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June 17, 2023

Dear MRC Members:

In advance of the upcoming MRC Town Hall meeting on Wednesday, June 21, 2023, we are providing the attached Summary Table of Proposed amendments related to the existing Site Lease and Master Waste Supply Agreement associated with the Hampden Facility. These proposed amendments are part of MRC and Innovative Resource Recovery, LLC's ("IRR") efforts to form a new public-private partnership to recapitalize and reopen the Hampden Facility.

For background context, the Site Lease and Master Waste Supply Agreement originated out of Fiberright's and Coastal Resources of Maine's development and construction of the Hampden Facility. The Hampden Facility was constructed and successfully opened to accept waste, but unfortunately suspended operations in June 2020. In July 2020, Coastal Resources of Maine was placed into a receivership process due to its inability to meet financial obligations, a process that ultimately resulted in MRC acquiring the Hampden Facility assets. MRC did so through a wholly owned subsidiary created by MRC, known as Municipal Waste Solutions, LLC. This structure preserved the contracts in place to provide the best opportunity for MRC to effect a reopening of the Hampden Facility. While this process has taken much longer than MRC hoped mostly due to not having control of the Hampden Facility assets, we believe we have reached a critical milestone by pursuing a new public-private partnership with IRR to recapitalize the Hampden Facility so it can get back to commercial operations. We expect due diligence to continue over the next several months as part of the reopening plan process, which will further detail and confirm the level of recapitalization needed to accomplish an economical reopening.

Because of the history and need for recapitalization to accomplish a reopening, MRC and IRR have been in discussions on structuring the Site Lease and Master Waste Supply Agreement so they are updated to reflect the current circumstances and plan going forward. This in large part involves removing "legacy" provisions that are no longer applicable (e.g., construction of the Hampden Facility, which has already occurred) and provisions to reflect the new structure (e.g., MRC will now also be an owner) and needs of the Hampden Facility to best posture it to reopen. These are further described in the "Summary Table of Proposed Amendments" found below and will be discussed at the Town Hall meeting on June 21, 2023. We have also provided a general overview of the prospective partnership with IRR for additional context.

We thank all MRC Members for their patience and support and look forward to seeing you on June 21 either in-person or virtually. For details on how to participate please see https://us02web.zoom.us/webinar/register/WN_xkqI3WP5ShaiXc2g0hAf3g.

Sincerely,

Michael Carroll, Executive Director

**General Overview of Prospective Partnership
with Innovative Resource Recovery**

- Anticipated close on or before June 30, 2023
- Purchase price of \$3 million in two installments
- MRC retains 10% ownership of Municipal Waste Solutions, LLC
- MRC has a seat on the Board of Municipal Waste Solutions, LLC
- No change to Tip Fee structure
- Management Services Agreement that pays MRC for providing billing and other administrative services to Municipal Waste Solutions, LLC

**Summary of Proposed Amendments
to Site Lease and Master Waste Supply Agreement¹**

Site Lease

<u>Item/Section</u>	<u>Description of Proposed Amendments</u>
Preamble and Recitals	<ul style="list-style-type: none"> • Remove legacy provisions that no longer apply • Update history to reflect acquisition by MRC, joint venture between MRC and IRR, and need to recapitalize and restructure Hampden Facility to effect a reopening
Definitions	<ul style="list-style-type: none"> • Update to reflect events due to new ownership • Remove legacy definitions that no longer apply • Add definitions relevant to reopening
Term	<ul style="list-style-type: none"> • Update to reflect extension of term to reset 15 years starting January 1, 2024, consistent with Fundamental Notice in September 2022 to extend term of Site Lease • Remove legacy provisions on early termination that no longer apply • Reset purchase price schedule on option to purchase land at end of the Site Lease term • Remove right and related obligation of Landlord to purchase building at end of the Site Lease term at a fixed price schedule
Rent, Access, and Services	<ul style="list-style-type: none"> • Remove legacy provisions on access road that no longer apply (i.e., already built and is a public way) • Clarify Landlord is not obligated to do grounds keeping, snow removal, or related services • Rent payments immediately after closing, with 2-year holiday on CPI adjustment and then 3% cap on annual increases
Quiet Possession; Landlord Right of Entry; Tenant Right of Access	<ul style="list-style-type: none"> • Minor clarifying language secured areas and to ensure emergency access
Permits & Development of the Facility	<ul style="list-style-type: none"> • Remove legacy provisions that no longer apply • Confirm MRC role in future permitting activities
Construction of Facility	<ul style="list-style-type: none"> • Remove completely as legacy provision that no longer applies
Operation of Facility	<ul style="list-style-type: none"> • Update to acknowledge separate MRC Management Services Agreement
Assignment; Transfers; Effect of Bankruptcy or Insolvency	<ul style="list-style-type: none"> • Update to reflect recapitalization structuring to reopen of existing facility that has been constructed, with reasonable consent provisions

¹ Copies of the current Site Lease and Master Waste Supply Agreement can be found in the Documents section of the MRC website at www.mrcmaine.org.

Force Majeure	<ul style="list-style-type: none"> Minor updates to on any cure periods to match circumstances where cure is being diligently pursued and additional time is reasonable
Default and Termination	<ul style="list-style-type: none"> Remove legacy provisions that no longer apply Update to include provisions related to restructuring and reopening
Investor and Lender Rights	<ul style="list-style-type: none"> Restate Investor/Lender right provisions suitable for supporting any future financing efforts
Security for Certain Obligations	<ul style="list-style-type: none"> Remove legacy provision requiring MRC to provide cash collateral to secure obligations
Environmental	<ul style="list-style-type: none"> Minor clarifying language
Waiver	<ul style="list-style-type: none"> Minor language stating any waiver by Landlord or Tenant is only effective if in writing
Dispute Resolution	<ul style="list-style-type: none"> Minor language adding provision for non-binding mediation as part of dispute resolution process Removal of 2-year limitation to send notice of claim
Miscellaneous	<ul style="list-style-type: none"> Minor clarifying language to remove legacy items and update due to reopening Addition of standard language on inducement of Tenant to enter into lease, and lease interpretation
Other	<ul style="list-style-type: none"> Updated description of Permitted Uses, with modification allowed with consent from Landlord (reasonableness standard) Reporting requirements to be stated in Master Waste Supply Agreement Forbearance on defaults to allow reasonable time to re-open Waiver/release of legacy claims

Master Waste Supply Agreement

<u>Item/Section</u>	<u>Description of Proposed Amendments</u>
Preamble and Recitals	<ul style="list-style-type: none"> Remove legacy provisions that no longer apply Update history to reflect acquisition by MRC, joint venture between MRC and IRR, and need to recapitalize and restructure Hampden Facility to effect a reopening
Term	<ul style="list-style-type: none"> Update to reflect extension of term to reset 15 years starting January 1, 2024, consistent with Fundamental Notice in September 2022 to extend term of the Master Waste Supply Agreement Restate/clarify language on extension provisions Add language that MRC will undertake best efforts to align term with Joinder Agreements in time period following resumption of commercial operations
Definitions	<ul style="list-style-type: none"> Update to reflect events due to new ownership Remove legacy definitions that no longer apply Add definitions relevant to reopening
Waste Delivery	<ul style="list-style-type: none"> Remove legacy definitions that no longer apply Add waste delivery language to reflect startup and ramp-up to resume commercial operations Update language on waste delivery after resumption of commercial operations to reflect MRC Management Services Agreement Update/clarify language on delivery sufficiency payments
Acceptance and Processing of Waste	<ul style="list-style-type: none"> Update to address reopening Clarifying language on delivery procedures Restate/clarify methods to address Unacceptable Waste Update/clarify language on Bypass to reflect reopening Remove legacy provisions that no longer apply Update/clarify language on residuals disposal to reflect reopening
Tipping Fee	<ul style="list-style-type: none"> No change to Tipping Fee calculation; updated/clarification language to state current Tipping Fee as adjusted per existing agreement
Rebates	<ul style="list-style-type: none"> Update to identify source of Rebate funds as distributions to MRC per LLC agreement
Indemnification	<ul style="list-style-type: none"> Update/clarify to reflect reopening

Confidentiality	<ul style="list-style-type: none"> • Minor clarifying language
Assignment	<ul style="list-style-type: none"> • Update to reflect recapitalization structuring to reopen of existing facility that has been constructed, with reasonable consent provisions
Representation and Warranties	<ul style="list-style-type: none"> • Remove legacy language that is no longer applicable
Default; Termination; Remedies	<ul style="list-style-type: none"> • Remove legacy provisions that no longer apply • Update to include provisions related to restructuring and reopening
Force Majeure	<ul style="list-style-type: none"> • Minor clarifying language
Dispute Resolution	<ul style="list-style-type: none"> • Minor language adding provision for non-binding mediation as part of dispute resolution process • Removal of 2-year limitation to send notice of claim
Miscellaneous	<ul style="list-style-type: none"> • Minor clarifying language to remove legacy items and update due to reopening
Other	<ul style="list-style-type: none"> • Forbearance on defaults to allow reasonable time to re-open and resume commercial operations • Wavier/release on legacy claims