

**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 23, 2019 at 10:00 a.m. at Machias Savings Bank, 581 Wilson Street, Brewer, Maine. 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  
Dana Wrigley, Sr., Town of Oakland

**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  
Shelby Wright, Coastal Resources  
Jim Chandler, Hampden Town Manager

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

President Reeves convened the meeting at 10:05 a.m.

## APPROVAL OF AGENDA

President Reeves asked for a motion to accept the agenda as published. Upon motion duly made and seconded it was unanimously:

**VOTED:** That the agenda is hereby accepted as published.

## ELECTION OF OFFICERS

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. 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

## COMMITTEE MEMBER APPOINTMENTS

The Board next nominated individuals to serve on the Finance and Insurance, Waste Flow Management, and Communications 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 2019 MRC committee members hereby are appointed as follows:

Finance & Insurance Committee:	Karen Fussell Chip Reeves Sophie Wilson (Chair)	Tony Smith Catherine Conlow
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Waste Flow Management  
Committee:

Kevin Howell  
Ralph Saucier  
Tony Smith

Chip Reeves  
Dana Wrigley

Communications  
Committee:

Karen Fussell  
Cathy Conlow  
Tony Smith

Ralph Saucier  
Irene Belanger

### **CONSIDERATION OF MINUTES OF DECEMBER 12, 2018 SPECIAL MEETING AND ANNUAL MEETING OF MEMBERS**

The Board considered approval of the minutes of the December 12, 2018 special meeting of the Board of Directors and the December 12, 2018 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 December 12, 2018 special meeting of the Board of Directors and the December 12, 2018 Annual Meeting of Members hereby are approved in the forms presented to the meeting.

### **CONSIDERATION OF YEAR-END FINANCIAL STATEMENTS AND BILLS PAYABLE AS OF DECEMBER 31, 2018**

Greg Louder presented bills payable noting that there were no expenses outside of the usual course. Mr. Louder reported that year-end financials have not yet been received, and presented financial statements for the current month through January 19, 2019. Sophie Wilson noted that the MRC began the year operating at a net loss of approximately \$35,000, but currently has approximately \$325,000 cash on hand, and that bills payable total \$25,632.07.

Upon motion duly made and seconded, it was unanimously:

**VOTED:** That bills payable of \$25,632.07 as presented to the Board at this meeting hereby are approved for payment.

### **CONSIDERATION OF 2019 MRC OPERATING BUDGET**

Sophie Wilson presented the 2019 MRC Operating Budget, noting that no feedback has been received from members since the annual meeting. The Finance Committee has met and

reviewed the draft budget. A few changes were made, including revising the revenue expected from lease payments from Coastal Resources to begin in July 2019 rather than in April. The resulting shortfall in anticipated revenue will be drawn from reserve funds in order to balance the budget. The Finance Committee is also recommending that the Board consider changing ‘Use of Reserves’ to ‘Use of Earnings and Reserves’, as George Aronson has proposed changes in fund investments and related documents to enable the MRC to increase its earnings on existing reserve funds.

Mr. Aronson reported that approximately \$7 million is being held in depository accounts under current arrangements, including \$4.0 million as a minimum balance in the Tip Fee Stabilization Fund and \$3.0 million in a separate Cash Collateral Account that is subject to a Deposit Account Control (DAC) Agreement with Coastal and its investors and with the investment manager, People’s United Bank, as a party. Although investments of the funds in the Cash Collateral Account are restricted to a short-term money market account, now that the Coastal facility is nearing commercial operation, the MRC may be able to negotiate changes to the DAC Agreement and related agreements that would allow the MRC to enhance earnings on those funds by investing them in high quality short term instruments (i.e. short-term U.S. treasury bills), which currently earn interest at the rate of 2.4% per year. Craig Stuart-Paul has indicated that he is open to this suggestion. A general discussion ensued regarding the logistics and possible application of a similar approach to the Tip Fee Stabilization Account. It was noted that in the past the interest on these accounts has been allocated to Joining Members, however the MRC board has discretion to use the interest to support the MRC operating budget, which would offset the need for a member dues increase. Dan McKay noted that U.S. treasury bills are not FDIC insured but are backed by the full faith and credit of the United States. In response to a

question, Mr. Aronson explained the circumstances surrounding restrictions of the funds, noting that because the potential calls on the funds all have significant notice periods, if money is needed to meet a contractual obligation, the MRC would have sufficient notice time and sufficient liquidity to fund any required distributions from the funds.

Following a brief discussion, upon motion duly made and seconded, it was unanimously:

**VOTED:** To pursue implementation of arrangements to transfer funds currently in the Cash Collateral Account to a new agency account to enable investment in short term treasury and low risk short term investments at the direction of the MRC Board; and further to similarly invest funds in the Tip Fee Stabilization Fund and to apply earnings on balances in each of the Tip Fee Stabilization Fund and Cash Collateral Account to support the MRC’s operating budget; and that each of the President and Treasurer, acting singly, hereby is authorized to take all actions and execute and deliver all documents on behalf of the MRC to effectuate the intent of this resolution, his/her signature thereon to be conclusive evidence of such approval.

Craig Stuart-Paul indicated his support of this arrangement, and has asked Carl Knowlton to review the bond documents to confirm whether approval of the bond trustee or bondholders would be required.. Dan McKay noted that the MRC does not have a direct agreement with the bond trustee under which the trustee or the bondholders would have authority to restrict investment of MRC funds.

President Reeves asked for a motion to approve the budget as amended, which motion was made and duly seconded. Karen Fussell noted that the Finance Committee discussed and recommended that the FY 2018 Year-End estimate column be revised to include updated figures. There being no further discussion, it was unanimously:

**VOTED:** That the 2019 MRC Operating Budget, as amended and presented to the Board at this meeting, hereby is adopted.

**CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT – BUDGET  
STABILIZATION FUNDS, CASH COLLATERAL AND SWEEP ACCOUNTS, BRIDGE  
TRANSPORTATION COSTS UPDATE: EXTRA TRANSPORT AND LOST**

**COLLECTIONS RESULTING FROM INTERIM TRANSPORTATION  
ARRANGEMENTS, FOURTH QUARTER JOINING MEMBER  
CASH DISTRIBUTION RATE**

George Aronson then presented the Asset Management Report. As of January 1<sup>st</sup>, there was \$655,225.91 in the Custody Account, \$8,327,796.08 in the Tip Fee Stabilization Fund, \$94,253.35 in the Operating Budget Stabilization Account, \$3,000,892.58 in the Cash Collateral Account (which also serves as the Delivery Sufficiency Fund), and \$6,876.07 in the Cash Sweep Account. Mr. Aronson briefly reviewed the purpose of each account, and offered the following recommendations:

1. a distribution in the amount of \$97,040.86 to Joining Members to reduce net disposal costs;
2. a payment from the Custody Account in the amount of \$43,012.12 directly to affected Joining Members to reimburse budgeted fee collections lost as a result of interim transportation arrangements; and
3. that the MRC collect from Coastal an amount equal to supplemental tip fees being paid by Non-Charter Joining Members pursuant to Section 4.7 of the Non-Charter Municipal Joinder Agreements, which amount totals \$597.98 to date.

Mr. Aronson reviewed Tables 4 and 5 of the report depicting Bridge Waste Reserve Fund payments and balances and the Unrestricted Cash Balance Net of Payables, noting that the MRC has significant reserve funds and is taking cost saving measures for transportation costs. A general discussion ensued regarding reimbursement requests from member towns for tire repair and other costs associated with interim waste disposal arrangements. Board members shared their varying views on reimbursement of these expenses, and after discussion it was agreed that Greg Louder will work with the Waste Flow Committee to review these requests in the

aggregate and consider potential solutions. Upon motion made and duly seconded, it was unanimously:

**VOTED:** That that the MRC hereby is authorized and directed to distribute the amount of \$97,040.86 from the Target Value Reserve Fund to Joining Members to reduce net disposal costs; make payment from the Custody Account in the total amount of \$43,012.12 directly to affected Joining Members to reimburse budgeted fee collections lost as a result of interim transportation arrangements; and ensure that Coastal pays over to the MRC an amount equal to the supplemental tip fees being paid by Non-Charter Joining Members pursuant to Section 4.7 of the Non-Charter Municipal Joinder Agreements, which amount totals \$597.98; and that 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  
INCLUDING TIMING OF FACILITY START-UP AND COMMERCIAL OPERATIONS  
AND MSW DELIVERY RAMP UP PLAN**

Craig Stuart-Paul of Fiberright reviewed construction progress which is slightly ahead of schedule, and referenced the following three milestones previously noted at the annual meeting, all of which remain on track:

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

Board Member Sophie Wilson reiterated the need for the Executive Director and Communications Committee to work together with Coastal so that members are kept informed of the next steps with regard to the onboarding process. Craig Stuart-Paul noted that there continues to be a flow of information to George Aronson under the existing Nondisclosure Agreement, and he will report on any changes. Karen Fussell noted that the Communications Committee would be meeting in the next couple of weeks to discuss an overall communications

campaign for the onboarding process, and President Reeves suggested that the Committee wait to receive the Commissioning Report which is due on February 8<sup>th</sup> in order to develop a communications plan.

George Aronson reported that the design of electrical systems for the front and back ends of the facility will enable materials to come into the front end in March with minimal impact on progress on back end construction. The scale is mechanically in place, and both the odor control and ventilation systems are substantially in place. The remaining work is localized and progress is impressive. Coastal has engaged start-up and commissioning professionals, who are contributing to moving the project forward.

In response to a question about the definition of acceptable waste, Craig Stuart-Paul confirmed that the list of unacceptable waste in the Joinder Agreement has not changed, but that changes in the list of acceptable materials for recyclables has recently caused some confusion. He is working with Shelby Wright and Greg Lounder to clarify that communication. It was reiterated that a clear and consistent message must be delivered to members. In response to a question Shelby Wright noted that Coastal will provide resources on its website related to the disposal of unacceptable materials.

### **REPORT OF THE WASTE FLOW COMMITTEE**

Greg Lounder reported on recent efforts of the Waste Flow Committee regarding a potential 12 month provisional arrangement for members requesting to re-join the MRC. It was noted that demand and viability are factors, and that a provisional agreement may lead to a long term agreement if Coastal has the capacity. A general discussion ensued around the possibility of having a new membership class for returning members. Staff will need direction on how to respond to these inquiries, and Dan McKay advised that although this is a long range planning



exercise for now, it could quickly become an immediate exercise. After further discussion it was determined that the Waste Flow Committee will prepare a concept memo to outline the commitments that would be required by the MRC for any provisional arrangement.

### **REPORT ON MONITORING OF LEGISLATIVE SESSION**

Greg Lounder reviewed the list of upcoming meetings scheduled with legislators on February 5, 2019, confirming that Cathy Conlow and Kevin Howell will join him at the meetings. Mr. Lounder reported that the MRC continues to monitor certain bills that may impact the MRC. Sophie Wilson reminded the board of discussions prior to the annual meeting regarding the services received by Preti Flaherty and the board's desire to have more communication and a better understanding of the services. Dan Walker of Preti Flaherty will attend the next MRC board meeting to deliver a macro level presentation.

### **DISCUSSION ON FILING COMMENTS ON THE DRAFT STATE SOLID WASTE MANAGEMENT AND RECYCLING PLAN 2019 UPDATE**

Greg Lounder reported that the State Solid Waste Management and Recycling Plan 2019 Update has been reviewed and noted initial suggestions for comment, including the solid waste management hierarchy and composting. A general discussion ensued. The deadline for comments is January 31<sup>st</sup>, and President Reeves asked that board members provide any comments to Greg Lounder as soon as possible. Karen Fussell noted the importance of encouraging broad thoughts about how to deal with organics, and introducing options that reduce reliance on fossil fuel transportation.

Sophie Wilson asked that the board receive an electronic copy of the board packet for future meetings, to allow additional time to review the materials in advance of the meeting.

George Aronson reported that the Solid Waste Association of North America's annual solid waste conference is in Boston this year.

The board took a lunch break at 12:09 p.m.

The board reconvened at 12:38 p.m.

### **EXECUTIVE SESSION**

A motion was made, and duly seconded, at 12:38 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) to consult with legal counsel regarding legal rights and duties under the existing Site Lease and Master Waste Supply Agreement.

Whereupon, it was unanimously:

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

At 1:05 p.m., the executive session ended and the regular meeting reconvened.

### **OTHER BUSINESS**

President Reeves provided an update on new office space, noting that Sophie Wilson has reached out to the UpStart Center for Entrepreneurship in Orono about renting a 200 square foot office space for \$375 per month. A general discussion ensued regarding storage of the MRC's records. President Reeves also reviewed the Executive Director's outstanding tasks, including arranging for Dan Walker's attendance at the next board meeting, the Waste Flow Committee's concept memo, discussion of a formal road usage agreement between Coastal and the MRC, and a formal agreement regarding the sharing of legislative costs. There being no further discussion, and upon motion made and duly seconded, it was unanimously:

**VOTED:** That the MRC lease new office space at the UpStart Center for Entrepreneurship in Orono, on such terms and conditions that may be approved by the officers or Executive Director, acting singly, and that each of the President, Vice President, Treasurer and Executive Director is hereby authorized, acting singly, to execute and deliver the lease, his/her signature thereon to be conclusive evidence of such approval.

Karen Fussell reviewed her discussions with Shelby Wright of Coastal regarding limitations on the level of customization for individual recycling contracts.

**EXECUTIVE SESSION**

A motion was made, and duly seconded, at 1:24 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(A) to discuss personnel matters. Whereupon, it was unanimously:

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

At 2:37 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 2:37 p.m.

Respectively submitted,

  
Jennifer S. Baroletti

Dated: February 27, 2019