

To: MRC Members
From: Michael Carroll, MRC Executive Director
Date: April 6, 2022
Re: **Survey Regarding Member-backed Financing of Hampden Facility Restart**

Dear MRC Member:

With the receiver and investment banker in place, the Hampden Facility is being marketed to various bidders to allow for a new owner by June 30, 2022. As previously reported, the MRC will have the stalking horse bid, such that if no higher and better offer from a qualified bidder is received, MRC will acquire the Facility for \$1.5 million.

The MRC already has \$1.5 million in cash available for the purchase, but would need additional capital to cover upgrades, upfront costs and ongoing costs to bring the Facility into full commercial operation. The MRC estimates that up to an additional \$20 million will be needed over that time. To be prepared, the MRC needs to know the source of the \$20 million before the June 30, 2022 closing date.

The following table provides a summary of the costs to buy the Facility and bring it into commercial operation:

Description	Cost Estimate
Acquire the Facility (MRC cash on hand)	\$1.5 million
Other upfront costs, including closing costs, resolution of liens, payments to key creditors, and bypass disposal costs	\$1.5 million
Pre-start upgrades, re-start costs, Facility security and carrying costs, bypass, and contingency (i.e., working capital for operating reserves)	\$16.0 - \$18.5 million
Total	\$21.5 million

The MRC has met with numerous bankers, state officials and federal representatives regarding potential sources of the \$20 million. The ideal source would be federal or state grants, but the MRC has learned that grants cannot be secured with certainty by June 30, 2022. And banks will not loan MRC funds without credit support even though the Facility is projected to be quite profitable once at commercial operations.

Thus, to borrow the \$20 million, the MRC will need credit support. This might be provided either as a loan guarantee from the State of Maine (or a State agency) or by full faith and credit repayment guarantees or dedicated cash from the MRC's member municipalities. We are polling all our members to learn what level and form of credit support each may be willing to provide on a voluntary basis since it is uncertain whether the State can or will assist in the time required.

MRC Members that choose to provide credit support would be taking on risks, for which the MRC understands they would need to be compensated. The MRC is developing an incentive proposal to compensate the Members that wish to participate. During our next Virtual Town Hall on April 20, we will explain the risks and present the proposed compensation for members that elect to participate.

MRC has created a brief, non-binding survey to gauge Member interest and willingness to participate voluntarily to provide credit support so that the MRC can borrow the funds needed. We are asking district members who represent more than one community to please forward and ask the individual member community to complete the survey as we need input from all the communities we represent.

It is important for MRC to get feedback soon, so please complete the survey on or before April 18, 2022. You can access the survey by clicking the button below.

We thank all of our Members for your continued patience and perseverance as we move into the next chapter of the Hampden Facility. Your early feedback is appreciated by participating in the survey link below, and we look forward to speaking with all of you at the upcoming Virtual Town Hall at 10:30am on April 20, 2022.



TAKE THE SURVEY