

MINUTES

MUNICIPAL REVIEW COMMITTEE, INC.

ANNUAL MEETING

Location: Orono Town Office

The Annual Meeting of the Members and Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, December 6, 2023 at 3:00 p.m. in person and in an online format via Zoom and Facebook Live. In addition to members from the charter municipalities of the Municipal Review Committee (“MRC”), in attendance were the following:

Directors:

Kevin Howell, Town of Carmel
Steve Lewis, Town of Boothbay
Karen Fussell, City of Brewer
Aaron Huotari, City of Bangor

Tony Smith, Town of Mount Desert
Sophie Wilson, Town of Orono
Robert Butler, Town of Waldoboro
Melissa Doane, Town of Bradley

Staff:

Michael Carroll, MRC Executive Director

Consultants:

George Aronson, CRMC
Jon Pottle, Eaton Peabody

Guests:

James Condela, Municipal Waste Solutions, LLC / Innovative Resource Recovery, LLC
Cathy Conlow, Maine Municipal Association

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

President Fussell welcomed the membership and convened the meeting at 3:01 p.m.

APPROVAL OF AGENDA

The first order of business was approval of the agenda. The agenda was accepted as presented.

CONSIDERATION OF MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS ON NOVEMBER 17, 2023

The next order of business was approval of the minutes of the Special Meeting of the Board of Directors on November 17, 2023. Upon motion duly made and seconded, it was unanimously:

VOTED: That the minutes of the Special Meeting of the Board of Directors on November 17, 2023 hereby are approved as presented.

Before proceeding with Board business, President Fussell thanked Executive Director, Michael Carroll, the Board and all the partners who have worked hard to make 2023 a momentous year for MRC. President Fussell also advised that Ella Bowman has resigned her position on the Board and a vote will occur at the January meeting to fill her vacant position until the next election, at which time the position will be permanently filled until the end of Ms. Bowman's initial term in 2025.

ELECTION RESULTS

President Fussell summarized results of the election by welcoming back to the Board Melissa Doane of Bradley with 51% of the votes, Sophie Wilson of Orono with 22% of the votes, and Kevin Howell of Carmel with 16% of the votes. The Board also recognized Paula Scott of Hampden, with 11% of the votes, for her candidacy and desire to serve. President Fussell reminded those in attendance that the Board is made up of 9 members, each elected by the MRC membership with one vote per member, ranked on tonnage.

TREASURER'S ANNUAL REPORT

Sophie Wilson provided an overview of account balances: Operating Account - \$123,000; Contingency Account - \$1,012,000; Distribution and Development Account - \$37,000; and Wealth Management Account - \$1,426,000. She noted Mr. Carroll has done a nice job of making money on existing MRC money, and also reported, for the first time in a long time, MRC is adding money into the investment account.

Ms. Wilson reported the tip fee CPI adjustment will be made in December and members will see the increase reflected as of January 1, 2024. She went on to review the proposed budget, noting that the vote to approve the budget will be held at the January 24, 2024 quarterly meeting of the Board. Ms. Wilson noted, while the 2024 draft budget reflects an increase of \$81,641, it does not use any existing MRC money to fund operations for the year. She pointed out the biggest difference in 2024 revenue are the Annual Lease Payments totaling \$154,189 from Municipal Waste Solutions (“MWS”) and the MRC Management Service Fee totaling \$349,992. Ms. Wilson further pointed out the \$80,000 shown under MWS Utilities and Miscellaneous Reimbursement is 100% reimbursement, so it is also reflected in the expenses, and the \$20,000 under Grant Funds for Staffing is being used to fund the staff support position at the plant assisting Mr. Carroll with administrative tasks. Ms. Wilson next reviewed the expenses noting an increase in Administration costs by approximately \$84,000, largely due to the hire of a full time staff person and benefits associated with that position, and an increase of \$94,500 in Technical Consulting to allow for a robust marketing, branding, education and community outreach campaign. Finally, Ms. Wilson reported \$40,000 will be retained in Contingency as good practice, and \$75,000 is expected to be deposited back into the Wealth Management Account, an increase of \$25,000 over this year’s deposit.

President Fussell and Ms. Wilson both remarked that this budget looks vastly different than last year's and praised everyone who has worked so hard to get MRC to this position.

EXECUTIVE DIRECTOR'S REVIEW OF 2023

Mr. Carroll presented a review of 2023 beginning in August 2022 when MRC bought the Hampden facility under Municipal Waste Solutions, LLC ("MWS") for \$1,500,000. Upon acquisition of the facility, MRC worked with several lien holders and the Town of Hampden to satisfy debts owed and began seeking a partner to fund operations and capital expansions. While searching for a partner, MRC continued to work on contingency plans presenting to the Environmental Resource Committee, meeting with various financial institutions, and attending regular meetings with regulatory departments to get all permits transferred to MWS and remove the former owner in preparation for future operations. On June 30, 2023 MRC and Innovative Resource Recovery ("Innovative") closed a transaction where Innovative purchased 90% ownership in MWS for \$3,000,000 including an additional \$20-30,000,000 in available funds for the capital investments needed to restart the facility. MRC retained 10% ownership.

Mr. Carroll reported MRC chose Innovative for several reasons, including their specialty in turning around distressed assets. Additionally, the multi-million dollar asset firm backing their financial capabilities meant no seeking of investors or borrowing funds before capital investments could be made. And, finally, the Innovative team brought incredible expertise to the table with backgrounds in recycling, technology, engineering, environmental services, waste operations, and finance.

Over the course of 2023, Mr. Carroll reported MRC worked on the DEP's 5-Year Waste Plan by attending several public meetings and submitting its suggestions for the plan which focused on communications, hub and spoke approach and technology. Mr. Carroll also reported

MRC is significantly engaged in the DEP's Extended Producer Responsibility ("EPR") Program and reviewed the three phases of draft rules distributed by the DEP then submitted comments on all three phases. MRC had a booth at the Maine Municipal Association Conference, co-presented with Innovative at the Maine Recovery and Recycling Association Annual Meeting and made many visits to Member communities in 2023.

Moving forward, Mr. Carroll reported MRC will continue an active role in MWS and will hold one of the senior management seats alongside Innovative. A long-term Management Services Agreement has been executed under which MRC will be compensated for overseeing waste flow logistics for its members and participation in day-to-day operations. MRC has hired a staff person who is based at the facility, and Mr. Carroll reports management service payments have already begun, which will serve to compensate for lost funds from maintenance of the facility during the shutdown.

Mr. Carroll noted the following goals have been set for 2024: (1) reopening of the Hampden facility; (2) regular communications to Members regarding the status of progress and anticipated timeline for the restart; (3) an aggressive marketing and communication campaign providing tools for education and outreach to Members; (4) mass distribution of the Membership Service Survey; (5) continued work with DEP on the EPR Program to ensure MWS is an asset and resource for this program moving forward; (6) Member community visits; and (7) regular contact with regulatory agencies providing updates and maintaining transparency through the process of reopening the facility.

Mr. Carroll recapped the new MRC Associate Membership option and wrapped up by thanking the Board Members and Staff for their diligent work and unwavering belief in the mission of MRC through an incredibly challenging period of time.

PRESENTATION – MAINE MUNICIPAL ASSOCIATION

President Fussell introduced Cathy Conlow, Executive Director of Maine Municipal Association. Ms. Conlow expressed her excitement and relief that MRC has achieved such a momentous goal through collective effort, determination, and vision. She remarked that she spent nine years serving on the MRC Board, and the last two years watching from Augusta, as the MRC Board, Staff and Member Municipalities overcame numerous obstacles and never gave up. Ms. Conlow further expressed that the reopening of the plant signifies more than just a practical solution to a waste management problem but embodies a collective vision for a sustainable, affordable, and more environmentally conscious future of solid waste disposal. She encouraged everyone involved to take pride in the collective achievement and continue to nurture the spirit of cooperation that brought MRC to this point.

President Fussell thanked Ms. Conlow for being an ally in Augusta and a tireless champion of the mission and introduced James Condela, Chief Executive Officer of Innovative Resource Recovery as the next presenter.

PRESENTATION – INNOVATIVE RESOURCE RECOVERY

Mr. Condela began his presentation with a brief overview of Innovative and its capital partner White Oak Global Advisors (“White Oak”). He praised the construction of the Hampden facility and equipment as well as the infrastructure, scales and roads, however, noted that the original technology was looking to turn the biogenic materials into pulp and Innovative did not see a viable future in that direction. He reported Innovative has begun the process of installing new anaerobic digestion facilities at the site for capturing the biogenic fraction of the material that is inherent in the waste for the production of biogas, and further noted Innovative fully expects the biogas to be eventually injected into the pipeline already existing on the site.

Mr. Condela provided a status update on the technical progress at the facility, noting a trial run was performed in July 2023 during which waste processing validated existing equipment and allowed for testing of samples to confirm treatment and biomethane potential. He further noted Innovative is looking to optimize the existing infrastructure and has begun seeking vendors to accomplish this process in the first half of 2024. Mr. Condela reported construction is anticipated to commence the second half of 2024 with an eye toward commercial operations in 2025. He further noted Innovative is developing a term sheet for potential off-takers of natural gas, looking at ways to maximize potential rebates through the government, and reported, at max capacity, hopefully sometime in 2026, the plant will have the ability to process 180,000 tons per year of mixed waste and will divert over 50% of that material from landfill.

MRC FINANCIAL POSITION – OVERVIEW

George Aronson from Commonwealth Resource Management provided an overview of MRC's financial position, including its opportunities and liabilities. Mr. Aronson noted several changes in the physical and monetary assets, such as MRC retaining ownership of the land which is now being leased for revenue; MRC owning 10% of the facility and improvements under MWS after selling 90% to Innovative; Contingency and D&D Accounts as well as the Investment Accounts have all seen an increase in balances; MRC continues to manage the waste flow and now receives compensation for the service; and MRC has satisfied all liens and nearly all liabilities on the books while Innovative has taken on the expenses and funding of the progress toward re-opening the facility. Mr. Aronson reports the financial position of MRC has greatly improved and, although there is a lot of work ahead, the future is bright for MRC.

COMMENTS FROM THE BOARD

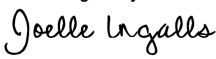
Ms. Wilson commented that having a dependable partner and money in the bank is a huge benefit, but having a resolute team willing to put in the time and effort to find solutions and overcome the hurdles in the last year is the true reason for success in 2023. President Fussell echoed this sentiment and thanked the Board for their dedicated service. President Fussell also expressed looking forward to spending more time adding value to MRC membership and collaborating with Members. Tony Smith thanked Mr. Carroll for always doing the advance work and bringing solutions when he brought “bumps in the road” to the Board for discussion.

PUBLIC COMMENT AND QUESTIONS

Multiple questions were submitted online which James Condela of Innovative answered. In response he advised term sheets are being drawn up and reviewed for end-market off-takers, but no formal commitments have been made. He provided an overview of equipment that will be used to produce pipeline quality gas and noted ongoing discussions with Bangor Natural Gas. He further noted the plan for plastic residuals is still evolving, however, some will be recovered and baled in front-end to be sold, and some will go to landfill until the opportunities for end-product production can be fully explored.

There being no further questions or business to come before the Board, the Annual Meeting adjourned at 4:02 p.m.

Respectively submitted,

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Joelle A. Ingalls

Dated: January 24, 2024
