

**MUNICIPAL REVIEW COMMITTEE, INC.**

**BOARD OF DIRECTORS**

A quarterly meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, October 24, 2018 at 10:00 a.m. at the Brewer Auditorium, 318 Wilson Street, Brewer, Maine. In attendance were the following:

**Directors:**

Sophie Wilson, City of Orono  
Chip Reeves, Town of Bar Harbor  
Karen Fussell, City of Brewer  
Irene Belanger, Town of China  
Cathy Conlow, City of Bangor (present for executive session only)  
Kevin Howell, Town of Carmel  
Ralph Saucier, Town of Millinocket  
Gary Bowman, Town of Oakland

**Staff:**

Greg Lounder, MRC Executive Director

**Consultants:**

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

**Guests:**

Craig Stuart-Paul, Fiberright  
Carl Knowlton, Fiberright  
Shelby Wright, Coastal Resources

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

President Reeves convened the meeting at 10:00 a.m.

**APPROVAL OF AGENDA**

President Reeves noted that the sequencing in the agenda has been slightly altered, and 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.

**CONSIDERATION OF MINUTES OF JULY 25, 2018 REGULAR, AUGUST 22, 2018  
AND SEPTEMBER 12, 2018 SPECIAL BOARD OF DIRECTORS MEETINGS**

The Board considered approval of the minutes of the July 25, 2018 quarterly meeting and the August 22, 2018 and September 12, 2018 special meetings of the Board of Directors. Karen Fussell noted a correction to the location of the September 12, 2018 special meeting. Upon motion duly made and seconded, it was unanimously:

**VOTED:** That the minutes of each of the July 25, 2018 quarterly meeting of the Board of Directors, and the August 22, 2018 and September 12, 2018 special meetings of the Board of Directors hereby are approved in the forms presented to the Board at this meeting, as corrected.

**FINANCE COMMITTEE REPORT, INCLUDING CONSIDERATION OF THE  
FINANCIAL STATEMENTS AND BILLS PAYABLE AS OF OCTOBER 18, 2018,  
TRANSACTION AND INVESTMENT POLICIES**

Greg Louder reported that there was no Finance Committee meeting prior to the Board meeting and reviewed the P&L received from the bookkeeper and bills payable as of October 18, 2018 in the aggregate amount of \$28,661.16, noting that there were no expenses outside of the usual course. Upon motion duly made and seconded, it was unanimously:

**VOTED:** That bills payable of \$28,661.16 as presented to the Board at this meeting, hereby are approved for payment.

**CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT – CUSTODY  
ACCOUNT, TIP FEE & OPERATING BUDGET STABILIZATION FUNDS,  
COLLATERAL AND SWEEP ACCOUNTS, BRIDGE TRANSPORTATION COSTS  
UPDATE: EXTRA TRANSPORT AND LOST COLLECTIONS RESULTING FROM  
INTERIM TRANSPORTATION ARRANGEMENTS, THIRD QUARTER JOINING  
MEMBER CASH DISTRIBUTION RATE**

George Aronson stated that the MRC has released from escrow the amount of \$11,650,160.29, which has been paid to Departing Municipalities. Mr. Aronson referenced the escrow account for the Maine Department of Transportation (“Maine DOT”) for site

infrastructure, which account has a balance of approximately \$243,000. He noted that \$24,000 was retained by Maine DOT, and Greg Louder clarified that this amount is a standard 10% holdback for a road opening permit.

George Aronson then presented the Charter Municipality Asset Management Report. As of October 1<sup>st</sup>, there was \$860,672.04 in the Custody Account, \$8,286,366.95 in the Tip Fee Stabilization Fund, \$93,809.71 in the Operating Budget Stabilization Account, \$3,004,019.26 in the Delivery Sufficiency Fund, and \$2,151.53 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 \$113,633.13 from the Target Value Reserve Fund to Joining Members to reduce net disposal costs;
2. payment from the Custody Account in the amount of \$43,963.05 directly to affected Joining Members to reimburse budgeted fee collections lost as a result of interim transportation arrangements;
3. transfer of \$100,000 from the MRC Operating Account to the MRC Custody Account, which amount represents the amount of liquidated damages paid to date by Coastal pursuant to Section 4.7 of the First Amended and Restated Master Waste Supply Agreement; and
4. confirm that Coastal has paid over to the MRC an amount equal to the supplemental tip fee of \$2.21 per ton being paid by Non-Charter Joining Members pursuant to Section 4.7 of the Non-Charter Municipal Joinder Agreements, which amount totals \$421.71 to date.

After discussion, the board agreed to hold on the third recommendation until the Finance Committee has reviewed and delivered a recommendation. There being no further discussion, and upon motion made and duly seconded, it was unanimously:

**VOTED:** That that the MRC hereby is authorized and directed to distribute the amount of \$113,633.13 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 \$43,963.05 directly to affected Joining Members to reimburse budgeted fee collections lost as a result of interim transportation arrangements; and confirm that Coastal has paid over to the MRC an amount equal to the supplemental tip fee of \$2.21 per ton being paid by Non-Charter Joining Members pursuant to Section 4.7 of the Non-Charter Municipal Joinder Agreements, which amount totals \$421.71; 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 reported that most of the MRF installation is complete. All permits are in hand, the last concrete pour should be on Friday, and the site should be paved before the asphalt plants shut down for the winter. The pulper arrived from Ireland last week, and structural steel will arrive next week so that the mezzanines can be installed. Coastal has hired two new contractors, and a revised construction schedule indicates that construction should be completed by March 31<sup>st</sup>. The tank installation is ongoing and can occur during operation. Coastal has provided an onboarding plan, and anticipates beginning to accept waste on a start/stop basis in January, with the hope to accept waste on an ongoing basis beginning in April, 2019.

Mr. Stuart-Paul reported that Coastal has authorized approximately \$225,000 in overtime for electrical workers to accelerate the schedule. All contractors are bonded with payment bonds, and Coastal has sufficient cash in the bank to complete all tasks, with some contingency. Sophie Wilson asked about Mr. Stuart-Paul's level of assurance of the April 1, 2019 operation date, and Mr. Stuart-Paul reported that date represents the best case scenario and there is still some contingency risk in the schedule based on weather. A general discussion ensued regarding

misinformation circulating concerning the commercial operation date, and it was suggested that Coastal prepare and release a statement that provides communities with a high degree of certainty a window within which commercial operation will begin. The Board also discussed the roll out of information regarding recycling which should include background information concerning shifts in the global market affecting recyclables. It was noted that the annual meeting could be a good platform to share this information. Chairman Reeves requested another construction schedule update at the board's November meeting.

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

Greg Lounder introduced Jon Pottle of Eaton Peabody as the point person on achieving acceptance of the access road and sewer infrastructure. Mr. Pottle reported that CES has been overseeing the technical engineering issues, and that the MRC is poised to propose the access road and sewer improvements for acceptance by the Town of Hampden. The Hampden Town Council is the accepting body for each proposal, and the MRC is finalizing the package and targeting December 3rd for the Council to consider acceptance. The materials will be submitted in early-mid November. In response to a question, Mr. Pottle reported that we should be on track to have the transfers to the Town completed by April 1<sup>st</sup>. Chairman Reeves thanked the Town of Hampden for its efforts. Upon motion made and duly seconded, it was unanimously:

**RESOLVED:** That each of the Executive Director and President, acting singly, hereby is authorized to undertake, execute, and deliver on behalf of MRC all necessary or appropriate actions to accomplish the Town of Hampden's acceptance of the access road and sewer utilities to the Coastal/Fiberight facility, including, but not limited to, application to the Town of Hampden, execution and delivery of any required infrastructure improvement guarantees, and execution and delivery of related real estate documents.

**CONSIDERATION OF RECYCLING SERVICES TEMPLATE AGREEMENT;  
REPORT ON INITIATIVES FOR MANAGEMENT OF NON-PROCESSIBLE  
ACCEPTABLE WASTE AND UNACCEPTABLE WASTE**

George Aronson reviewed the draft recycling agreement template between Coastal and individual towns, noting that although the MRC is not a party to the agreement, it is an obligation of the MRC to shepherd this process along. Mr. Aronson reported that the document has been through several drafts, and highlighted the key terms, including the tip fee and definitions of acceptable materials, reporting that the draft agreement is ready to be reviewed by the MRC board. Craig Stuart-Paul noted that Coastal could attach a sheet on the front of the agreement highlighting for member communities changes in the definition of acceptable waste to address concerns raised earlier in the meeting . A general discussion ensued regarding acceptable waste, and George Aronson reiterated the importance of a presentation at the annual meeting to educate members on this topic.

Board Member Sophie Wilson noted her appreciation of the conversations between Coastal and individual communities, but reminded that the MRC has always been a collective unit, and no matter how big or small the community, or wherever located, all MRC communities should be offered the same arrangement. It was agreed that the Flow Control Committee will work with Shelby Wright of Coastal to ensure a consistent message.

Board Member Karen Fussell asked about the lengthy penalty section in the recycling agreement, and current contamination rates in loads. It was acknowledged that it will be hard for communities to stay within the 10% threshold, and Mr. Stuart-Paul noted there is a limit as to what would be charged, and it would never be more than the tip fee for MSW, unless the material is considered a biohazard. A general discussion ensued regarding the time frame of Coastal distributing the recycling education materials, and it was reported that the intention is to

send out a flier right after Thanksgiving, and a more detailed mailer after Christmas, which will include press releases. The Flow Control Committee and George Aronson will complete a final review of the proposed recycling contract and report to the Board at the November meeting. Sophie Wilson recommended a substantive legal review of the recycling agreement by MRC counsel and Karen Fussell suggested that the agreement be amended to reflect Coastal's required actions, including maintaining a website to keep members updated regarding the definition of acceptable waste.

**REPORT ON STATUS OF BLUE HILL-SURRY PAYMENT TO CURE CONDITIONS OF DEFAULT NOTICED IN LETTER DATED JUNE 5, 2018**

Greg Lounder reported that Blue Hill/Surry has agreed to make payment to cure its existing default related to deliveries of MSW to PERC earlier in the year. Payment has not yet been made, but Mr. Lounder received a call from Vaughn Leach this morning reporting that full payment is on the municipal warrant and is to be paid on Friday. Mr. Lounder suggested that the Board consider taking action if payment is not received as promised, including drawing from Blue Hill/Surry's balance in reserves, and withholding quarterly cash distributions over approximately 5 quarters until the amount is refilled. Mr. Lounder reported that he has reviewed this approach with George Aronson from an accounting perspective and Dan McKay confirmed that this action falls within the MRC's discretion pursuant to the offset provisions of the Joinder Agreement.

Sophie Wilson made a motion that, if full payment from Blue Hill/Surry is not received by close of business on Monday, October 29, 2018, the MRC is authorized to make payment to Waste Management to cure the default, to withhold cash distributions from Blue Hill/Surry in an amount equal to such payment, and to levy a \$1,000 fee to Blue Hill/Surry for administrative time and effort expended by the MRC on behalf of Blue Hill/Surry. The motion was duly

seconded and a discussion ensued. Chairman Reeves explained that he will be voting against the motion on the table as he believes that Vaughn Leach will keep his word and follow through with the payment as promised. It was clarified that the MRC will only take the previously described action if payment is not received. Whereupon it was:

**VOTED:** That if full payment from Blue Hill/Surry is not received by close of business on Monday, October 29, 2018, the MRC hereby is authorized and directed to make payment to Waste Management to cure the default, to withhold cash distributions from Blue Hill/Surry in an amount equal to such payment, and to levy a \$1,000 fee to Blue Hill/Surry for administrative time and effort expended by the MRC.

The motion carried with Chairman Reeves voting against. It was clarified that any late fees assessed by Waste Management would be added to the amount withheld from Blue Hill/Surry.

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

Greg Lounder reported that interim delivery arrangements continue to be a challenge. He highlighted his appreciation of the collaborative effort among member communities. As an example, he noted that Milo was concerned with snow conditions making it more difficult to deliver to Crossroads, and Kevin Howell of Carmel agreed to swap with Milo and deliver to Crossroads so that Milo could deliver directly to JRL. Mr. Lounder also reported on a recent communication from the Town of Wiscasset's transfer station manager, who has been a long time supporter of the MRC. He provided a detailed account of struggles delivering to JRL, including injuries and lost time, and asked that the MRC step in to work with JRL to mitigate some of these issues. A general discussion ensued regarding delivery issues at both JRL and Crossroads, including sinking trucks, demolition debris, and lost mudflaps. After discussion, it was agreed that Mr. Lounder would initiate communication with the landfills regarding current conditions and improvement of unloading areas.



## EXECUTIVE SESSION

A motion was made, and duly seconded, at 11:25 a.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) to consult with legal counsel regarding rights and duties regarding Municipal Joinder Agreements, the Master Waste Supply Agreement and the Site Lease, and regarding potential negotiation of an extension of the existing waste swap agreement. Whereupon, it was unanimously:

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

At 12:24 p.m., the executive session ended and the regular meeting reconvened.

## OTHER BUSINESS

A general discussion ensued regarding the change of schedule and contractors. Sophie Wilson discussed preparation of the 2019 budget before the annual meeting, noting that because of current circumstances, the budget numbers are more difficult to develop. Ms. Wilson has asked the Executive Director to determine a list of priority needs for the coming year in order to formulate the budget, including administrative support, staff, and current office space. The board discussed the upcoming election of board members, and a Finance Committee meeting was scheduled for December 15, 2018 at 1:30 p.m. in Orono.

There being no further business to come before the Board, the meeting adjourned at 2:35 p.m.

Respectively submitted,

  
Jennifer S. Baroletti

Dated: November 28, 2019