

MUNICIPAL REVIEW COMMITTEE
CONFLICT OF INTEREST POLICY

Whereas, the primary functions of the Municipal Review Committee, Inc. ("MRC") are to represent and interface with the Penobscot Energy Recovery Company ("PERC") on behalf of its members, each of which has a waste disposal contract with PERC; to monitor the operations, maintenance and capital projects of PERC; to administer the financial relationships between its members and PERC; and to report to the MRC membership; and

Whereas, the MRC is a public benefit corporation as defined in 13-B M.R.S.A. §1406;
and

Whereas, the MRC has a board of directors (the "Board") the members of which are elected at large by its members; and

Whereas, participation on the Board carries with it a requirement of undivided loyalty to the MRC and its members as a whole and an obligation to act in a manner which the director reasonably believes to be in the best interests of the MRC and its members as a whole; and

Whereas, various members of the Board are employed by MRC members or reside in MRC member municipalities or have other interests as a result of which they may, as to certain matters coming before the Board, have a conflict of interest or be perceived to have a conflict of interest; and

Whereas, members and potential members of the Board should not be precluded from service on the Board solely by reason of the existence of a conflict of interest as to a particular matter or matters; and

Whereas, the Board believes that prompt and full disclosure of information relative to any perceived conflict of interest is imperative to effective and proper operation of the MRC;

NOW, THEREFORE, in recognition of the foregoing, the Board of Directors of the MRC hereby adopts the following Conflict of Interest Policy:

1. Conflict of Interest. For purposes of this policy, a conflict of interest shall be deemed to exist any time a director possesses, or is perceived to possess, an interest, whether it be financial or otherwise, which may be adverse or in opposition to, the mission of the MRC in general or a then current interest of the MRC in a particular matter. An officer or director shall be deemed to have a conflict of interest with respect to any matter if he or she is serving as an employee, officer, director, manager, trustee or similar position of a municipality or other entity having such a conflict of interest. By way of illustration, but not as a means of limitation, a conflict of interest shall exist in the following situations: (i) when the MRC has an interest or potential interest in a contract or other transaction in which an MRC officer or director also has an interest, or (ii) in the event that an officer or director otherwise has an incentive, whether financial or otherwise, to take a position adverse to that of the MRC. A director shall be deemed to have a financial interest in a matter if he or she has, directly or indirectly, through business,

investment or family (a) an existing or potential ownership or investment interest in any entity with which the MRC has a transaction, contract, or other arrangement, or (b) a compensation arrangement with any entity or individual with which the MRC has a transaction, contract, or other arrangement, or (c) an existing or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the MRC is negotiating a transaction, contract, or other arrangement, or (d) an existing or potential ownership or investment interest in, or compensation arrangement with, any entity whose business or operation has been or will be directly affected by a decision or action of the MRC.

2. Disclosure. In the event that any director or officer perceives that he or she may have a conflict of interest as to any matter, the director or officer having the perceived conflict of interest shall fully disclosure to the Board in a timely manner his or her interest in the matter.

3. Duty to Abstain. No director shall vote on any matter in which he or she has a conflict of interest. In the event of such an abstention, the abstaining director shall state the reason for the abstention, which shall be noted in the minutes of the meeting.

4. Approval of Conflict of Interest Transaction. The Board may approve a transaction as to which one or more directors has a conflict of interest notwithstanding the existence of such conflict by vote of a majority of the Board having no conflict of interest with regard to the transaction provided that, in the judgment of such directors, the transaction is fair and equitable to the MRC as of the date it is authorized.

5. Review. This policy is intended to be a fluid document, and as such shall be reviewed periodically by the Board with the advice of counsel in conjunction with 13-B M.R.S.A. § 718 or any successor law to determine any changes which may be necessary or advisable to ensure the proper and efficient management of the MRC.

EFFECTIVE AS OF JANUARY 24, 2007