

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 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
Karen Fussell, City of Brewer
Kevin Howell, Town of Carmel
Irene Belanger, Town of China
Dana Wrigley, Sr., Town of Oakland
Robert Butler, Town of Waldoboro

Staff:

Michael Carroll, MRC Executive Director

Consultants:

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

Guests:

Shelby Wright, Fiberight (joined the meeting at 10:45am)
Donald Higgins, Haverlock, Estey & Curran, LLC

Jennifer Baroletti kept the minutes of the meeting and President Karen Fussell presided.

President Fussell convened the meeting at 10:02 a.m.

APPROVAL OF AGENDA

President Fussell noted that that the sequencing in the agenda will be slightly altered to accommodate schedules, proposing that the results of the audit be delivered prior to the

Treasurer's Report, and the progress of the acceptance test be reviewed as part of the Executive Director's Report. She asked for a motion to accept the agenda as published with that understanding. Upon motion duly made and seconded it was unanimously:

VOTED: That the agenda is hereby accepted as published.

**CONSIDERATION OF MINUTES OF SEPTEMBER 25, 2019 AND OCTOBER 16, 2019
SPECIAL MEETINGS OF THE MRC BOARD OF DIRECTORS**

The Board considered approval of the minutes of the September 25, 2019 and October 16, 2019 special meetings of the Board of Directors. There being no changes to the draft minutes as presented, upon motion made and duly seconded, it was:

VOTED: That the minutes of the September 25, 2019 and October 16, 2019 special meetings of the Board of Directors hereby each are approved in the form presented to the meeting.

Sophie Wilson abstained as she was not present at the September 25, 2019 meeting.

**TREASURER'S REPORT INCLUDING: CONSIDERATION OF FINANCIAL
STATEMENTS, BILLS PAYABLE AND CONSIDERATION OF ACCEPTANCE OF
AUDIT**

Donald Higgins, CPA of Haverlock, Estey & Curran, LLC presented the independent auditor's report and financial statements, including management's discussion and analysis and notes to the financial statements. The audit includes a clean and unqualified opinion and, in the opinion of the auditor, the financial statements are fairly stated in accordance with generally accepted accounting principles. In response to a question, Mr. Higgins reviewed the accounting procedures used in conducting the audit. Mr. Higgins noted the materiality thresholds, noting that one material adjustment was made to the Joint Venture statements regarding the Hampden Site costs.

Mr. Higgins reviewed the report regarding internal controls, noting the deficiency of MRC's reliance on its auditors to propose certain year-end adjustments and to assist in the

preparation of financial statements, as it has done in prior years. While this is regarded as a material weakness, no change was recommended because a change would not be feasible in view of the MRC's limited staffing. In response to a question, Mr. Higgins reviewed the process to correct the deficiency, if desired. Mr. Higgins recommended that the MRC consider implementing an accrual basis of accounting to record expenses in the period when they are accrued rather than when they are paid. A general discussion ensued regarding the appropriate time to consider making this change. The board thanked Mr. Higgins and George Aronson for their work on the audit, and Sophie Wilson praised the efforts of the MRC's bookkeeper.

A brief discussion ensued regarding the next audit period. Mr. Aronson noted that this question is under discussion by the Finance Committee and a decision has been deferred until after the commercial operation date. The Committee will revisit the topic in November as it reviews the 2020 operating budget. Upon motion duly made and seconded, it was unanimously:

VOTED: That the auditor's report prepared by Haverlock, Estey & Curran, LLC hereby is accepted as presented.

Mr. Aronson noted the contractual requirements to share the auditor's report, once accepted, with the dissemination agent pursuant to the terms of the Continuing Disclosure Agreement executed in conjunction with the issuance of the FAME bonds to Coastal.

Sophie Wilson reported on the Finance Committee's discussion of bills and cash balances. Ms. Wilson presented operating bills payable in the aggregate amount of \$31,590.02, reporting no expenses outside of the usual course. Upon motion duly made and seconded, it was unanimously:

VOTED: That the operating budget bills payable of \$31,590.02, as presented to the Board at this meeting, hereby are approved for payment.

Ms. Wilson next presented bridge waste transportation expenses for certain members for September in the amount of \$11,055.93. President Fussell noted that this expense is

approximately half of that of the prior month, which is indicative of the ramping up of the Coastal Facility and is a positive trend. After a brief discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That bridge waste transportation costs as presented to the meeting in the aggregate amount of \$11,055.93 be reimbursed to the appropriate member communities, and that funds in that amount be transferred from the Custody Account to the Operating Account for that purpose.

Ms. Wilson reported that she and Mike Carroll have a meeting scheduled for next Monday with representatives of First National Bank, the new vendor to provide financial services for the MRC, to discuss next steps in setting up the accounts. Dan McKay recommended approving two authorized signers on the account and that a threshold be established above which two signatures would be required. Discussion ensued and it was decided that checks over \$100,000 will require two signatures. Upon motion duly made and seconded, it was unanimously:

VOTED: That the standard depository and investment account resolutions of First National Bank hereby are adopted in full.

VOTED: That each of the President and Treasurer hereby is authorized, acting singly, to sign checks and issue instructions on behalf of the MRC with respect to each account established at First National Bank in such form as he or she may approve; and further that two signatures shall be required for any transaction in any such account in excess of \$100,000.

Ms. Wilson advised that she is working with Mike Carroll and a draft of the 2020 operating budget will be prepared for review by the Finance Committee at its November meeting. A general discussion ensued regarding new membership and dues structure. President Fussell recommended that staff prepare proposals to be reviewed and discussed at the November Finance Committee meeting. The draft budget can then be presented to members at the annual meeting in December and adopted by the Board in the usual course at its January quarterly board meeting.

APPROVAL OF SLATE FOR 2019 MRC BOARD OF DIRECTORS ELECTION

Dan McKay explained that the bylaw amendment for consideration later in the meeting will designate the Executive Director to administer the election process, rather than the Clerk. Mr. Carroll reviewed the election process, noting that nominations were received for each of Robert Butler of Waldoboro, Tony Smith of Mount Desert, and Dana Wrigley, Sr. of Oakland. The Board considered the qualification requirements of each nominee and found each of them to be qualified and eligible to serve under the criteria established by the MRC Bylaws. Upon motion made and duly seconded, it was unanimously:

VOTED: That each of Robert Butler (Waldoboro), Tony Smith (Mount Desert), and Dana Wrigley Sr. (Oakland) are approved as nominees for the 2019 annual election of directors.

Mr. Carroll noted that change of address cards will be included with the ballots when mailed out to all members.

CONSIDERATION OF BYLAW AMENDMENTS

Mr. McKay noted that these amendments were reviewed at a prior meeting, and that the principal changes, all technical in nature, are to: (1) delete the current provision that required the office location to be in Ellsworth and replace it as being “within the State of Maine,” (2) change references from Fiberight to Coastal where applicable, and (3) the aforementioned change to designate the Executive Director to administer the election process, rather than the Clerk as currently designated given that the positions of Clerk and Executive Director are no longer held by the same person. A motion was duly made and seconded to accept the amended Bylaws as presented, and a general discussion ensued regarding the fiscal year language in Section 10 of the Bylaws. In response to a question, Mr. McKay confirmed that the Bylaws currently allow the

fiscal year to be changed by resolution of the board and there being no further discussion, it was unanimously:

VOTED: That the amended Bylaws are hereby accepted in the form presented.

EXECUTIVE DIRECTOR REPORT/COASTAL FACILITY COMMISSIONING REPORT

Mike Carroll delivered the Executive Director report, noting that bridge transportation costs have decreased by almost half from the previous month and the onboarding process at the Coastal Facility continues to run smoothly. Mr. Carroll briefly reviewed a three-tier list of communities he has created to facilitate and prioritize the delivery of MSW to Coastal. Mr. Carroll has notified all members to deliver waste to Coastal during the acceptance test period in order to ensure an adequate supply of waste with which to conduct the tests.

Mr. Carroll reported that he will be attending meetings in the towns of Brooks and Freedom in November and will join Dan Walker of Preti Flaherty at the Maine State Chamber dinner in Augusta. Road repairs on the access road at the Coastal Facility are almost complete and tar has been laid. There are some remaining items to address with the pump house. Mr. Carroll met with Tony Smith, Denis St. Peter of CES and Jon Pottle regarding acceptance of the road by the Town of Hampden and will schedule a meeting with the acting Town Manager of Hampden and the Public Works Director to discuss whether the Town is willing to accept the road as a public way before winter.

Mr. Carroll reported positive email communications from David Burns at DEP regarding the usage permit, noting that sample testing is in process and he is hopeful that this process will be completed soon.

Mr. Carroll reported on the status of the acceptance test process, noting that the 3-day test period has begun and Coastal expects to process an average of 400 tons per day. Results thus far

have been positive and indicate an average of 40-45 tons being processed per hour over the 9 hours of testing per day. Preliminary results indicate a greater than 50% diversion rate exclusive of the plastic briquettes which have not yet been weighed. Mr. Carroll and Mr. Aronson have been present during the testing to document the process by taking pictures and timing different aspects of the process. Coastal has been very accommodating and Mr. Carroll commended Coastal's commitment to safety procedures. Minimal down time was observed when issues arose and effective remedies were applied. Mr. Carroll reviewed the end product process and noted that bailing of recovered products and processing of material recovered for feeding into the pulper will occur outside the three day test window. Mr. Aronson noted that they are watching for potential bottlenecks but do not see any at this time.

Mr. Aronson reviewed the protocols for the performance test which have all been observed. A pulp sampling plan has been filed with DEP and agreed upon, so the final sampling is underway. Certification has been received from the University of Maine that the pulp can be commercialized. Mr. Aronson also reviewed the diversion process and noted there are markets for all diverted materials. This information will be included in the final acceptance report. In response to a question, Mr. Aronson noted that Coastal is ready to accept MRC waste but they are continuing to optimize the process and have developed a punch list to continue improvement in operations and reliability. Mr. Carroll noted that that plant capacity is greater than the MRC's supply of MSW.

In response to a question regarding the expectation that rebates eventually will flow back to member communities as contemplated by the Joinder Agreements, Mr. Aronson noted that the formulas will need to be reviewed to determine with more certainty. Ms. Wilson noted how exciting it is to have reached this point in the process and to be meeting while the plant is in

operation. She praised Mr. Aronson's efforts and guidance toward this exciting opportunity. A discussion followed regarding diversion rates moving in a positive direction, especially with potential new improvements, and Shelby Wright noted that this creates an opportunity to work with the DEP on new innovative pathways and redefine what recycling can mean in the State of Maine. In response to a question from Kevin Howell about the anaerobic digester and potentials for biofuel, Mr. Aronson reported the plant is making gas, noting that the process is not fully phased in yet as the digester requires three months to ramp up. Mr. Aronson reported that the operation will stabilize and the gas can be re-routed to the boiler to heat the plant. A general discussion ensued regarding the long term plan for use of the biofuel.

Mr. Aronson reviewed the turnover process from test to commercial operation, noting that at the end of the testing process Coastal will issue a test report and certificates indicating completion of the test protocol, that all performance standards were met, and that the Facility is in compliance with all permit requirements. The MRC can then either accept or dispute the certifications. If accepted, the plant can then move on to commercial operation.

Ms. Wright reported continued efforts on outreach and legislative advocacy, and President Fussell noted how exciting it is to be so close to the commercial operation date and to have the acceptance test going so well.

**TECHNICAL ADVISOR REPORT INCLUDING: CHARTER MUNICIPALITY
ASSET MANAGEMENT REPORT – CUSTODY ACCOUNT, TIP FEE & OPERATING
BUDGET STABILIZATION FUNDS, CASH COLLATERAL AND SWEEP ACCOUNTS,
BRIDGE TRANSPORTATION COSTS UPDATE, THIRD QUARTER JOINING
MEMBER CASH DISTRIBUTION REBATE; REPORT FOR THE QUARTER OF MSW
DELIVERIES**

George Aronson reviewed the Charter Municipality Asset Management reporting, noting three recommendations:

1. To distribute \$116,133.65 to designated Joining Members to reduce their effective net disposal costs;

2. To make payments from the Custody Account of \$45,536.62 to the Operating Account to reimburse Joining Members for budgeted fee collections lost as a result of interim transportation arrangements; and
3. To transfer \$31,872.46 from the Custody Account to the Operating Account to reimburse payments being made on behalf of Joining Members for incremental transportation costs during the interim period (which amount includes the transportation reimbursement payments approved earlier in this meeting).

As of October 1st there was \$133,954.70 in the Custody Account, \$8,210,430.40 in the Tip Fee Stabilization Fund, and \$5,516.45 in the Operating Budget Stabilization Account. The Cash Sweep Account has been closed and the balance transferred to the Cash Collateral Agency Account which now holds a balance of \$3,046,610.57. Mr. Aronson recommended transfers be held until all accounts have been successfully moved from People's United Bank to First National Bank. Once transfers and distributions have been made, and reserve requirements have been met, the Board will assess whether any funds remain available for further distribution.

There being no further discussion, upon motion made and duly seconded, it was unanimously:

VOTED: That (i) the MRC hereby is authorized and directed to distribute the amount of \$116,133.65 ratably to designated Joining Members to reduce their effective net disposal costs; make payments from the Custody Account in the total amount of \$45,536.62 to the Operating Account to reimburse Joining Members for budgeted fee collections lost as a result of interim transportation arrangements; and to transfer \$31,872.46 from the Custody Account to the Operating Account to reimburse payments being made on behalf of Joining Members for incremental transportation costs during the interim period; and (ii) the President 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.

LEGISLATIVE REPORT

Mike Carroll reported that he will attend the Chamber dinner in Augusta and plans to discuss the extended producer responsibility law for packaging with Dan Walker.

COMMUNICATIONS COMMITTEE UPDATE

Mike Carroll reported that the recent Maine Municipal Association (“MMA”) Conference went very well, and he had the opportunity to meet with several MRC members and vendors. Approximately 60-70 lapel pins were provided to members and were well received. Mr. Carroll thanked Jessie Pottle for her organizational efforts and noted that he is having the posters from the MRC’s booth framed for the office. Mr. Carroll reported that he is sending out weekly constant contacts and requested that Board members let him know if they wish to include anything. Upcoming communications to members will include information about the extended producer responsibility law for packaging and request feedback from members. A brief discussion ensued regarding the upcoming newsletter and annual meeting of members.

WASTE FLOW COMMITTEE REPORT

Mike Carroll reviewed the dedicated tier list and recommended continued use of this process if waste needs to be diverted or bypassed subsequent to achievement of the commercial operation date. He noted that numerous inquiries were fielded at the recent MMA Conference regarding membership opportunities to join the MRC. Dan McKay recommended proactive consideration of how to handle these requests and an extensive discussion ensued regarding membership and dues. President Fussell noted that consideration needs to be given to the economics of each scenario, and it was determined that staff would come up with some recommendation to bring before the full board.

SCHEDULE UPCOMING MEETING DATES

After discussion, the following meeting dates and times were scheduled, each to take place at the Orono Council Chambers, 59 Main Street, Orono, Maine:

- Finance Committee Meeting – November 20, 2019 at 1:00 p.m.
- Annual Membership Meeting – December 11, 2019 at 3:00 p.m.

PUBLIC COMMENT

President Fussell concluded the regular session of the meeting by asking for public comment. There was none.

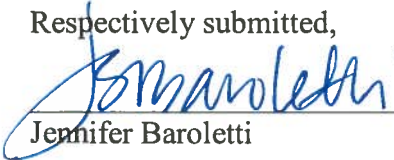
EXECUTIVE SESSION

A motion was made, and duly seconded, at 12:08 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(A) for the purpose of performing an employee mid-probationary period review. Whereupon, it was unanimously:

VOTED: That the meeting is adjourned to executive session.

Following the executive session, the regular meeting reconvened. There being no further business to come before the Board, the meeting adjourned.

Respectively submitted,



Jennifer Baroletti

Dated: December 27, 2019