

MINUTES

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, October 26, 2022 at 10:00 a.m. in a hybrid format with the Board Members attending in person at the Orono Town Office and various attendees present via Zoom. In attendance were the following:

Directors:

Sophie Wilson, Town of Orono
Karen Fussell, City of Brewer
Aaron Huotari, City of Bangor
Melissa Doane, Town of Bradley
Steve Lewis, Town of Boothbay

Kevin Howell, Town of Carmel
Robert Butler, Town of Waldoboro
Tony Smith, Town of Mount Desert
Dana Wrigley, Town of Oakland

Staff:

Michael Carroll, MRC Executive Director

Consultants:

George Aronson, CRMC (virtually)
Jon Pottle, Eaton Peabody

Joelle Ingalls kept the minutes of the meeting and President Fussell presided.

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

APPROVAL OF AGENDA

After President Fussell introduced the Board, the first order of business was approval of the agenda. The agenda was accepted as presented with no changes.

CONSIDERATION OF MINUTES OF SPECIAL MEETINGS OF THE BOARD OF DIRECTORS ON AUGUST 31, SEPTEMBER 9, SEPTEMBER 19 AND SEPTEMBER 26, 2022; AND THE QUARTERLY MEETING JULY 27, 2022

The next order of business to come before the Board was approval of the minutes of Special Meetings August 31, 2022, September 9, 19 and 26, 2022; and the Quarterly Meeting July 27, 2022. A request was made to amend the minutes of the quarterly board meeting on July 27, 2022 to show that George Aronson attended “virtually”. Upon motion duly made and seconded, it was unanimously:

VOTED: That the minutes of Special Meetings August 31, 2022, September 9, 19 and 26, 2022; and the Quarterly Meeting July 27, 2022, hereby are approved as amended.

EXECUTIVE DIRECTOR AND COMMITTEE REPORTS

Mr. Carroll began his report by sharing that the Coastal Resource Management (“CRM”) facility in Hampden is now known as Municipal Waste Solutions (“MWS”). Mr. Carroll further noted that the paperwork has been filed and accepted to transfer the permits to Municipal Waste Solutions and the transfers are in process. He continued his report with an overview of 2022 thus far, noting that third quarter waste processing totaled 26,388 tons compared to 26,931 tons over third quarter last year. Mr. Carroll reported that Bypass Notices are still being sent monthly to members, and despite PERC deferring waste for five weeks, as of the start of the fourth quarter, they have resumed processing all member waste. Mr. Carroll reported that Governor Janet Mills attended a tour of the facility and, alongside the DEP Commissioner, Hampden Town Manager and Oakland Town Manager, expressed being impressed and excited for the future of MWS.

Mr. Carroll went on to provide an overview of the previous quarter, to include the MMA Conference which was attended by MRC representatives as well as Patrick Daly, Senior Managing Director of Revere Capital Advisors, and Nigel Ekern, Chief Operating Officer of

Revere; a Town Hall held in October to address fundamental matters where Mr. Daly and Mr. Ekern were also present to answer questions; and the award of an MTI grant in the amount of \$42,467.00 to be used toward reopening of the MWS facility.

In an update on the sale of the MWS, Mr. Carroll reported MRC purchased MWS on August 10, 2022, under an LLC owned and operated by MRC, for \$1,500,000 with a credit for MRC's costs. MRC then entered into an exclusive partnership with Revere Capital Advisors. On September 29 the exclusivity period with Revere ended, and Revere requested an extension of 45 days. MRC agreed, and with a signed term sheet in hand, the exclusivity period was extended until November 10. Once finalized on November 10, Revere will hold a controlling interest and MRC will be a minority owner of MWS and owner of the land. MRC will receive a per-time fee for services to recoup funds spent during the closure of MWS.

Mr. Carroll further noted there have been several key selections made for Manager of the Engineering Project and Operator of the facility. The Financer has toured the facility and is prepared to fund the reopening and operation of MWS, and a meeting regarding the Beneficial Use Permit was held with DEP and EPA counsel from Bernstein Shur. In closing out his report, Mr. Carroll reported the Fundamental Matters Notice that was sent on September 29 allowed for a reset on the 15 year term for the Master Waste Supply Agreement and the Site Lease, as well as allowing MRC to sell an asset over \$100,000 and change the calculation method to be used for rebates moving forward.

A discussion ensued regarding Fundamental Matters, and, in response to member correspondence received, Sophie Wilson noted the Notice sent to members in September is not the first mention of these Fundamental Matters as they were discussed at multiple board meetings, the Town Hall, the constant contacts from Mr. Carroll and they are on the MRC

website. Ms. Wilson further noted that members with a minimum tonnage of sixty thousand can request a meeting to overturn the action in the Notice, but the meeting is not intended for members to gather more information. A discussion ensued regarding the term sheet and status updates on the sale of the facility being available in advance of the MMA Conference so members could ask questions, and, a week later, a Town Hall being held for those unable to attend the conference.

Aaron Huotari reported that he attended the MMA Conference and spoke with several members who expressed frustration, and he reports he has offered to attend Town Meetings or Select Board Meetings for any member municipalities who wish to have further explanation or discussion regarding MRC. Several members of the Board reinforced that they are available to speak with members and encouraged questions.

ASSET MANAGEMENT REPORT - CUSTODY ACCOUNT, TIP FEE & OPERATING BUDGET STABILIZATION FUNDS, CASH COLLATERAL ACCOUNT, RESERVE FUND UPDATE, THIRD QUARTER JOINING MEMBER CASH DISTRIBUTIONS

George Aronson presented the Asset Management Report for the third quarter of 2022. He reported that only the assets of MRC are included in the report, including its position in MWS. He further noted that all advances from MRC to MWS are being tracked publicly as MWS does not yet have its own assets. Mr. Aronson proposed four recommendations:

1. To distribute \$127,999.99 to Joining Members to reduce their effective net disposal costs;
2. To defer payments of \$37,552.97 to reimburse fees not collected in the quarter until the MRC cash position improves (consistent with MRC's decision at the July 27, 2022 public meeting);
3. To transfer \$130,000.00 from the Target Value Reserve Fund (held within the Tip Fee Stabilization Fund) to the Development and Distribution Account to fund the distribution referenced in Item 1 above; and
4. To transfer and additional \$200,000.00 from the Tip Fee Stabilization Fund to the Contingency Account to be prepared to meet cash flow needs in the upcoming quarter.

As of October 1, 2022, the Development and Distribution Account (formerly known as the Custody Account) contained a balance of \$46,678.38 held at First National Bank. As of the same date, the balance of the Tip Fee Stabilization Fund was \$1,360,872.66, and the balance of the Contingency Account (formerly the Operating Budget Stabilization Account) was \$556,701.06. The Cash Collateral Agency Account, which was used for the acquisition of MWS, now holds a balance of \$301,785.66.

Mr. Carroll and Mr. Aronson noted the 36 month period from the start of Commercial Operations, on November 1, 2019, in the original Agreement ends October 31, 2022, which means there is only one month remaining of distributions. President Fussell noted additional distributions were paid as they began in advance of the November 1, 2019 start date.

Mr. Aronson noted that as of the end of the quarter, the MRC had a Net Position for the benefit of Joining Members of \$4,202,065.52.

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 \$127,999.99 ratably to Joining Members to reduce their effective net disposal costs; (ii) defer payments of \$37,552.97 to reimburse fees not collected in the quarter until the MRC cash position improves; (iii) transfer \$130,000.00 from the Target Value Reserve Fund (held within the Tip Fee Stabilization Fund) to the Development and Distribution Account to fund the distribution in the first recommendation; and (iv) transfer \$200,000.00 from the Tip Fee Stabilization Fund to the Contingency Account to meet cash flow needs in the upcoming quarter related to payment of disposal fees for bypassed waste from Joining Members in advance of collection of the corresponding tip fee payments.

**TREASURER'S REPORT INCLUDING CONSIDERATION OF
FINANCIAL STATEMENTS, CURRENT BILLS PAYABLE, THIRD QUARTER
BUDGET RECONCILIATION & REVISED FY 2022 BUDGET**

Sophie Wilson reported that the Finance Committee reviewed the budget-to-actual month-over-month reconciliation, and found, as of the end of the third quarter, 79% of the

budget has been spent. Ms. Wilson proposed several potential adjustments to the 2023 Budget, noting none of the changes will affect the net zero position. Proposed changes are as follows: increases of \$5,700 in administrative costs, \$12,000 in legal fees, and \$90,000 for expenses to secure MWS; and decreases of \$39,000 in technical consulting, \$8,000 in miscellaneous, and \$60,700 in contingency. Ms. Wilson also presented bills payable totaling \$25,903.76 to the Board for consideration. There being no further discussion, and upon motion duly made and seconded, it was unanimously:

VOTED: That the proposed line item adjustments, with no change in the overall 2023 budget, be accepted, and that the bills payable of \$25,903.76 as presented to the Board at this meeting hereby are approved for payment.

APPROVAL OF SLATE FOR 2022 MRC BOARD OF DIRECTORS ELECTION

President Fussell reported that five nominations were received for the three open seats on the Board. Those four nominations were:

- Ella Bowman – Town Manager for Oakland
- Robert Butler, Selectman for Waldoboro and Current MRC Board Member
- Paula Scott – Town Manager and Treasurer for Hampden
- Tony Smith – Public Works Director and Mount Desert and Current MRC Board Vice President
- Eric Treworgy – Selectman Chair for Surry

Sophie Wilson clarified that the Board is only verifying each nominee meets the requirements to serve according to the Bylaws. Ms. Wilson reviewed the requirements, including one of the following: each nominee must be a resident of an MRC member, an employee of an MRC member or an Officer of an MRC member. All current nominees meet the

criteria. With no further discussion, and upon a motion duly made and seconded, it was unanimously:

VOTED: That the slate for the 2022 MRC Board of Directors election is hereby accepted.

President Fussell reported ballots will be sent out by Mr. Carroll, each member will receive one ballot and get one vote, and the three candidates with the highest tonnage will get seats on the Board.

SCHEDULE OF UPCOMING MEETING DATES

The Annual Meeting is scheduled for December 14, 2022, in person, hosted by the Town of Orono, from 3p-5p.

The Board discussed and agreed to schedule the following tentative dates for virtual Special Board Meetings regarding the pending closing on November 10: Friday, November 4 at 10 a.m., Wednesday, November 9 at 2 p.m., and Thursday, November 10 at 2 p.m. (only if the closing doesn't occur and an extension is required).

REVIEW OF EXTENSION LETTER RE: INTEGRAL CAPABILITIES FOR PERFORMANCE TEST PROTOCOL

Attorney Pottle reminded the Board that the performance test for the CRM facility included conditions regarding the integral capabilities for the performance test protocol that were initially required to be addressed by December 31, 2019. This deadline has been extended multiple times and, due to the current bypass scenario, a further extension is recommended. Attorney Pottle proposed an extension to January 27, 2023, with the understanding that the MRC may choose to terminate the extension with notice consistent with the most recent extension. Attorney Pottle noted that conditions regarding the integral capabilities of the performance test protocol related to key agreements with the CRM facility that, if triggered, can result in

termination of agreements if not fulfilled. As the Site Lease has been assigned to Municipal Waste Solutions, Attorney Pottle recommends two extension letters be executed, one on behalf of MRC and one on behalf of MWS.

Upon motion duly made and seconded, it was unanimously:

VOTED: That the Executive Director is hereby authorized to execute and deliver an additional extension letter regarding integral capabilities for the Performance Test Protocol, to be further extended to January 27, 2023 with provisions for MRC to terminate the extension with ten business days' notice, and that the MRC President, as Manager of Municipal Waste Solutions, is hereby further authorized to execute and deliver an additional extension letter regarding integral capabilities for the Performance Test Protocol, to be further extended to January 27, 2023 on behalf of Municipal Waste Solutions.

PUBLIC COMMENT

In response to a question received regarding item #4 on the Fundamental Matters Notice, George Aronson noted that the original Master Waste Supply Agreement has a very complex appendix that currently calculates the rebates, but Mr. Aronson further explained that the appendix was never used and a much simpler calculation has been proposed using available cash, after paying expenses, to distribute rebates to members, and Mr. Aronson and Mr. Carroll will determine available cash on hand after reviewing all income and expenses. A Fundamental Matters Notice is required for this change as rebates are part of the original Joinder Agreements. Discussion ensued and it was noted that MWS records are subject to audit and this new process will be clear and transparent and it will also add an additional layer of supervision by MRC, through MWS, of the incoming and outgoing funds. Attorney Pottle noted that the entitlement to rebates is not changing, but the source and format to calculate the rebates are changing.

No executive session was needed.

Ms. Wilson recognized President Fussell, for her exemplary representation of the Board and all her hard work. Several board members echoed this sentiment and also noted that the representatives from Brewer and Bangor have been assisting between meetings consistently and donating a lot of their time to MRC matters.

There being no further business, at 11:09 a.m. a motion was made, duly seconded, and approved to adjourn the meeting.

Respectively submitted,

DocuSigned by:
Joelle Ingalls
0CC6AED6A11243D...

Joelle A. Ingalls

Dated: 1/25/2023
