

**MUNICIPAL REVIEW COMMITTEE, INC.**

**BOARD OF DIRECTORS**

A quarterly meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, July 25, 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, City of Orono  
Chip Reeves, Town of Bar Harbor  
Karen Fussell, City of Brewer  
Tony Smith, Town of Mount Desert  
Cathy Conlow, City of Bangor  
Kevin Howell, Town of Carmel  
Irene Belanger, Town of China  
Ralph Saucier, Town of Millinocket

**Staff:**

Greg Louder, MRC Executive Director

**Consultants:**

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

**Guests:**

Craig Stuart-Paul, Fiberight  
Dale Daniel, Fiberight  
Carl Knowlton, Fiberight  
Shelby Wright, Coastal Resources  
Mike Hilton, Cianbro

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

President Reeves convened the meeting at 10:01 a.m.

## **EXECUTIVE SESSION**

A motion was made, and duly seconded, at 10:01 a.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) for the purpose of discussing plant construction status with Craig Stuart-Paul of Fiberight. Whereupon, it was unanimously:

**VOTED:** That the meeting is adjourned to executive session.

At 10:26 a.m., the executive session ended and the regular meeting reconvened.

## **APPROVAL OF MINUTES**

The Board considered approval of the minutes of the April 25, 2018 quarterly meeting and the May 31, 2018 special meeting of the Board of Directors. Karen Fussell requested edits be made to the May meeting minutes to clarify the discussions regarding the Waiver and Consent Agreement with Joining Members. Upon motion made and duly seconded, it was unanimously:

**VOTED:** That the minutes of each of the April 25, 2018 quarterly meeting of the Board of Directors, and the May 31, 2018 special meeting of the Board of Directors hereby are approved in the forms presented to the Board at this meeting, as corrected.

## **FINANCE COMMITTEE REPORT; CONSIDERATION OF FINANCIAL STATEMENTS & BILLS PAYABLE AS OF JULY 18, 2018; TRANSACTION AND INVESTMENT POLICIES**

Sophie Wilson reported that the Finance Committee had met and reviewed the asset management letter provided by MRC's technical advisor, George Aronson, which will be discussed later in the meeting. Ms. Wilson presented a draft of the MRC Investment and Reserve Account Policy, noting that the MRC intends to continue to use conservative investment tools. The Finance Committee intends to bring a final draft of the new investment policy forward at the next meeting for the Board's consideration, and asked that Board members review the draft policy carefully and provide her with any comments.

Ms. Wilson reported that the auditor is behind schedule, and that a special meeting will be scheduled in August to review and approve the audit, after which approval the board will release funds to Departing Municipalities. She then presented bills payable totaling \$43,239,35. Ms. Wilson noted that there were no expenses outside of the usual course, but that there were additional invoices from Eaton Peabody which were inadvertently dropped from this round of payables. The Finance Committee recommended approval of the payables. Upon motion duly made and seconded, it was unanimously:

**VOTED:** That bills payable of \$43,239.35 as presented to the Board at this meeting, along with the additional invoices for Eaton Peabody, hereby are approved for payment.

Ms. Wilson noted that the MRC appears to be on budget, but there are a couple of clarifications to the Profit & Loss Statement. There is a hole in the budget for Site Lease payments which Coastal has not yet begun to pay, and liquidated damages were miscoded. In response to a question, Ms. Wilson clarified that PERC windup costs are all being tracked so that they can be appropriately allocated.

**CONSIDERATION OF AUDITED FINANCIAL STATEMENTS FOR THE PERIOD  
JANUARY 1, 2017 THROUGH MARCH 31, 2018**

Greg Louder reported that the MRC has not yet received the audited financial statements (expected on August 1, 2018), so this item will be tabled and a special meeting will be held in August to review and approve them.

**CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT- CUSTODY ACCOUNT, TIP FEE & OPERATING BUDGET STABILIZATION FUNDS, CASH COLLATERAL AND SWEEP ACCOUNTS, BRIDGE TRANSPORTATION COSTS UPDATE; 2<sup>nd</sup> QUARTER JOINING MEMBER CASH DISTRIBUTION REBATE**

George Aronson presented the Charter Municipality Asset Management Report. As of July 1<sup>st</sup>, there was \$948,010.75 in the Custody Account, \$8,245,618.71 in the Tip Fee Stabilization Fund, \$93,410.91 in the Operating Budget Stabilization Account, \$3,003,126.31 in the Delivery Sufficiency Fund, and \$1,623.85 in the Cash Sweep Account.

After briefly reviewing the transactions, Mr. Aronson recommended the following:

1. a distribution in the amount of \$97,151.76 to Joining Members to reduce net disposal costs;
2. payments from the Custody Account in the total amount of \$29,215.69 directly to haulers that served Joining Members, and transfer of \$64,318.93 from the Custody Account to the Operating Account to reimburse for payments previously made to haulers, both of which reimburse for additional transportation costs associated with interim disposal;
3. payments from the Custody Account of \$40,146.86 directly to Joining Members to reimburse budgeted fee collections lost as a result of interim transportation arrangements;
4. transfer \$51,250.00 (the amount of liquidated damages paid to date by Coastal) from the MRC Operating Account to the Custody Account; and
5. release of the full amount in the escrow account, including earned interest net of bank fees, to the Departing Municipalities upon acceptance of the audit and calculation of the allocable share owed to each.

Mr. Aronson noted that all distributions can be made while still meeting the reserve requirements set forth in the Joinder Agreement. A motion was made and duly seconded to approve recommendations 1-4, and a discussion ensued concerning recommendation 3. The

Board discussed Table 5 and the calculation of rates for reimbursements and certain corrections to the rates for Brewer and Hampden were noted. Upon motion made and duly seconded, it was unanimously:

**VOTED:** That that the MRC hereby is authorized and directed to distribute the amount of \$97,151.76 to Joining Members to reduce net disposal costs; make payments from the Custody Account in the total amount of \$29,215.69 directly to haulers that served Joining Members, and further transfer \$64,318.93 from the Custody Account to the Operating Account to reimburse for payments previously made to haulers; make payments from the Custody Account of \$40,146.86 directly to Joining Members to reimburse budgeted fee collections lost as a resolute of interim transportation arrangements; and transfer \$51,250.00 (the amount of liquidated damages paid to date by Coastal) from the MRC Operating Account to the Custody Account; and each of the Executive Director hereby is authorized to take such action, or cause such action to be taken, as may be necessary or appropriate to effectuate such transfers and payments.

### **FIBERIGHT/COASTAL FACILITY CONSTRUCTION PROGRESS REPORT**

Craig Stuart-Paul of Fiberight introduced Carl Knowlton, Head of Corporate Development and Asset Management at Fiberight, Dale Daniel of Fiberight, and Mike Hilton with Cianbro. Cianbro will be issuing a construction schedule on August 3<sup>rd</sup>, following which Mr. Stuart-Paul will aim to have a more definitive schedule available by August 8<sup>th</sup>. Mr. Stuart-Paul reported that after August 8<sup>th</sup>, Fiberight will work with the MRC and other stakeholders to identify time saving measures including overtime to expedite the schedule. Progress will be reported monthly. Although the Cianbro construction crew would prefer to not have waste processed during construction, Coastal has urged Cianbro to coordinate with the MRC to begin accepting waste at the facility once the MRF is functioning, within the requirements of both the DEP and the Town of Hampden. Mr. Stuart-Paul reported that a large crew will be arriving on Friday from CP Manufacturing and activity is expected to increase at the site. Another town hall meeting is planned for September in Hampden, at which time individuals can hopefully tour the

facility and MRF, provided that the odor control system has been installed and is operational at that time.

Mike Hilton of Cianbro acknowledged the urgency and reported that, although unexpected, 24 hours shifts could be an option to expedite the construction schedule, and that he will confirm with the Town of Hampden that this would not violate any ordinances. In response to a question, Mr. Stuart-Paul reported that he anticipates providing a critical path to expedite the schedule within two weeks after the August 8<sup>th</sup> construction meeting. President Reeves noted that approvals from DEP and/or the Town of Hampden are required for some schedule items, but our experience has indicated that this process may be relatively expeditious. The schedule will assume that regulatory approvals will take the maximum time frame provided by law, but the schedule could be expedited if approvals are obtained sooner.

Board member Sophie Wilson noted that the MRC board has been very clear in its expectation to discontinue landfilling waste as soon as possible, and the Board expects to receive a schedule that shows the quickest method to accomplish this objective. Ms. Wilson and President Reeves each noted disappointment in the project status, given the diligent efforts of the MRC Board to move this project forward. In response to a question, Mr. Hilton reported that there may be items in the schedule which could potentially impact the estimated timeframe, but that none are raising a red flag at this point in the project.

Jim Chandler, Town Manager of Hampden, reported that in connection with the earlier discussion, he has confirmed with his staff that there are no ordinances in effect which would prohibit 24 hour shifts, and noted the Town of Hampden's support for moving this project forward as soon as possible.

## **DISCUSSION ON COASTAL PAYMENTS FOR THE INTERIM PERIOD BETWEEN APRIL 1, 2018 AND THE COMMERCIAL OPERATION DATE**

George Aronson noted ambiguity in the Site Lease surrounding the definition of actions which would trigger the start of payments. Coastal Resources has recognized this ambiguity and has proposed an agreement involving a waterfall of payments, which would only be in effect up until the commercial operation date. A replacement payment for the Site Lease payment would be utilized to address the previously discussed hole in the MRC Operating Budget. In exchange, Coastal has requested a withdrawal from the Operating Reserve Fund to address cash flow needs for construction and has proposed to sell to the MRC the receivables for tip fees collected from Joining Members for a short period of time prior to the commercial operation date in order to provide adequate cash flow during that interim period. It was noted that taking receivables is a risk that the MRC would not normally take, and a general discussion ensued regarding definitions and timing. President Reeves noted that the Finance Committee has discussed this proposal and does not believe that immediate action is required. Board Member Karen Fussell elaborated that the Finance Committee discussion centered strongly around the numerous missed deadlines for the project, and that once again the MRC is being asked to step forward to assist. Ms. Fussell expressed that she is not inclined to entertain this proposal at this time. Board Member Sophie Wilson noted that Coastal should reimburse the MRC for time spent by its consultants to prepare this agreement, as it only provides benefit to Coastal and not to the MRC or its members.

**REPORT ON ACCEPTANCE OF ACCESS ROAD AND SEWER INFRASTRUCTURE EXTENSION BY THE TOWN OF HAMPDEN AND ACCEPTANCE OF THE WATER MAINE EXTENSION UNDERLYING THE ACCESS ROAD**

Greg Louder provided a status update regarding the Town of Hampden’s acceptance of the access road and sewer infrastructure extension, noting that the process is almost complete. Following a technical meeting with Mr. Chandler at the Town of Hampden on June 5<sup>th</sup>, there were two final change orders in June and July, and final acceptance from the Town of Hampden is expected in September or October, 2018. Mr. Louder also reported that all of the water mains have been installed and tested to the satisfaction of the Hampden Water District. The Coldbrook Road section was formally accepted by the Hampden Water District on May 24, 2018, however the mains under the access road have not yet been accepted, as the Hampden Water District cannot do so without an easement. It was noted that the original agreement with the Hampden Water District contained a provision that a pump station upgrade would be completed by the end of last year. This agreement was recently adjusted, and President Reeves reported that he was pleased with the result.

Dan McKay recommended that the Board ratify the actions of President Reeves in executing and delivering the original agreement with the Hampden Water District and the subsequent extension. Upon motion duly made and seconded, it was unanimously:

**VOTED:** That the execution and delivery on behalf of the MRC by its President of an agreement between the MRC and the Hampden Water District in May, 2017 (the “Agreement”), and a subsequent amendment to the Agreement in June 2018 hereby are ratified and confirmed.

**REPORT ON STATUS OF BLUE HILL-SURRY DELIVERIES TO JRL**

Greg Louder noted that Blue Hill/Surry deliveries to JRL commenced on July 2<sup>nd</sup>, and the total tonnage delivered through July 14<sup>th</sup> is equal to 216.57 tons. The MRC and



representatives from Blue Hill/Surry have exchanged formal correspondence, which have been productive and amicable thus far.

### **CONSIDERATION OF RECYCLING SERVICES TEMPLATE AGREEMENT**

The MRC is working with Coastal to draft a model recycling agreement to ensure pricing consistency for members, and a recent communication went out to membership regarding this initiative. No member feedback has been received to date. Mr. Louder explained contaminated loads which do not qualify for recycling would simply be processed as MSW and the member would be expected to pay the \$70 tip fee. Board member Sophie Wilson noted that this agreement doesn't speak to commercial recyclable material, and Craig Stuart-Paul of Fiberright confirmed that tonnage included in estimated delivery amounts will be covered by the recycling agreement. Ms. Wilson asked that the agreement be clarified with a statement to that effect. Mr. Stuart-Paul noted that the pricing is a great deal for communities given today's recycling market.

A general discussion ensued regarding the single sort guidelines on the last page of the draft recycling agreement. Sophie Wilson noted that the global markets are changing which affects the lists of acceptable and unacceptable recyclables, and that it is important to be clear with members that this is a national issue, not a local issue.

Board Member Karen Fussell commented on the provision allowing Coastal to revise the lists twice per year, sharing her position that Coastal should have a responsibility to educate participants if there are changes to the list of acceptable waste. It was noted that EcoMaine has an effective education plan in place and it was suggested that Coastal adopt a similar plan, which should be referenced in the agreement. After discussion, it was agreed that MRC staff would revise the agreement based on the Board's comments.

Shelby Wright, Director of Community Services for Coastal advised that she is currently developing an onboarding matrix for the first period of operation.

The Board took a lunch break at 12:14 p.m.

At 12:41 p.m., the board reconvened.

### **CONSIDERATION OF APPLYING FOR A DEP GRANT TO SUPPORT ENHANCED RECYCLING INITIATIVES**

Greg Louder reported that the MRC has continued to work with Coastal on initiatives to enhance the overall system of trash management and recycling and presented the MRC Board with information regarding a Textile/Recycling Management Initiative State grant program. Shelby Wright of Coastal reported that the state is looking to find 4-6 recycling initiatives to support for a total grant award of \$80,000, and that the state may look more favorably on the MRC as a regional association which could have a greater impact. Ms. Wright reviewed the proposal noting that the complete wish list of items for the program, including radio and television advertisements costs, bags, magnets and mailers to 75,000 households would be approximately \$109,000. Board member Sophie Wilson noted her support of the initiative, but that the MRC does not have money in the budget for that expenditure. A brief discussion ensued regarding textiles, and the tangible benefit from diverting these materials from the waste stream. Textiles are difficult to process, and they no longer have value once they have been contaminated by food or other materials in the waste stream. After discussion, and upon motion duly made and seconded, it was unanimously:

**VOTED:** That the grant application to the Maine Department of Environmental Protection from the MRC hereby is approved, such approval to be contingent upon Coastal's procurement of a minimum twenty-five percent (25%) match from other parties, and further contingent upon the MRC's Executive Committee's review of the scope and draft prior to submission of the grant application; and that Greg Louder, in his

capacity as Executive Director, acting singly, hereby is authorized to execute and deliver the grant application on behalf of the MRC.

## **REPORT ON MSW DELIVERIES TRANSITION THROUGH DELIVERY PERIOD**

Greg Louder reviewed the memorandum prepared by George Aronson comparing actual vs. estimated MSW deliveries by Joining Members in 2018, and noted that the shortfalls are largely attributable to delivery of commercial MSW outside of the swap agreement. If we account for Blue Hill/Surry, as well as commercial deliveries in Bangor/Brewer and Hampden based on historical values, deliveries are generally on track.

Mr. Louder reviewed the table of haul cost reimbursements pursuant to the Joinder Agreements, noting that the SWAP arrangement is working well. The MRC was able to make changes for deliveries (i.e., Crossroads to JFL), which led to immediate savings. Casella has expressed concern that the SWAP arrangement would erode their annual cap of 81,000 tons, but that the MRC is in constant communication with Casella regarding this concern.

## **EXECUTIVE SESSION**

A motion was made, and duly seconded, at 1:15 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) for the purpose of discussing with legal counsel rights and duties regarding the MSW swap agreement entered into among MRC, Fiberright/Coastal, Casella and Waste Management on or around March 30, 2018 and the Joinder Agreement between Blue Hill-Surry and MRC. Whereupon, it was unanimously:

**VOTED**: That the meeting is adjourned to executive session.

At 2:03 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 2:03

p.m.

Respectively submitted,

  
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Jennifer S. Baroletti

Dated: October 24, 2018