

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A quarterly meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, January 31, 2018 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
Kevin Howell, Town of Carmel
Ralph Saucier, Town of Millinocket
Irene Belanger, Town of China (newly elected at beginning of meeting)

Staff:

Greg Louder, MRC Executive Director

Consultants:

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

Guests:

Craig Stuart-Paul, Fiberight
Gary Stacey, PERC
Hank Lang, PERC
Kevin Nordby, PERC
Victor Horton, MRRA
Shelby Wright, MRRA

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

President Reeves convened the meeting at 10:07 a.m.

ELECTION OF OFFICERS

President Reeves welcomed new board members, Ralph Saucier and Kevin Howell. The first order of business to come before the Board was the election of officers to serve on behalf of the

MRC for the ensuing year. Sophie Wilson recognized the great work of Jim Guerra over the last few years. Nominations for President, Vice President, Treasurer and Clerk were made, following which, upon a motion made and duly seconded to approve the slate of officers nominated, it was unanimously:

VOTED: That the following individuals are elected to the offices set forth opposite their respective names, each to serve in that capacity until his/her successor has been duly elected and qualified or until his/her earlier resignation or removal from office:

President:	Chip Reeves
Vice President:	Karen Fussell
Treasurer:	Sophie Wilson
Clerk:	Greg Louder

Sophie Wilson referenced the recent resignation of Board Member Susan Lessard of Bucksport, following her appointment to the Board of Environmental Protection (“BEP”). Upon a motion made and duly seconded, it was unanimously:

VOTED: That the resignation of Susan Lessard as a director of the MRC hereby is accepted.

The Board then discussed filling the vacancy on the Board. Sophie Wilson noted the importance of having a full Board given the transition period, and expressed strong support of Irene Belanger, who has been an active participant in MRC board meetings and is well versed and willing to serve. A motion was made to nominate Irene Belanger to fill the vacancy created by the resignation of Susan Lessard until December 31, 2018. There being no further discussion, the motion was duly seconded and it was unanimously:

VOTED: That Irene Belanger hereby is elected to fill the vacancy on the Board of Directors created by Ms. Lessard’s resignation to serve until December 31, 2018.

COMMITTEE MEMBER APPOINTMENTS

The Board next nominated individuals to serve on the Finance and Insurance, Waste Flow Management, Communications and PERC Oversight Committees for the ensuing year. Following

nominations, a motion was made and duly seconded to accept the nominees as presented.

Whereupon, it was unanimously:

VOTED: That the 2018 MRC Committee appointments are as follows:

Finance & Insurance Committee:	Karen Fussell Chip Reeves Sophie Wilson (Chair)	Tony Smith Catherine Conlow
Waste Flow Management Committee:	Kevin Howell Ralph Saucier Tony Smith	Chip Reeves James Guerra
Communications Committee:	James Guerra Cathy Conlow Tony Smith	Karen Fussell Irene Belanger
PERC Oversight Committee:	Greg Lounder	

APPROVAL OF MINUTES

The Board then considered approval of the minutes of the October 25, 2017 quarterly meeting of the Board of Directors, the November 15, 2017 special telephonic meeting of the Board of Directors, and the December 13, 2017 Annual Meeting of Members. 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 October 25, 2017 quarterly meeting of the Board of Directors, the November 15, 2017 special meeting of the Board of Directors, and the December 13, 2017 Annual Meeting of Members hereby are approved in the forms presented to the Board at this meeting.

**CONSIDERATION OF YEAR END FINANCIAL STATEMENTS
& BILLS PAYABLE AS OF DECEMBER 31, 2017**

Sophie Wilson presented year-end financial statements and bills payable totaling \$48,547.12, noting that the audit of the financial statements has not yet occurred. After a brief discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That bills payable of \$48,547.12 as presented to the Board at this meeting hereby are approved for payment.

CONSIDERATION OF 2018 MRC OPERATING BUDGET

President Reeves presented the 2018 Operating Budget, noting that preparation of the budget was challenging because this is a transition year, but that the budget has been reviewed by MRC officers and the Finance Committee. Sophie Wilson noted that the budget only varies by about \$6,000 from the version presented at the annual meeting. Ms. Wilson also noted that in April 2018 the Board will need to vote to authorize movement of funds in connection with the withdrawal of members as the MRC transitions to the Coastal Facility. Ms. Wilson explained the process of determining allocation of funds, noting that the \$30,000 to be transferred from the Tip Fee Stabilization Fund to the Operating Fund is for technical assistance as we transfer to Fiberight and is allocated only to joining members. It was noted that the MRC's budget for 2019 is expected to be substantially different as the MRC membership, and corresponding dues revenue, will decrease as the MRC transitions to the Coastal Facility in Hampden. Ms. Wilson praised Greg Lounder's thoughtful and thorough efforts in preparing the budget. After discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That the 2018 MRC Operating Budget as presented to the Board at this meeting hereby is adopted.

FIRST QUARTER 2018 TIPPING FEE CALCULATION

George Aronson presented the tipping fee calculation for the first quarter. The proposed tipping fee is \$81.50 per ton. 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 discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That the First Quarter 2018 tipping fee calculated by PERC in the amount of \$81.50 per ton hereby is accepted.

PERC FACILITY OPERATIONS REPORT

Hank Lang, Plant Manager of PERC, presented the PERC Facility Operations Report. He reported that operations in both October and November, 2017 were above the 100% capacity factor. PERC processed 315,233 tons of MSW in 2017, the highest tonnage since 2011. Mr. Lang credited his employees for this success, noting increased process efficiency. The A trommel was replaced which resulted in better opportunity run times, and the introduction of the "Terminator" allowed PERC to process materials which were previously landfilled. PERC also achieved negative wastewater discharge.

Mr. Lang advised no outages are planned during the period of February 14, 2018 and March 31, 2018, during which the Power Purchase Agreement will have expired and the MRC contracts with PERC will still be in effect. When asked if PERC was planning to take out of state waste after that period, Mr. Lang advised that it would depend on the market and price. PERC is interviewing power purchasers, and although there is not a power purchase agreement in place for February 15, 2018, other mechanisms are in place. There is a plant outage scheduled for April 1, 2018, during which both boilers and the turbine will be down. The outage is projected to last six days.

Karen Fussell thanked Hank Lang for his commendable job, noting appreciation for the reports delivered over the last several years. President Reeves recognized Gary Stacey and his crew and staff, and thanked the PERC partners for over thirty years of success working together. Kevin

Nordby of PERC Holdings echoed the MRC's sentiments, noting that he looks forward to future collaboration. George Aronson thanked Gary Stacey for his honesty, integrity, and hard work.

CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT – CUSTODY ACCOUNT, TIP FEE, SUPPLEMENTAL CASH COLLATERAL, DELIVERY SUFFICIENCY, CASH SWEEP & OPERATING BUDGET STABILIZATION FUNDS, 1ST QUARTER CASH DISTRIBUTION, SETTLEMENT AGREEMENT IMPLEMENTATION (CASH FLOWS, PLAN FOR CLOSING OF PUT OPTION)

George Aronson presented the Charter Municipality Asset Management Report. As of January 1st, there was \$2,432,394.48 in the Custody Account, \$15,253,020.19 in the Tip Fee Stabilization Fund, and \$105,556.79 in the Operating Budget Stabilization Account. Mr. Aronson noted that the balances are lower as some funds were moved to the following separate accounts for tracking purposes, in connection with the bond financing and in preparation for the transition: \$3,773,022.14 to the Supplemental Cash Collateral Account, \$3,000,351.38 to a Delivery Sufficiency Fund, and \$1,007.36 to a Cash Sweep Account. The cash distribution for the quarter is \$543,818.49. Mr. Aronson noted that in the fourth quarter of 2017, the Debt Service Reserve Fund maintained in connection with PERC's senior financing was released by PERC's bank, transferred to the MRC, and distributed out to the member communities. All charter municipalities who were entitled to receive funds have received checks. Mr. Aronson noted that the put option is listed on the balance sheet, and the MRC expects that will be paid out on the first week of March, 2018. After discussion, upon motion duly made and seconded, it was unanimously:

VOTED: That the recommended cash distribution for the quarter of \$543,818.49 hereby is approved.

Greg Louder reported that PERC has confirmed completion of the put option paperwork, and that all members have timely exercised. The distribution is scheduled for March, 2018.

**ADMINISTRATIVE REPORT – WASTE DELIVERY TRENDS, UPCOMING
LEGISLATIVE SESSION**

Greg Louder reported on waste delivery trends, noting that those member communities who have made arrangements with other facilities in the state or outside the country appear to be completing their delivery obligations through April, 2018.

Mr. Louder provided an update on the short session of solid waste management policy issues, noting that staff is tracking a handful of bills, including:

1. **LD656**, relating to Bioplastics: This may turn into a future opportunity for Fiberight/Coastal.
2. **LD1534**, a food waste hierarchy bill: A large part of our waste stream is food waste and we want to be sure that, as a state, we are managing those materials as efficiently as possible. The Fiberight project will be complimentary to all of the objectives of this proposed legislation.
3. **LD1797**, a legislative review of Chapter 418 of the beneficial re-use rules: Given the facility process that we are moving into, the MRC wants to be sure that we do not miss opportunities as changes are considered; and
4. **LD3399**, a carry-over catch-all bill, used as a vehicle by Energy and Natural Resources Committee.

Sophie Wilson shared that she has been approached with questions about recycling. It was noted that the joinder agreements currently in place address the maximum tip fee to be charged for recycling. Greg Louder stated that member communities are inquiring whether it is a Fiberight/Coastal or MRC arrangement, and if there is model contract available. Craig Stuart-Paul of Fiberight noted that Coastal will honor the \$35/ton offer (though the market is currently \$80-\$90/ton), and will advance those contracts in the spring. A general discussion ensued regarding the MRC's involvement in this process. Dan McKay advised the Board of a couple of options, including no MRC involvement allowing Coastal to deal directly with member communities, or the Board's creation of a master template, or a similar arrangement to the Master Waste Supply Agreement,

wherein MRC and Coastal would have a master contract to which communities can elect to sign on. After discussion, staff was directed to review this issue and come back to the Board with suggestions at the next meeting.

Cathy Conlow left meeting at 11:35am.

Karen Fussell provided an update regarding the status of the upcoming launch of the MRC's new website, anticipated in March 2018. Ms. Fussell provided a demonstration of the new website to board members, noting that it is much easier to update now with new content.

STATUS OF PERC WIND UP (WITHDRAWAL AGREEMENTS) AND RESERVE FUND MANAGEMENT

Greg Louder reported that he has received signed withdrawal agreements from 22 of the 53 withdrawing members. It was noted that by operation of the other documents, those members will no longer be members as of April 1, 2018, but it is manifestly in the best interest of withdrawing members to sign as it specifies the amount of funds and timing of receipt of those funds. Dan McKay noted that there are releases of potential liability for the towns contained in that agreement.

OVERVIEW OF MANAGEMENT SUPPORT FOR MEMBER COMMUNITIES FOR INTERIM BRIDGE/BYPASS DELIVERY OF MSW

Craig Stuart-Paul of Fiberight reported that the equity financing closing occurred on December 22, 2017. The construction timeline is on schedule, with the exception of the building. Fiberight has engaged Cianbro as the general contractor, and if the weather cooperates, the building should be finished in February, 2018. Mr. Stuart-Paul reported briefly on plans for management of waste in the interim period after April 1, 2018 until the Hampden Facility becomes operational. He noted that Fiberight is participating in an upcoming job fair in March to discuss input and training for jobs, and is also sponsoring the Maine Science Fair in March, where the theme is "Is it Really Trash?", with an interactive exhibit of processing trash. Mr. Stuart-Paul reported on new hires for

Coastal, including Shelby Wright of Maine Resource Recovery Association (“MRRA”) and Carl Knowlton as Asset and Compliance Manager.

Greg Louder discussed the interim disposal waste management plan, which focuses on a diversion period of six months, from April 1-September 30, 2018. The plan will review the geography of the service area to determine which members can economically and efficiently deliver MSW to Norridgewock. The MRC has been working with PERC, which has stated its intention to be operational post April 2018, on an agreement for communities that are closer to Orrington to deliver MSW to PERC, subject to the agreement of Waste Management to waive the exclusivity provision in its bridge waste agreement. The \$70 tip fee would remain the same and any additional amount would be borne by the MRC and Fiberight. Mr. Louder noted that in connection with drafting the joinder agreements, the MRC has set aside \$1,000,000 to underwrite transportation costs for these arrangements. The current estimates of the net extra is slightly over \$600,000 over the course of the six month bridge period, and there is a general sense that the MRC has reserved appropriately and that Fiberight will share in this expense. Angus Jennings, Town Manager of Hampden briefly addressed Hampden's flow control ordinance implementation, recommending that the MRC take MSW to PERC until further notice. President Reeves noted that Mr. Jennings is leaving his position with Hampden at the end of the fiscal year, that it has been a pleasure working with him, and that the MRC looks forward to working with his successor, and continuing to work with the staff at the Town of Hampden.

The Board took a lunch break at 12:11 p.m.

At 12:55 p.m., the board reconvened.

EXECUTIVE SESSION

A motion was made, and duly seconded, at 1:08 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) for discussion with legal counsel concerning legal rights and duties regarding a pending agreement with PERC. Whereupon, it was unanimously:

VOTED: That the meeting is adjourned to executive session.

At 1:22 p.m., the executive session ended and the regular meeting reconvened.

**CONSIDERATION OF INTERIM AGREEMENT WITH PERC FOR MSW PROCESSING
AND TRANSLOAD SERVICES**

Based on discussions in executive session, a motion was made and duly seconded, and the following resolutions were adopted unanimously:

WHEREAS, Municipal Review Committee, Inc. ("MRC"), Coastal Resources of Maine LLC ("Coastal") and Crossroads are parties to a Solid Waste Disposal Agreement dated August 24, 2015, as amended by Letter Agreement dated March 17, 2016, and as further amended by a First Amendment to Waste Disposal Agreement dated November 14, 2017 (collectively the "Crossroads Agreement"), covering and describing certain obligations for delivery and disposal of wastes described therein variously as "Residuals," "By-pass," and "Bridge Capacity" wastes; and

WHEREAS, the Crossroads Agreement requires that all Residuals, By-pass and Bridge Capacity (in each case as defined therein and referred to herein collectively as "MRC MSW") be delivered exclusively to the Crossroads Landfill in Norridgewock, Maine for disposal; and

WHEREAS, in accordance with state policy regarding the hierarchy of methods for the management and disposal of municipal solid waste, it would be in the public interest to preserve scarce landfill disposal capacity in the State of Maine by allowing MRC MSW to be processed rather than accepted for landfill disposal to the greatest extent feasible; and

WHEREAS, the waste processing facility owned by Coastal and now under construction in Hampden, Maine (the "Hampden Facility") is not expected to be available to accept all MRC MSW until sometime after April 1, 2018, and the MRC would like the option to deliver MRC MSW on an interim basis to the Penobscot Energy Recovery Company waste processing facility in Orrington, Maine (the "PERC Facility") for processing rather than to the Crossroads Landfill in order to reduce transportation costs and increase the amounts of MRC MSW that would be processed rather than landfilled consistent with the public interest in preserving scarce landfill capacity; and

WHEREAS, in order to accomplish that objective, the MRC and Coastal propose to enter into a Waste Disposal Agreement with Maine Waste Processing, LLC and Penobscot Energy Recovery Company Limited Partnership ("PERC") in substantially the form presented to the meeting (the "MWP Agreement) pursuant to which MWP and PERC will agree to accept MRC MSW for processing and/or disposal; and

WHEREAS, Crossroads has agreed to permit Coastal and the MRC to deliver MRC MSW to the PERC Facility under the MWP Agreement notwithstanding the exclusivity provisions in the Crossroads Agreement;

NOW THEREFORE, it hereby is:

RESOLVED: That the MRC hereby is authorized to enter into the MWP Agreement on substantially the terms presented to the meeting with such modifications as may be approved by the signing officer, his or her signature thereon to be conclusive evidence of such approval.

RESOLVED: That delivery of MSW pursuant to the MWP Agreement shall be conditioned on the prior waiver by Waste Management of Maine, Inc. of the exclusivity provisions of the Crossroads Agreement.

RESOLVED: That the MRC hereby is authorized to execute and deliver such documentation as, in the judgment of the signing officer, may be necessary or appropriate in order to acknowledge the consent of Crossroads to the MWP Agreement and to confirm that the delivery of MSW by the MRC and/or Coastal under the MWP Agreement will not constitute a breach of the Crossroads Agreement.

RESOLVED: That each of the President and the Treasurer, acting singly, hereby is authorized to execute and deliver on behalf of the MRC the MWP Agreement and such documentation as may be necessary or appropriate in order to acknowledge the consent of Crossroads to the MWP Agreement and to confirm that the delivery of MSW by the MRC and/or Coastal under the MWP Agreement will not constitute a breach of the Crossroads Agreement, in each case on such final terms as he or she may approve, and each is further authorized to take all such other action on behalf of the MRC as he or she may deem necessary or appropriate in order to fully implement the intent of these resolutions.

Kevin Nordby noted his appreciation of the opportunity to continue working together.

EXECUTIVE SESSION

A motion was made, and duly seconded, at 1:43 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) for discussion with legal counsel concerning legal rights and duties under the existing Site Lease and Master Waste Supply Agreements. Whereupon, it was unanimously:

VOTED: That the meeting is adjourned to executive session.

At 3:06 p.m., the executive session ended and the regular meeting reconvened.

There being no further business to come before the Board, the meeting adjourned at 3:06 p.m.

Respectively submitted,



Jennifer S. Baroletti

Dated: April 25, 2018