

MINUTES

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, July 24, 2024 at 10:00 a.m. in a hybrid format with the Board Members attending in person at the Orono Town Office and various attendees present via Zoom. In attendance were the following:

Directors:

Aaron Huotari, City of Bangor
Karen Fussell, City of Brewer
Melissa Doane, Town of Bradley
Steve Lewis, Town of Boothbay

Tony Smith, Town of Mount Desert
Robert Butler, Town of Waldoboro
Belle Ryder, City of Orono

Staff:

Michael Carroll, MRC Executive Director

Consultants:

George Aronson, CRMC
Jon Pottle, Eaton Peabody

Joelle Ingalls kept the minutes of the meeting and President Huotari presided.

President Huotari convened the meeting at 10:05 a.m.

APPROVAL OF AGENDA

The first order of business was approval of the agenda. The agenda was accepted as presented.

CONSIDERATION OF MINUTES OF THE APRIL 24, 2024 QUARTERLY BOARD MEETING AND MAY 29, 2024 SPECIAL BOARD MEETING

The next order of business was approval of the minutes of the Quarterly Board Meeting on April 24, 2024 and Special Board Meeting on May 29, 2024. Upon motion duly made and seconded, it was unanimously:

VOTED: That the minutes of the Quarterly Board Meeting on April 24, 2024 and Special Board Meeting on May 29, 2024 hereby are approved as presented.

2022 AUDIT PRESENTATION

George Aronson, on behalf of Haverlock, Estey & Curran presented the independent auditor's report and financial statements for 2022. The audit includes a clean and unqualified opinion and, in the opinion of the auditor, the financial statements are fairly stated in accordance with generally accepted accounting principles. Mr. Aronson reported that 2022 was a complicated year for MRC as the new Municipal Waste Solutions, LLC (MWS) entity was formed and 100% of the Coastal assets were purchased from receivership by this LLC. MRC later went forward with a sale of 90% ownership of MWS to Innovative Resource Recovery (Innovative) and the items capitalized vs. items expensed were a complex matter, and through the audit process many of these various items were recategorized.

In review of the deficiencies letter, Mr. Aronson noted the following misstatements were detected and corrected: (1) in the MRC general fund, amounts recorded as liabilities and expensed in the prior period were deducted in the current year; and (2) in the Joint Venture fund as follows: amounts recorded as transferred to the General Fund did not agree with the transfer recorded by the General Fund, property taxes for the Town of Hampden were not accrued, tipping fees for deliveries in December 2021 were not recorded in 2021, and grant funds and an exclusivity deposit were recorded as revenue prior to meeting the requirements to be recognized as such. The corrections result in an increase in the net position of both the Joint Venture and the General Fund. Mr. Aronson

next reviewed the report regarding internal controls, noting the MRC general practices are done well and the only recommendations are to focus on accurate recording of expenses and revenue in the correct time period and careful review of transfers between funds.

A brief discussion ensued regarding the complexity of the 2022 accounting and events that occurred during that year. Moving forward it was suggested that Haverlock, Estey & Curran complete the 2023 audit. Also, since some time has passed since MRC last did an RFP for audit services, it was suggested to do an RFP in the near future. The board thanked Mr. Aronson for his presentation and upon motion duly made and seconded, it was unanimously:

VOTED: That the auditor's report prepared by Haverlock, Estey & Curran hereby is accepted for 2022, and that the Executive Director is hereby authorized to assemble an RFP for completion of the 2024 audit.

ASSET MANAGEMENT REPORT

George Aronson presented the Asset Management Report, noting as of January 1, 2023 the balance sheet has been updated to reflect the 2022 audit findings and corrections, and further noted that the 2023 tables include many transactions relating to the asset sale by MWS to Innovative and a change in the practices when moving from sole owner to a minority owner. Mr. Aronson reported the auditor will likely identify some missteps that will be corrected in the course of the 2023 audit.

Mr. Aronson reported the joint venture had total assets of \$5,687,064.34 as of July 1, 2024 being held in three cash accounts at First National Bank (an ICS Sweep Account, the Development & Distribution Account and the Contingency Account), two investment accounts managed by First National Wealth Management (the Tip Fee Stabilization Account and the Cash Collateral Account), and bank CDs and an accompanying checking account at Androscoggin Bank. He further noted the only liability is \$20,000 for staff costs which will eventually be transferred to the operating account. Mr. Carroll reports these funds will be transferred and the budget figures revised in November to reflect the exact figure used to fund staffing.

Mr. Aronson had two recommendations: (1) evaluate consolidation of the cash accounts to simplify accounting and reduce banking fees, and (2) complete consolidation of the investment accounts, which was approved by the MRC Board at a prior meeting. President Huotari recapped the expected timing for completion of the 2023 audit and Mr. Carroll confirmed the auditor knows the expectation is to present the 2023 findings at the October quarterly meeting of the MRC Board.

There being no further discussion, upon motion made and duly seconded, it was unanimously:

VOTED: That (i) the MRC hereby is authorized and directed to consolidate the cash accounts to one single account (ii) the MRC officers are hereby authorized, acting singly, to execute and deliver any and all documents that may be required to effectuate the consolidations authorized above.

TREASURER’S REPORT INCLUDING CONSIDERATION OF FINANCIAL STATEMENTS, CURRENT BILLS PAYABLE, SECOND QUARTER BUDGET RECONCILIATION & FY 2024 BUDGET APPROVAL

As the next order of business, Ms. Ryder presented bills payable totaling \$15,248.69 to the Board for consideration. There being no discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That the bills payable of \$15,248.69 as presented to the Board at this meeting hereby are approved for payment.

Ms. Ryder next reviewed the budget reconciliation spreadsheet, noting revenue line 4730 for Utilities and Miscellaneous Reimbursement within the Lease also has a companion expense line on 7502, however, she advised revenue lags expenses currently, so the lines do not match. This arrangement will end once the new Versant account is set up for Innovative and MRC no longer handles payment of utilities at the facility. Also noted were: (1) the \$20,000 revenue of Grant Funds for Staffing, which Mr. Carroll previously noted will be adjusted in Q3, and (2) Misc Revenue which is far exceeding the estimates due to interest earned on the operating account. Ms. Ryder provided a brief overview of the line items listed and noted expenses and revenues are presented as of June 30,

2024. Mr. Carroll and Mr. Aronson provided clarification on a question from Karen Fussell regarding the consolidation of accounts and transfer of assets.

EXECUTIVE DIRECTOR AND COMMITTEE REPORTS

Mr. Carroll reported waste from members in the second quarter (Q2) of 2024 totaled 23,523 tons (including the commercial waste estimation), a slight increase of approximately 840 tons over the 22,683 tons in Q2 2023 (which also includes the commercial waste estimation). He further reported over the last nine months he has visited all but four of the MRC member communities and has spent time with town managers, city and town staff, and visited transfer stations, where applicable. The Member Survey went out in Q2, and the responses will allow MRC to gather more information and better serve the needs of its Members. Mr. Carroll noted several groups have toured the MWS facility over the past few months including the Brewer City Council, Maine Senator Peter Lyford, State Representatives Dick Campbell and Stephen Foster, and the Department of Environmental Protection (DEP), which toured with several people including Karen Knuuti, Environmental Specialist, Bureau of Remediation and Waste Management. James Condella of Innovative conducted each tour and answered questions regarding the design plans and timelines. Mr. Carroll reports he and Mr. Condella visited Crossroads Landfill in Norridgewock, where Jeff McGown, District Manager at Waste Management, Inc., provided a tour of the facility.

In April, members of the MRC Board, including President Huotari, attended the two-day Maine Resource Recovery Association (MRRA) Conference where, Mr. Carroll noted DEP had a significant presence with 18 attendees including Commissioner Melanie Loyzim who was a presenter. Mr. Condella was also a presenter at the conference and sat on a “Future of Waste” panel with five other members from Bowden College, Ecomaine, the Governor’s office, the Natural Resource Committee, and the University of Maine.

Mr. Carroll reported MRC has purchased new accounting software and staff have been training on the new MWS accounting software, both of which will go live on August 1st. He further reported MRC has engaged Designlab to handle marketing and community outreach moving forward.

Next, Mr. Carroll provided an abbreviated MWS facility update, noting that Innovative's CEO, James Condella, and CFO, Kevin Hogan, are present to provide their own facility update for Q2. He reported that Innovative has been researching improvements and proposed design changes and recently brought together a diverse team of over ten experts from the across the United States, Canada and Europe, including key technology suppliers and design engineers, for a three-day meeting at MWS to review progress, agree on key design aspects and refine schedules. Mr. Carroll reported in May he joined several individuals from Innovative to tour a state-of-the-art organic waste management processing facility in Toronto, Canada, which utilizes a similar technology design to what Innovative is looking to use. In June, MRC and Innovative met with DEP to provide an update and overview of the project and to present key design considerations to be addressed during the permit application process. Also beginning in June, spanning a 6-week period, Mr. Carroll reported Casella supplied 2-4 tons of trash per week for processing trials. Mr. Carroll acknowledged this was no small undertaking for Casella to pull a truck off the road and deliver the small amount required for the trials, and he extended his thanks on behalf of the MRC Board.

In Q2, MRC attended the first Board of Directors meeting for MWS where they addressed financing, design, refining project schedules and deliverables. In a legislative update, Mr. Carroll reports he attended a meeting in June in which the DEP Extended Producer Responsibility (EPR) Team presented to the Board of Environmental Protection. Consequently, one final set of draft EPR rules was released with minor revisions allowing for public comment until August 26. Mr. Carroll reported MRC was asked to join the Materials Management Task Force (MMTF) in January, consisting of approximately 40 experts in their respective fields, to make recommendations to the Climate Control Council on Maine's existing Climate Action Plan, and after 6 months of meetings

and strategizing, the task force wrapped up after the Climate Council Meeting on June 18th in Augusta where MRC was in attendance.

In response to a question from the Board, Mr. Carroll noted 18 to 20 Member surveys have been received and MRC staff have started calling to follow up. He further clarified details on the EPR, and provided an update on next steps with Designlab focus groups, noting the expectation is to have four meetings, each with 6-8 participants including not more than 1-2 MRC board members per meeting.

INNOVATIVE SECOND QUARTER 2024 MWS FACILITY UPDTE

Innovative's CEO, James Condella, and CFO, Kevin Hogan, provided an update and overview of the Q2 efforts at the MWS facility. The focus has been predominantly design efforts for installation of a larger anaerobic digester, and Mr. Condella reports, to further these efforts, Innovative has engaged a technology supplier and an engineering group. Recapping a few items Mr. Carroll touched on earlier in his report, Mr. Condella reported engaging in weekly engineering calls to track progress since the onsite multi-day meeting in May, and noted Innovative has made several trips to tour facilities with similar design and technology to the anticipated final MWS design. In addition to the Facility in Toronto, Canada specializing in pre-treatment for biogas production, a European facility that processes fines into a slurry suitable for digestion was also toured.

Mr. Condella noted the waste processing trials runs in June and July have supported more detailed engineering efforts, and samples collected are being processed in a larger digestion system over a longer period of time to test the quality of gas produced. He reported Innovative has continued to work with the Town of Hampden, DEP, and the City of Bangor's Wastewater Treatment Department to ensure compliance with current regulations. Mr. Condella further reported a new construction manager was hired, and Innovative expects to hire a few more individuals critical to the ongoing efforts in Q4.

In a brief timeline overview, Mr. Condella noted Innovative will start ordering equipment with a long lead time in Q4 and plans to begin obtaining necessary permits in Q1 of 2025. He reported they expect to complete facility upgrades throughout the upcoming year with a goal to start receiving waste in the latter half of 2025 and ramp up to full operations in 2026.

In response to questions from the Board, Mr. Condella advised fluctuations in seasonal temperatures does not affect internal designs and choice of core technologies but is a consideration for outdoor tanks and piping, trash is expected to hit the floor in a regular pattern by mid-2025 for the purpose of recovering commodities, and he further reports interest has been plentiful in positions being hired simply through word of mouth advertising. A discussion ensued between Innovative and the MRC Board regarding progress and timelines.

SCHEDULE OF UPCOMING MEETING DATES

President Huotari reported the next quarterly meeting will be held on October 23, 2024 at 10 a.m., location to be determined. The finance committee meeting will be held immediately preceding the board meeting.

PUBLIC COMMENT

No comments were presented or received.

EXECUTIVE SESSION PER 1 M.R.S. § 405(6)(A) TO CONDUCT EXECUTIVE DIRECTOR ANNUAL PERFORMANCE REVIEW

At 11:23 a.m., a motion was made and duly seconded to go into executive session pursuant to 1 M.R.S. §405(6)(A) for the purpose of conducting the Executive Directors Annual Performance Review.

Whereupon it was unanimously:

VOTED BY ROLL CALL: That the meeting is adjourned to executive session.

At 11:56 a.m., the executive session ended. The regular meeting resumed at 11:56 a.m.

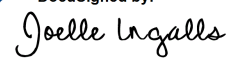
ACTION(S) AS A RESULT OF EXECUTIVE SESSION

President Huotari reviewed the discussion and resulting changes from the executive session, noting that Mr. Carroll's salary will increase by \$10,000.00 to \$140,000.00 annually. It was also discussed that MRC's contribution to Mr. Carroll's retirement plan would be increased by 4% to a total contribution of 10%, to be effective as of July 1, 2024. President Huotari noted that Mr. Carroll has exhibited exemplary service to the MRC and the amendments to his benefits are a direct result of this. Many of the Board Members echoed this sentiment and thanked Mr. Carroll for his service. There being no further discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: To adopt the adjustments and additions to Mr. Carroll's salary and benefits as presented.

There being no further business to come before the Board after coming out of executive session, the meeting was adjourned at 11:58 a.m.

Respectively submitted,

DocuSigned by:

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Joelle A. Ingalls

Dated: 10/23/2024