

MUNICIPAL REVIEW COMMITTEE, INC.

ANNUAL MEETING

The Annual Meeting of the Members and Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, December 13, 2017 at 3:00 p.m. at the Town of Hampden Municipal Building, 106 Western Avenue, Hampden, Maine. In addition to a number of members from the charter municipalities of the Municipal Review Committee (“MRC”), in attendance were the following:

Directors:

Sophie Wilson, Orono
Catherine Conlow, Bangor
Chip Reeves, Bar Harbor
Tony Smith, Town of Mount Desert
Karen Fussell, City of Brewer
Susan Lessard, Town of Bucksport

Consultants:

Greg Louder, MRC Executive Director
Dan McKay, Esq., Eaton Peabody
George Aronson, CRMC
Denis St. Peter - CES, Inc.

Guests:

Craig Stuart-Paul, Fiberight
Steve Davey, Fiberight
Hank Lang, PERC
Kevin Nordby, PERC

Jen Baroletti kept the minutes of the meeting and President Chip Reeves presided.

President Reeves welcomed the membership to the Annual Meeting and thanked the Town of Hampden for hosting the annual meeting as well as the Fiberight project. He reviewed the MRC’s mission, and noted that 2018 will be a year of transition as the MRC prepares to wind up the PERC Partnership, construct the Fiberight facility, and manage the transition of MSW

disposal to the new facility during the startup period. The MRC will also be transitioning to a new role, which will be described in further detail later in the meeting. President Reeves thanked the membership for their attendance and turned the presentation over to Greg Louder, Executive Director of the MRC.

ELECTION RESULTS

Greg Louder summarized the results of the election to fill three seats on the Board of Directors of the MRC. The results were as follows: Kevin Howell, Town of Carmel and Ralph Saucier, Town of Millinocket were elected to serve three-year terms beginning January 1, 2017, and Sophie Wilson, Town of Orono was re-elected to serve a three-year term beginning January 1, 2017.

TREASURER'S REPORT

Sophie Wilson presented the Treasurer's Report, requesting that any comments from the member communities be provided in advance of the January board meeting. Ms. Wilson reviewed the draft 2018 Operating Budget which contemplates total expenditures in the amount of \$475,000. Typically a final draft budget is presented at the annual meeting each year, but because of the ongoing review of various scopes of work and the MRC's transitional role, the budget contains conservative estimates at this point in time and the MRC is hopeful that there will be some decreases. Membership dues are expected to remain at \$1.25 per ton.

Ms. Wilson noted that there is no longer a need for a separate Capital Asset Management Budget, and that the Operating Budget contains line items for the windup of the PERC Partnership, including legal fees for Eaton Peabody and technical consulting fees for Commonwealth Resource Management Corporation. Ms. Wilson welcomed input from members, and noted that the Finance Committee is scheduled to meet in early January to review

finalized scopes of work and to finalize the budget, which will then be posted to the MRC's website and subsequently reviewed and approved by the board at the January meeting.

ACCOMPLISHMENTS IN 2017

Greg Louder reviewed the following timeline of the MRC's accomplishments in 2017:

- April 2017 Appeal period ends for final Maine DEP permits
- May 2017 MRC closes acquisition of site in Hampden
- June 2017 MRC begins road construction and site preparation
- Aug 2017 Fiberight/Coastal closes on equity financing
- Sept 2017 Coastal begins building construction
- Oct 2017 MRC distributes debt service reserve funds to Equity Charters
- Dec 2017 Coastal closes new FAME bond financing

Mr. Louder explained that references to Coastal Resources, LLC ("Coastal") are to the project-specific entity created by Fiberight to own the project.

WIND-UP OF PERC AGREEMENTS

Dan McKay summarized the process undertaken to wind up the PERC Waste Disposal Agreements. He noted that, as the original MRC project period comes to a close, and as part of the restated PERC Partnership Agreement, each Equity Charter Municipality has been granted a put option to require the PERC Partnership to repurchase its partnership interest in exchange for its allocable share of \$1.5 million which is the amount agreed to represent the aggregate price for limited partnership interests held by all Equity Charter Municipalities. The put option expires on Friday, December 15th. For those members exercising the put option, there will be a closing after April 1, 2018 at which time each member exercising the put will receive its allocable share of the agreed upon aggregate purchase price of \$1.5 million. Those Equity Charter

Municipalities that do not exercise their put option by the December 15 deadline will be subject to a call option whereby the PERC Partnership can require such Equity Charter Municipalities to sell their partnership interests back to PERC at their then fair market value. Mr. McKay noted that that this call option price could end up being more or less than the agreed upon put price. He briefly reviewed the continuing obligations of the MRC related to PERC agreements, including the distribution of funds to departing municipalities (expected in August 2018 after the audit is completed). He emphasized that the MRC will continue to represent Equity Charter Municipalities electing to exercise their put option in connection with the sale of their partnership interests pursuant to that option, but Equity Charter Municipalities not electing to exercise the put option will be responsible for dealing with PERC with respect to their remaining interests in the PERC Partnership.

Lastly, Mr. McKay explained the withdrawal process for departing Equity Charter Municipalities, noting that draft withdrawal agreements were provided in early November, and after a brief comment period, the final version is being mailed out today. Mr. McKay suggested that, as a follow up to authorizing resolutions adopted at the October board meeting and in recognition of the significant number of Withdrawal Agreements expected to be executed with Departing Municipalities,, the Board consider granting authority to the Executive Director to execute those agreements on behalf of the MRC in order to relieve the officers of that burden. There being no discussion, upon motion made and duly seconded, the following resolutions were adopted unanimously:

WHEREAS, at its October 25, 2017 meeting, the MRC Board of Directors approved the proposed forms of Withdrawal Agreement between the MRC and its withdrawing Equity Charter Members and New Charter Members, respectively, in substantially the form presented to the meeting; and

WHEREAS, each of the President and the Treasurer, acting singly, was authorized to execute and deliver the Withdrawal Agreements on behalf of the MRC, and each was further authorized to execute and deliver such other documents, and to take such further actions, as might be necessary or appropriate in order to fully implement the Withdrawal Agreements; and

WHEREAS, the Board has determined to designate the Executive Director of the MRC as an additional signing officer for the purpose of authorizing him to execute and deliver the Withdrawal Agreements on behalf of the MRC;

NOW THEREFORE, it hereby is

RESOLVED: That the Executive Director of the MRC hereby is authorized to execute and deliver the Withdrawal Agreements in substantially the form approved on behalf of the MRC, and he is further authorized to execute and deliver such other documents, and to take such further actions, as might be necessary or appropriate in order to consummate the transactions contemplated thereby.

Greg Louder reported that PERC representatives have advised just this afternoon that the four remaining Equity Charter Municipalities have exercised their put option resulting in full participation, and he praised everyone's efforts in that regard.

Dan McKay noted that the bond financing for the Fiberright project is imminent, and prior to delivering his opinion for the closing, asked the Board to consider ratifying and confirming resolutions related to the fundamental transaction documents to which the MRC is a party. There being no discussion, upon motion made and duly seconded, the following resolutions were adopted unanimously:

RESOLVED: That, to the extent not previously authorized, the execution and delivery on behalf of the Municipal Review Committee, Inc. (the "MRC") of each of the following agreements hereby is ratified and confirmed in full: (i) a Development Agreement between the MRC and Fiberright LLC ("Fiberright") dated February 4, 2015; (ii) a Solid Waste Disposal Agreement between the MRC and Waste Disposal Services of Maine, Inc. ("WM") dated August 24, 2015, as amended by a letter agreement between the MRC and WM dated March 17, 2016, and as further amended by a First Amendment to Waste Disposal Agreement among the MRC, WM, Coastal Resources of Maine LLC ("CRM") and Fiberright dated on or about November 14, 2017; (iii) Municipal Joinder Agreements between the MRC and each Joining Member of the MRC (as defined therein and as listed in the Limited Offering Memorandum dated December __, 2017 pursuant to which the Finance Authority of Maine has offered its \$45,000,000 Solid Waste Disposal

Facility Revenue Bonds, Coastal Resources of Maine LLC Project); (iv) a Master Waste Supply Agreement between the MRC and Fiberight dated as of January 1, 2016, as amended by a First Amended and Restated Master Waste Supply Agreement among the MRC, Fiberight and CRM dated as of August 17, 2017, and as further amended by a First Amendment to the First Amended and Restated Master Waste Supply Agreement among the MRC, CRM and Fiberight dated as of November 21, 2017; and (v) a Site Lease among MRC as Landlord, CRM as Tenant and Fiberight dated August 17, 2017, as amended by a First Amendment to Site Lease among the MRC, CRM and Fiberight dated October 25, 2017, and as further amended by a Restated and Amended Site Lease among the MRC, CRM and Fiberight dated as of August 17, 2017.

George Aronson then explained the timeline for payments to Departing Municipalities.

He noted that each Equity Charter Municipality has now received the first payment of funds released from the debt service reserve account that had been maintained as a condition of the PERC Partnership's project financing. Under the PERC settlement agreement, PERC has been making scheduled payments toward the \$5.4 million aggregate amount to be paid to the Equity Charter Municipalities from the date of the Settlement Agreement through March 31, 2018.

Once that obligation is paid in full, the closing would be expected to take place within 30 days.

Mr. Aronson noted that payments to Departing Municipalities will occur somewhat later as the final allocations will be made after the MRC's annual audit is completed. That audit is typically completed by late July and is accepted by the MRC board at its July meeting. Funds are expected to be distributed shortly thereafter to Departing Municipalities. Until that time, the funds will be held in the Tip Fee Stabilization Account. Mr. Aronson noted that the MRC will do what it can to expedite the process and to distribute funds out to members as soon as practicable. Board member Cathy Conlow noted that the list of amount of payments to each municipality is available on the website and is very helpful.

INFRASTRUCTURE PROJECT UPDATE

Greg Louder provided an update on the infrastructure at the Fiberight site, stating that the roadway is complete, with the exception of the final pavement layer which will be laid in

April. Water and sewer infrastructure extensions are complete and the MRC has worked with Emera to secure easements and pay for the planned electrical line extension. In view of these facts, pursuant to Section 7.2 of the Site Lease, the MRC has provided an infrastructure completion certificate to Fiberight/Coastal.

FIBERIGHT CONSTRUCTION STATUS UPDATE

Craig Stuart-Paul of Fiberight provided a plant status update. He noted that, while the project will be owned by Coastal, Fiberight is obligated by the contracts, permits and finance agreements to remain fully involved in the project. The bond financing for the project is nearing completion. The offering is oversubscribed and the price should be coming in below the pro forma projections which should make rebate thresholds for Joining Members more attainable.

While the bond financing is being finalized, funds from the equity closing in August have been used to acquire and erect structural steel for the facility. This work is expected to be completed by year end. The siding crew arrives tomorrow to install the roof, and it is anticipated that, weather permitting, the building will be fully closed in by mid-January. All of the subsurface foundation was completed while the weather was favorable, and work preparatory to installation of the MRF at the facility is underway. Fabricated steel is expected to arrive on site at the beginning of March and is expected to be installed by the end of April or beginning of May. The concrete work could be completed by February or March, and the facility could begin accepting waste at that time, but would prefer not to as the asphalt won't be down until May and that amount of weight on the dirt road may not be favorable. Fiberight has contracted with Cianbro to take over as general contractor at the site, and Cianbro will be installing the structural steel and aerobic digesters in April or May. The odor control system (a very thorough and expensive odor scrubbing system) will be installed and be operational when the facility begins

accepting waste. Mr. Stuart-Paul expects to be able to update the MRC Board on the status of the project (and Cianbro's efforts) at the January MRC board meeting.

MRC ROLE AND SCOPE OF SERVICES

Greg Lounder turned the presentation over to George Aronson, noting that the MRC will continue to rely on Mr. Aronson for his services as the new Fiberight facility comes on line. Mr. Aronson explained that 2018 is a year of transition for the MRC's role. The first quarter of 2018 will be a continuation of operations under the current PERC contracts, including PERC oversight committee service and tip fee analysis. The second quarter of 2018 will be a transition period of working out the final payments and elements of the PERC Partnership before processing at Fiberight begins, and finally the regular processing for Fiberight once the facility is up and running, including coordinating MSW supply and service with joining members. The MRC's new role will be as owner of the site and landlord to Fiberight. Mr. Aronson explained that the equity partners and bondholders will also be participating in oversight of the facility, in addition to the MRC, and that the parties will endeavor to make the process of overseeing permitted use of the site is as efficient as possible.

The MRC will be tasked with monitoring and coordinating rebates for the Joining Members. There is a procedure in the agreements for monitoring and calculating rebates, and the MRC will monitor the waiting periods and thresholds to make sure those rebates are timely provided to Joining Members. Mr. Aronson noted that the new rebates are based on revenues, rather than profits, so the MRC's role of monitoring facility operations should be easier than it has previously been.

Finally, the MRC has always been mission driven, and will act as a strategic partner with the private operators of the facility to secure the interests of Joining Members.

TRANSITION PLANNING: BRIDGE WASTE DISPOSAL

Greg Louder reported on transition planning for bridge and bypass waste disposal, noting that the MRC previously secured a back up disposal arrangement in the event that Fiberight was unable to accept waste on April 1, 2018. Based on the current timeline, the MRC is likely facing a bypass period of relatively short duration beginning in April 2018. The interests of Fiberight and the MRC to have the facility available to process MSW as soon as possible are in alignment, and the MRC will work closely with Fiberight to minimize the need. Mr. Louder explained the options for bypass that will be available to members based on geographic location, and explained that the MRC has reserved funds to cover excess transportation costs to ensure that delivering municipalities are not charged for the excess costs above that which they would be charged to deliver MSW to Hampden.

Mr. Louder noted his understanding that PERC intends to continue operating post April 2018, which is another option for bypass. A bridge/bypass plan update will be provided at the January board meeting, and the MRC will work with all involved for a smooth transition and to minimize any extra costs to the MRC and specifically, to Joining Members.

George Aronson explained that the Operating Budget Stabilization Fund will be used to cover costs associated with the PERC windup, which costs are expected to deplete that account. The Custody Account will be left for working capital expenses. The Tip Fee Stabilization Fund will include \$3 million set aside as a reserve against future delivery deficiency payments under the Master Waste Supply Agreement and will also have an account to fund the costs of bridge waste disposal, rebates to Joining Members, and the Target Value Reserve Fund.

Board member Cathy Conlow asked about tonnage capacity. Steve Davey of Fiberight noted that for the initial period, Fiberight will be able to process 140 tons of MSW per year, and

at full capacity will be able to process 180 tons per year. Mr. Davey noted that the front end of the facility (MRF) is not what limits capacity, but rather the back end processing. He confirmed that the facility could run additional shifts to handle more than 180 tons.

CLOSING REMARKS

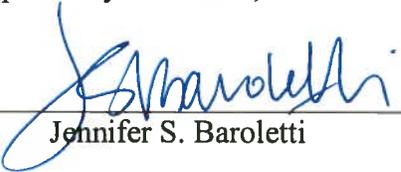
Greg Louder closed the program by thanking Board Members Ken Fletcher of Winslow and Mike Roy of Waterville for their service, as they are winding up their three year terms on the MRC Board at the end of December. The Board received a question from the audience about the timing of the annual letter to members, and staff confirmed that it will be sent out to member communities this week.

Board member Sue Lessard asked about the permitting process with the Town of Hampden, noting that she hoped that we have more information available at the January meeting. President Reeves noted that the MRC continues to have bi-weekly phone calls with representatives from the Department of Environmental Protection (“DEP”), Town of Hampden, CES, Inc. and Fiberight regarding progress on the project, including the Town of Hampden permitting process.

Board member Sophie Wilson thanked everyone for their efforts and behind the scenes work, including Greg Louder, George Aronson, President Reeves, Dan McKay, and Denis St. Peter and the CES, Inc. team. She also thanked Gary Stacey and the PERC team for their hard work over the years, noting that it has been a pleasure to work with them. President Reeves echoed her sentiments, noting that the MRC’s partnership with its members and other private partners are what make this group special and unique. The MRC has sought to solve a large scale problem with a small staff, and as we move to the next phase of the MRC, it will continue to be as successful as it has been.

There being no further business to come before the Annual Meeting, it was adjourned at
4:10 p.m.

Respectively submitted,



Jennifer S. Baroletti

Dated: January 31, 2018