

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A special meeting of the Board of Directors of Municipal Review Committee, Inc. was held by conference call on Wednesday, November 15, 2017 at 2:00 p.m. In attendance by conference telephone were the following:

Directors:

Sophie Wilson, Orono
Catherine Conlow, Bangor
Chip Reeves, Bar Harbor
Karen Fussell, Brewer
Susan Lessard, Bucksport
Ken Fletcher, Winslow
James Guerra, Mid-coast Solid Waste Corp.

Staff:

Greg Louder, MRC Executive Director

Consultants:

Daniel G. McKay, Eaton Peabody

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

Chairman Reeves convened the meeting at 2:05 p.m.

CONSIDERATION OF AMENDMENTS TO THE SITE LEASE AND THE MASTER WASTE SUPPLY AGREEMENT BETWEEN MRC AND FIBERIGHT/COASTAL RESOURCES OF MAINE TO ESTABLISH A SUPPLEMENTAL CASH COLLATERAL ACCOUNT AND TO PROVIDE FOR CERTAIN ADDITIONAL PAYMENTS TO THE MRC AND TO INCREASE THE AMOUNT OF LIQUIDATED DAMAGES PAYABLE TO THE MRC

Dan McKay introduced a series of proposed resolutions relating to amendment of the Site Lease and Master Waste Supply Agreement. As a result of (i) faster than anticipated construction activity because of favorable weather conditions, and (ii) delays in the anticipated bond closing date (now expected to occur in the first half of December), more money is being invested into the Fiberright construction project prior to the bond closing than was anticipated. Before investing

amounts into the project in excess of the \$3 million originally contemplated, Coastal Resources (“Coastal”) has requested that the MRC provide additional comfort in the form of a second cash collateral account (the "Supplemental Cash Collateral Account") in which Coastal would take a security interest. As Coastal advances funds over and above the \$3 million previously contemplated in order to keep construction at the project site moving forward, the Site Lease Amendment would require the MRC to transfer (up to a maximum of \$4 million) assets from the Tip Fee Stabilization Fund to the Supplemental Cash Collateral Account in amounts equal to the excess investment by Coastal (i.e., the amount by which that investment exceeds \$3 million).

Once the bond closing occurs (projected for the first half of December), this supplemental arrangement would terminate and any assets in the Supplemental Cash Collateral Account would be returned to the Tip Fee Stabilization Fund. In return for the MRC's agreement to establish and fund the Supplemental Cash Collateral Account, Coastal has agreed to make a one time payment of \$3,000 to the MRC to reimburse it for its transaction costs and also has agreed to increase the liquidated damages payable in the event that the Fiberight Facility is not ready to accept waste on April 1, 2018 from \$1,000 per day to \$1,250 per day and to increase the cap on such liquidated damages from \$75,000 to \$100,000.

It is manifestly in the MRC’s interest to keep construction funds flowing in order to keep the Fiberight project on schedule. Under the Site Lease, the MRC currently is obligated to maintain a Cash Collateral Account of \$3 million, in which Coastal has a security interest, plus a reserve of at least \$4 million. Both pools of money are required by the Site Lease to be available to fund the MRC's repurchase obligation under the Pre-Debt Closing Put Option should that obligation arise. The proposed amendment essentially would require that some of the \$4 million reserve be moved to a second, short term cash collateral account in which Coastal would have a security interest pending closing of the bond offering. From Coastal's perspective, this gives Coastal comfort that it will control collateral accounts with assets sufficient to fund the MRC's repurchase obligation pending

closing of the bond financing. From the MRC's perspective, it already is required to reserve in the Tip Fee Stabilization Fund amounts that would be transferred to the Supplemental Cash Collateral Account and, in the unlikely event that the Pre-Debt Close Put Option were to be exercised, the MRC would be required to apply those funds to the repurchase obligation regardless of whether they then resided in the Tip Fee Stabilization Fund of the Supplemental Cash Collateral Account. Accordingly, where those funds reside makes little practical difference to the MRC.

In addition to provisions creating the Supplemental Cash Collateral Account, the Site Lease Amendment includes a provision requiring the \$3,000 payment to the MRC, and the MWSA Amendment incorporates the agreed upon increase in the amount of liquidated damages payable if the project is not ready by April 1.

The Amendment to the Site Lease also is expected to include language clarifying certain definitional inconsistencies in the current document to make clear that buildings and fixtures are to remain the property of Coastal Resources during the term of the lease.

Mr. McKay noted that the Second Amendment may be folded into a Restated and Amended Site Lease incorporating both the First Amendment executed in October as well as the proposed Second Amendment and that the Board's approval would include approval of such a restatement incorporating the Second Amendment.

There being no discussion, upon motion made and duly seconded, the following resolutions were adopted unanimously:

RESOLVED: That a Second Amendment to the Site Lease (the "Site Lease Amendment") between the Municipal Review Committee, Inc. (the "MRC") as landlord, Coastal Resources of Maine LLC as tenant and Fiberight LLC, dated August 17, 2017, as amended by a First Amendment dated October 25, 2017, hereby is approved in substantially the form and on substantially the terms presented to the meeting with such modifications to the final form and terms of the Site Lease Amendment as may be approved by the signing officer, the signature of the signing officer of the Site Lease Amendment to constitute conclusive evidence of such approval.

RESOLVED: That a First Amendment to First Amended and Restated Master Waste Supply Agreement between the Municipal Review Committee, Inc. (the "MRC"), Coastal

Resources of Maine LLC and Fiberight LLC dated August 17, 2017 (the "MWSA Amendment"), hereby is approved in substantially the form and on substantially the terms presented to the meeting with such modifications to the final form and terms of the MWSA Amendment as may be approved by the signing officer, the signature of the signing officer of the MWSA Amendment to constitute conclusive evidence of such approval.

RESOLVED: That each of the President and the Treasurer, acting singly, hereby is authorized to execute and deliver such documentation on behalf of the MRC, and each is further authorized to take such further actions, as may be necessary or appropriate in order to fully implement the foregoing resolutions.

CONSIDERATION OF APPROVAL OF ESTABLISHMENT OF A SUPPLEMENT CASH COLLATERAL ACCOUNT AS CONTEMPLATED BY THE SITE LEASE AMENDMENTS

Dan introduced a set of proposed resolutions to authorize the President or the Treasurer to establish the Supplemental Cash Collateral Account. There being no discussion, upon motion made and duly seconded, the following resolutions were adopted unanimously:

RESOLVED: That, as contemplated by Section 20.1 of the Site Lease dated August 17, 2017, as amended, among the Municipal Review Committee, Inc. (the "MRC"), Coastal Resources of Maine LLC ("Coastal Resources") and Fiberight LLC (the "Site Lease"), the MRC hereby is authorized to establish a deposit account at People's United Bank (or at such other financial institution as may be appropriate) to serve as the Supplemental Cash Collateral Account (as defined in the Site Lease) with such signature authorities as may be approved by the officer establishing such account, the signature of such officer on signature cards or other documentation establishing such account to constitute conclusive evidence of such approval, and for that purpose the standard depository resolutions of such bank hereby are adopted in full.

RESOLVED: That each of the President and the Treasurer, acting singly, hereby is authorized to execute and deliver such documentation on behalf of the MRC, and each is further authorized to take such further actions, as may be necessary or appropriate in order to fully implement the foregoing resolution.

CONSIDERATION OF APPROVAL OF DEPOSIT CONTROL AGREEMENT FOR THE PURPOSE OF PERFECTING A SECURITY INTEREST TO BE GRANTED TO COASTAL RESOURCES OF MAINE IN THE SUPPLEMENTAL CASH COLLATERAL ACCOUNT AS CONTEMPLATED BY THE SITE LEASE AMENDMENTS

Dan introduced a resolution which authorizes execution and delivery of a deposit account control agreement perfecting the security interest to be granted to Coastal Resources in the Supplemental Cash Collateral Account, noting that the terms of this deposit account control

agreement will parallel those of the deposit account control agreement relating to the original Cash Collateral Account as previously approved by the Board. A motion was made and duly seconded to adopt the resolution as presented. The Board inquired as to the likelihood of the bond closing in December as anticipated, and Dan reported that offering materials are slated to be mailed to potential institutional investors next week with a closing likely in mid-December. The documents are close to final form and there has been no indication that the closing is at risk. The Board also reviewed the construction timeline and schedule and President Reeves confirmed that construction presently is on track. There being no further discussion, the following resolution was adopted unanimously:

RESOLVED: That, as contemplated by Section 20.1(b) of the Site Lease dated August 17, 2017, as amended, among the Municipal Review Committee, Inc. (the "MRC"), Coastal Resources of Maine LLC ("Coastal Resources") and Fiberight LLC, as amended (the "Site Lease"), the MRC hereby is authorized to enter into a deposit account control agreement and such other documents (collectively, the "Security Documents") as may be necessary or appropriate in order to establish and perfect a security interest in favor of Coastal Resources in the Supplemental Cash Collateral Account (as defined in the Site Lease), such Security Documents to be in such form as may be approved by the signing officer, his or her signature thereon to constitute conclusive evidence of such approval; and that each of the President and the Treasurer, acting singly, hereby is authorized to execute and deliver the Security Documents on behalf of the MRC, and each is further authorized to execute and deliver such other documents, and to take such further actions, as may be necessary or appropriate in order to fully implement the intent of Section 20.1 of the Site Lease and this resolution.

CONSIDERATION OF APPROVAL OF TRANSFER OF FUNDS FROM THE TIP FEE STABILIZATION FUND TO THE SUPPLEMENTAL CASH COLLATERAL ACCOUNT AS REQUIRED BY THE SITE LEASE AMENDMENTS

Dan introduced a resolution authorizing the transfer of funds from the Tip Fee Stabilization Fund to the Supplemental Cash Collateral Account as required by the Site Lease Amendment, noting that the transfer requires board approval under the MRC Transaction Guidelines, and that once the bond closing occurs, the funds will be returned to the Tip Fee Stabilization Account. There being no discussion, upon motion made and duly seconded, the following resolution was adopted unanimously:

RESOLVED: That the MRC hereby is authorized and directed to transfer assets from the Tip Fee Stabilization Fund to the Supplemental Cash Collateral Account as required by the terms of Section 20.1 of the Site Lease dated August 17, 2017, as amended, among the MRC, Coastal Resources of Maine LLC and Fiberight LLC, as amended; and each of the President and the Treasurer, acting singly, hereby is authorized to take such action as may be necessary or appropriate to effectuate such transfers.

CONSIDERATION OF APPROVAL OF CERTIFICATE OF PERSONALTY

Dan introduced a resolution approving a certificate of personalty, noting that Section 2.0 of the Site Lease requires the MRC to prepare and execute such a certificate to be recorded in the Penobscot County Registry of Deeds for the purpose of providing record notice that title to the buildings and fixtures being constructed by Coastal Resources will remain with Coastal notwithstanding the fact that they will be attached to the underlying real estate owned by the MRC. A motion was made and duly seconded to adopt the resolution as presented. There being no further discussion, the following resolution was adopted unanimously:

RESOLVED: That, as contemplated by Section 2.0 of the Site Lease dated August 17, 2017, as amended, among the Municipal Review Committee, Inc. (the "MRC"), Coastal Resources of Maine LLC and Fiberight LLC, as amended, the MRC hereby is authorized to execute and cause to be recorded a certificate of personalty in such form as may be approved by the signing officer, his or her signature thereon to constitute conclusive evidence of such approval; and that each of the President and the Treasurer, acting singly, hereby is authorized to execute and deliver such a certificate on behalf of the MRC.

OTHER BUSINESS

Board member Cathy Conlow asked about the timeline for adoption of flow control ordinances and exercise of the put option. Greg Louder reported that both actions should be completed as soon as practicable. Board member Sophie Wilson asked about single stream contracts between municipalities and Fiberight, and Greg reported that Craig Stuart-Paul of Fiberight has acknowledged that, despite current unfavorable market conditions, he will honor the price of \$35/ton for recyclables delivered to Fiberight beginning April 1, 2018. President Reeves noted that one of the reasons we chose to move forward with Fiberight was the processing options, and that

although the recycling market is weak right now, Fiberight has other options to move the product. It was recommended and agreed that Greg memorialize this commitment with Fiberight in writing.

Dan McKay reported that the proposed Withdrawal Agreement was sent out recently to departing municipalities, and that he has received several comments from Jim Katsiafikas on behalf of the City of Old Town. Dan advised that Greg will send an email out to all departing municipalities requesting comments by the end of the month, and that the MRC will prepare and circulate a single revised draft incorporating all comments received.

There being no further business to come before the Board, the meeting adjourned at 2:39 p.m.

Respectively submitted,



Jennifer S. Baroletti

Dated: January 31, 2018