, acting singly, to take all actions necessary to effectuate a pledge of such funds including, but not limited to, opening one or more depository accounts into which pledged funds would be deposited and entering into a security agreement, deposit account control agreement and such other agreements as may be necessary or advisable in order to fully implement the intent of this resolution.

There being no further business to come before the Board, the meeting adjourned at 2:43 p.m.

Respectively submitted,



Jennifer S. Baroletti

Dated: July 26, 2017