

## MUNICIPAL REVIEW COMMITTEE, INC.

### ANNUAL MEETING

The Annual Meeting of the Members and Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, December 12, 2018 at 3:00 p.m. at Machias Savings Bank, 581 Wilson Street, Brewer, Maine. In addition to a number of members from the charter municipalities of the Municipal Review Committee (“MRC”), in attendance were the following:

#### **Directors:**

Sophie Wilson, Town of Orono  
Catherine Conlow, City of Bangor  
Chip Reeves, Town of Bar Harbor  
Karen Fussell, City of Brewer  
Tony Smith, Town of Mount Desert  
Kevin Howell, Town of Carmel  
Ralph Saucier, Town of Millinocket  
Irene Belanger, Town of China  
Gary Bowman, Town of Oakland

#### **Staff:**

Greg Lounder, MRC Executive Director

#### **Consultants:**

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

#### **Guests:**

Craig Stuart-Paul, Fiberight  
Steve Davey, Fiberight  
Shelby Wright, Coastal Resources  
Scott Alley, Coastal Resources General Manager  
Jim Chandler, Hampden Town Manager

Jen Baroletti kept the minutes of the meeting and President Chip Reeves presided.

President Reeves welcomed the membership to the Annual Meeting and reviewed the MRC’s mission to provide affordable, environmentally sound, and long-term solutions for the

disposal of municipal solid waste. He noted that 2018 was a transition year that included windup of the PERC Partnership and waste disposal agreements, continued construction of the Coastal Resources (“Coastal”) facility in Hampden, and managing MSW disposal during the transition. During the coming year, the MRC will continue to monitor swap agreements as we move toward the impending commercial operation date. President Reeves thanked the membership for their attendance and turned the presentation over to Greg Lounder, Executive Director of the MRC.

### **REVIEW OF 2018**

Greg Lounder reported on the successful windup in 2018 of all waste disposal agreements with PERC and other related contractual relationships, including the following:

1. Waste Disposal Agreements – PERC accepted MSW from all Charter Municipalities through March 31, 2018;
2. MRC-PERC Settlement Agreement – all obligations satisfied;
3. Put Option – closed on the PERC purchase of Equity Charter Municipality ownership positions; and
4. Departing Municipality Agreements – the MRC completed its audit of the balances and allocations, and made payments in September 2018 to departing municipalities.

Mr. Lounder provided an overview of progress on infrastructure related to the Coastal Facility in Hampden which remains under construction. The MRC has worked with the Town of Hampden to ensure that the entrance road and other infrastructure for which the MRC has had responsibility is in compliance with all local regulations. The MRC was on track to have the Hampden Town Council accept the entrance road as a public street on December 17<sup>th</sup>, however because the MRC was recently made aware that the entrance roadway is needed for construction-related parking, road acceptance has been delayed until April in order to leave adequate room for roadside parking while construction is completed. Coastal has agreed to pay for all winter

maintenance of the road, including plowing. Water and sewer upgrades and extensions and electricity infrastructure have been completed.

Mr. Louder provided an overview of interim waste disposal arrangements pending commercial operation of the new Coastal facility, noting that since April 2<sup>nd</sup> the MRC has endeavored to ease the burden on municipalities by utilizing an agreement secured in 2015 for access to the Crossroads Landfill in Norridgewock and by securing a swap agreement with Casella and Waste Management which has allowed a number of MRC communities to have access to the Juniper Ridge Landfill (“JRL”) in order to reduce transportation costs and impact during the transition period. The MRC has reimbursed municipalities and haulers for extra transportation related costs associated with the interim disposal of waste and has instituted rebates to MRC members prior to commercial operation in order to further stabilize member waste disposal costs.

#### **MRC FINANCIAL OBLIGATIONS TO JOINING MEMBERS**

George Aronson provided an overview of the MRC obligations to Joining Members and progress made to date. To date the MRC has paid out \$355,000 to offset additional costs of bridge waste transportation. These payments have come from the \$1,000,000 reserve fund set up for this purpose. The MRC forecasts reimbursing members for a total of \$720,000 for such transportation costs by the commercial operation date. Upon completion of an audit of balances to be distributed to Departing Members, distributions were made in September. Supplemental rebates of \$240,000 were paid out to Joining Members in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2018. It is anticipated that the MRC will pay approximately \$294,500 in rebates over the next three quarters. Performance and revenue monitoring will begin after the commercial operation date.

Mr. Aronson reviewed the status of MRC reserve funds, noting that the Building Reserve and Delivery Assessment Fund reserve accounts remained intact as contemplated as the contingencies for which they were designed remain. Reserve funds have been spent from the Closure Reserve Fund and Bridge Waste Fund leaving approximately \$2,700,000 available for future contingencies in the Board's discretion.

Mr. Aronson reported on MRC's obligations and services relating to its ownership of the Coastal Facility site and its responsibility to monitor the development of the Coastal facility. Mr. Aronson reviewed the MRC's role in the ramp-up process during the interim period prior to the commercial operation date, including the following:

1. Monitor completion of infrastructure and construction; oversee site activities;
2. Manage MSW deliveries to back up facilities;
3. Coordinate MSW delivery to the Hampden Facility during the ramp-up period;
4. Negotiate/witness the Acceptance Test;
5. Secure access to favorable processing fee for single sort recyclables; and
6. Clarify/negotiate programs for residuals/non-processable materials.

After the commercial operation date, the MRC will track MSW tons and delivery patterns/methods, coordinate among Joining Members, monitor Facility operations and performance, oversee further facility additions, and address unforeseen events and circumstances. Mr. Aronson noted that the MRC is also ensuring that the \$35/ton rate for recyclables is available for Joining Members. After the commercial operation date, the MRC will continue to track tonnage and review metrics to determine opportunities for improvement.

Before moving on to the next presentation, President Reeves introduced the MRC board members and consultants.

## **TREASURER'S REPORT**

Sophie Wilson presented the Treasurer's Report, noting that the draft budget presented at this meeting is in substantially the form expected to be presented for approval at the MRC's quarterly board meeting in January of 2019, and that members are encouraged to submit feedback before that time.

Ms. Wilson explained that 2019 will be another transition year. She noted that the Administration line item in the proposed budget includes costs for staff, office space, postage, training, etc., and the decrease from the 2018 budgeted amount contemplates eliminating an administrative position as of April 1, 2019. Legislative advocacy efforts will continue, and the MRC board will be more involved with that process. Coastal has agreed to cost share for that line item, and that contribution is represented on the revenue side of the proposed budget. Ms. Wilson reviewed the line items for Legal and Communication/IT, noting the value of these services. Overall, the budget is approximately \$54,000 less than last year.

Ms. Wilson then reviewed the Income line items, noting that less tonnage is expected due to the decrease in membership, and that the board will be assessing potential increases in member dues in 2019. Income will be received from the lease payment due from Coastal, and it is anticipated that the MRC will pull approximately \$185,000 from reserves to fund operations. Ms. Wilson explained that the MRC Board understands the need to shrink resources and grow revenues, and taking this level of funds from reserves is not intended to continue in future years.

## **ELECTION UPDATE**

Greg Louder reported that in order to comply with the timetable set out in the MRC bylaws, the election results will be reported on December 28, 2018 at 10am by conference call, and that all ballots must be returned to the MRC by December 27, 2018. Mr. Louder

recognized Gary Bowman’s board service to fill a vacancy over the last nine months and thanked Mr. Bowman for being a strong advocate for the MRC’s mission.

### **FIBERIGHT CONSTRUCTION STATUS UPDATE**

Craig Stuart-Paul of Fiberight provided a plant status update, noting that advertising for open positions, including management, operators, and sorters, will begin next week. The construction plan is locked in and Coastal will be reporting progress against that construction plan until commercial operation. Mr. Stuart-Paul noted the following three important milestones:

1. **March 3, 2019** - MRF is handed over to Coastal to begin commissioning of sorting system.
2. **March 31, 2019** – Anticipated completion of commissioning complete (will be onboarding single stream material at an earlier date.)
3. **May 7, 2019** – Anticipated mechanical completion.

Mr. Stuart-Paul reported that many milestones have already been achieved and Coastal is running slightly ahead of the construction schedule. Drone footage of inside the facility was presented as Mr. Stuart-Paul reviewed the phases of construction, explaining the deliberate approach to obtain a permit for BioGas, given the higher value for cellulose than budget due to market shifts.

Mr. Stuart-Paul reviewed the onboarding plan for accepting MSW and single sort recycling (“SSR”), noting a three step process beginning in April 2019, which was created based on consideration of transportation expenses, delivery methods, geography, and clear preference to avoid landfill. It is expected that 1,650 tons of MSW and SSR will be processed at the Hampden facility during April 2019, assuming processing on a start and stop basis. 5,000 tons of MSW and SSR will be processed in May 2019, and 7,900 tons of MSW and SSR will be

processed in June 2019. It is expected that in June 2019 with the digester at capacity, all MSW and SSR from MRC member communities will be accepted for processing at the Coastal facility.

Shelby Wright of Coastal reviewed public outreach efforts and facility assistance for the transition, noting a workshop scheduled for tomorrow at which community members can ask questions and express concerns in order to provide Coastal with a clearer focus for further outreach efforts. Ms. Wright reviewed Coastal's website, textile program, and recycling contract.

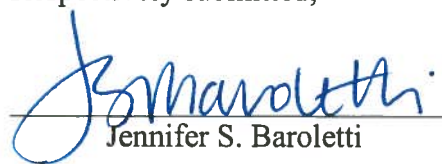
In response to a question, Mr. Stuart-Paul explained the other potential markets for organics that could present opportunities beginning in 2020, but he emphasized that the focus for right now is on BioGas. Mr. Stuart-Paul concluded his presentation by thanking everyone, especially the MRC Board, for their continued patience as Coastal transitions to operations.

#### **CLOSING REMARKS**

Greg Louder closed the program by noting that the annual meeting will be recessed until December 28, 2018 at 10am, at which time it will reconvene briefly to announce the 2019 election results before adjourning the annual meeting.

There being no further business to come before the Annual Meeting, it was recessed at 4:10 p.m.

Respectively submitted,

  
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Jennifer S. Baroletti

Dated: January 23, 2019