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**To:** MRC Members  
**From:** Michael Carroll, MRC Executive Director  
**Date:** March 1, 2022  
**Re:** **Notice of Fundamental Matter or Change per MRC Bylaws**

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At its meeting on Friday, February 25, 2022, the MRC Board unanimously voted to authorize a final sale process regarding the Hampden Facility through the pending Receivership case in Penobscot County Superior Court. This final sale process has MRC submitting a “stalking horse bid”, or such other bids, to acquire the Hampden Facility assets.

The table on the next page provides detail on this potential acquisition of the Hampden Facility by MRC.

Because such acquisition would be more than \$100,000, it would be a Fundamental Matter or Change as defined in Section 4.5(i) of the MRC Bylaws, making it subject to Special Voting Rights.

Pursuant to Section 4.5 “Special Voting Rights”, MRC Members have the right to request, within thirty (30) days from the date of this Notice, a special meeting for the purpose of submitting this proposed Fundamental Matter or Change to a vote of the membership. Members are not required to take any action. MRC Bylaws Section 4.2 “Special Meeting” requires that requests be received in writing from Members representing at least 60,000 tons of waste delivered in order for a special meeting to be called.

Copies of MRC’s Bylaws are available in the Documents section of MRC’s website under Policies and Contracts.

On March 10, 2022, at 1:30 P.M., the MRC Board will have a virtual Zoom meeting to further discuss this Fundamental Matter or Change, and the potential to have a special meeting. A notice of the March 10, 2022, meeting will be sent to Members shortly on how to participate.

In the meantime, if you have any questions at all, please contact Michael Carroll at 207-664-1700.

**Fundamental Matter or Change: Authorization to Acquire Hampden Facility**

<p><b>Proposed Authorization</b></p>	<p>Full authorization of MRC’s “stalking horse bid”, or such other bids, on terms to be approved by the signing MRC officer to ensure a sale of the Hampden Facility occurs on terms and conditions in the best interest of MRC and its Members.</p> <p>A “stalking horse bid” is one that sets a minimum purchase price to acquire the Hampden Facility, which offer would be subject to higher and better offers by other qualified bidders.</p>
<p><b>Material Terms of MRC “Stalking Horse Bid”</b></p>	<ul style="list-style-type: none"> <li>• MRC (or affiliate MRC entity) would acquire assets of the Hampden Facility currently owned by Coastal Resources of Maine, LLC (i.e., building, equipment, and associated improvements)</li> <li>• Closing on or before June 30, 2022</li> <li>• Purchase price of \$1,500,000, subject to existing liens, and reduced by (i) payment of outstanding real estate taxes, and (ii) paid amounts for utility, snowplowing, and repairs and maintenance for providing utilities from March 1, 2022, going forward; provided, however, the minimum payout to Bondholders would be \$1,000,000</li> </ul>
<p><b>Why a Fundamental Matter or Change</b></p>	<p>Section 4.5(i) of MRC’s Bylaws states the authority to acquire real estate or a capital asset in excess of \$100,000 is a Fundamental Matter or Change.</p>
<p><b>Further details</b></p>	<p>Through recent discussions, MRC and the Bondholders have agreed to conduct a final sale process of the Hampden Facility in the pending Receivership case in Penobscot Superior Court.</p> <p>The sale of the Hampden Facility will be as a “going concern” and include all assets and MRC agreements, including the Joinder Agreements, Master Waste Supply Agreement, and Site Lease, and any third party key agreements. Such sale will be structured and marketed so the Hampden Facility is sold as a going concern mixed Municipal Solid Waste conversion and processing facility pursuant to the permitted uses under the existing permits and Site Lease.</p> <p>The sale will have a closing date on or before June 30, 2022. An expedited sale/marketing process will precede a closing. A newly appointed Receiver will be responsible for implementing this expedited sale/marketing process, who will have the full authority to accept the best offer such that the process results in a sale that nets the Bondholders at least \$1,000,000.</p> <p>The MRC will have the ability to vet and approve or deny any prospective buyer on financial or technical capabilities pursuant to the terms of the MRC documents and Lease. If the MRC’s position is disputed, there will be a process by which the Bondholders can bring that in front of the Court for a final determination.</p>

	The MRC will stay involved to ensure that the terms of the agreements after assignment retain the provisions essential for ongoing operation of the Hampden Facility.
<b>Basis for MRC Board support</b>	<p>Having a final process that results in a sale of the Hampden Facility as a going concern is in the best interests of MRC and its Members to facilitate a reopening.</p> <p>The auction process would be managed to allow selection of a private proposal that involves MRC participation on terms pre-approved by the MRC. The MRC Board has reviewed the prospect of MRC ownership, either on its own or as a partner in a joint venture with a private proposer, and believes the MRC and its Members are well postured to take on that role and responsibility to manage their own future to ensure cost-effective management and disposal of solid waste in an environmentally sound manner.</p>
<b>Consequences if members vote not to authorize</b>	If this authorization is not granted, it is likely the Hampden Facility will not re-open and otherwise be liquidated or abandoned, leaving few if any options in the near and medium term horizon for cost-effective management and disposal of solid waste, which will also result in disposal of solid waste in the bottom tiers of Maine's solid waste hierarchy.