

CommonWealth

Resource Management Corporation

16 April 2025

Municipal WasteHub
Attn.: Michael Carroll, Executive Director
20 Godfrey Drive, Suite 213
Orono, Maine 04473

RE: Joint Venture Assets Managed by Municipal WasteHub (formerly the MRC):
Financial Statements for the First Quarter of 2025

Dear Members of the Committee:

CommonWealth Resource Management Corporation (CRMC) herein presents financial statements through the first quarter of 2025 for assets of Joining Members held through the joint venture with Municipal WasteHub (formerly the MRC) (the Joint Venture). The Joining Members include 83 municipalities and public entities that entered into Joinder Agreements with the MRC prior to April 1, 2018, pursuant to which Municipal WasteHub manages disposal of the MSW collected within the borders of the Joining Members and also manages related funds and assets. To accept and process the MSW, the MRC had sponsored development by a private company of a mixed waste processing facility in Hampden, Maine (the Facility) on a site that the MRC had purchased for the purpose (the Site). The Facility began accepting and processing MSW in 2019, but suspended operations and was placed in receivership in 2020. The Facility remained idle through 2024.

In August 2022, the MRC had formed a limited liability company, Municipal Waste Solutions, LLC (MWS LLC), to purchase the Facility and related assets out of receivership as a step toward its re-opening. On June 30, 2023, the MRC sold 90 percent of its ownership interest in MWS LLC to a private company, Innovative Resource Recovery, LLC (Innovative), pursuant to a Membership Interests Purchase Agreement, (MIPA), an amended and restated Site Lease and other complementary agreements. Subject to these agreements, Innovative would redevelop, re-capitalize and re-open the Facility. The sale of interests brought material improvement in the financial position of the Joint Venture and Municipal WasteHub. The redevelopment effort by Innovative is ongoing.

Joint Venture quarterly balance sheets and statements of changes in fund balances

Tables 1 and 2 attached provide a Governmental Funds Balance Sheet/Statement of Net Position (Balance Sheet) and a Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance/Statement of Activities (Change in Fund Balance) for the Joint Venture on a quarterly basis through calendar years 2023 and 2024 and for the first quarter of 2025. The financials presented in Tables 1 and 2 are consistent with the audit report for the MRC and the Joint Venture financials for calendar year 2023.

The adjustments include restatement of the basis for the values of the Site owned by Municipal WasteHub; the Contingent Payment due to Municipal WasteHub from Innovative upon resuming

commercial operation as part of the Innovative's agreements for purchase of membership interests in MWS LLC; and Municipal WasteHub equity investment in MWS LLC as of the end of each calendar quarter. Note also the changes starting July 1, 2023, after the MRC sold membership interests in MWS LLC to Innovative -- after which the MRC phased out its role in receiving tip fees from Joining Members; paying disposal costs for MSW delivered to disposal sites by Joining Members; and paying ongoing costs of the Facility, including utilities and property taxes. Further adjustments might be required upon final review and approval of the audit to be performed in 2025 of the quarterly financial information for calendar year 2024.

As shown, as of January 1, 2025, the Joint Venture had total assets of **\$9,225,276.78** comprised of the following:

1. Cash, cash equivalents and financial investment accounts held in six accounts, with two active cash accounts at First National Bank (an ICS Sweep Account and the Development and Distribution Account (D and D Account)); and one inactive account (the Contingency Account); one active investment account managed by First National Wealth Management (the Tip Fee Stabilization Account), with a second account now inactive (the Cash Collateral Account); and bank CDs and an accompanying checking account opened in first quarter of 2024 at the Androscoggin Bank. The cash positions include:
 - **\$431,952.27** in the Development and Distribution Account (the D and D Account, formerly the Custody Account) held at First National Bank. In 4Q2024, the D and D received \$344,797.65 from the Cash Collateral Account upon the closure of that account, as well as a transfer of \$75,000.00 from the Operating Account.
 - **\$1,099,112.10**, consisting of \$1,095,756.82 in cash and short-term investments, and \$3,355.28 in accrued interest, in the ICS Sweep Account. This account was established in September 2023 to invest net proceeds received by the MRC from the sale of the position in MWS LLC to Integrated. The account objective is to achieve interest earnings on deposited funds while maintaining liquidity.
 - A zero balance in the Contingency Account, which is a money market account at First National Bank.

The investment account positions include:

- **\$212,265.63** held at Androscoggin Bank, consisting of \$207,500 face value of Certificates of Deposit, \$1,021.98 in a checking account and \$3,743.65 in accrued interest. A CD in the amount of \$158,000 was purchased from funds in the Androscoggin Bank checking account just after year-end.
- **\$1,042,937.78**, in the Tip Fee Stabilization Account managed by First National Wealth Management (affiliated with First NB), consisting of \$1,040,185.14 in investment value and \$2,752.64 in accrued interest. The investments include fixed income assets (market value of \$940,163.23 for a mix of US Treasury bills, US agency bond funds and commercial bank CDs) plus \$100,021.91 in cash equivalents. There were no withdrawals during the quarter.

- A zero balance in the Cash Collateral Agency Account managed by First National Wealth Management. All funds were transferred to the D and D Account during the prior quarter.
2. Other assets that include:
- An 88-acre site (the Site) accessible from Harold Bouchard Way off Coldbrook Road in Hampden, Maine, valued by the auditor at **\$5,000,000.00**. This amount reflects the net present value of site lease payments over the term of the Site Lease as extended to 40 years from the commercial operation date, as calculated by the auditor. The calculation assumes annual escalation at the capped value of three percent per year per the amended Site Lease, Exhibit D, which payments are discounted at a rate of four percent per year. This amount is consistent with the option price at which Innovative could purchase the Site from Municipal WasteHub if the option to buy is exercised pursuant to Section 3.2 and Exhibit C of the amended Site Lease. As of July 1, 2023, this amount replaced the \$1,138,748.27 as described in prior asset management letters, which was based on full book cost for Site acquisition and improvements net of the book cost of the infrastructure turned over to the Town of Hampden.
 - **\$1,330,009.00** receivable as a contingent payment due to Municipal WasteHub upon resumption of commercial operation of the Facility per the MIPA. This amount is based on the Purchase Price in the MIPA less the pre-paid Exclusivity Fee and less lien payments, property taxes and sewer fees, and other pre-closing MRC liabilities assumed by Innovative as of the closing date. This valuation is subject to adjustment based on future transactions.
 - A 10-percent ownership position in MWS LLC, valued at **\$109,000** as calculated in the 2023 audit to reflect the sale transaction and certain changes in the basis of the value for MWS LLC from the close of the sale through the end of 2023. This valuation might be adjusted on audit based on changes in the valuation of MWS LLC during 2024 and on Municipal WasteHub capital investments.

Per the audit of the Joint Venture financial records for 2023, the Balance Sheet does not show amounts received or receivable by Municipal WasteHub for services provided under the management services agreement between Municipal WasteHub and Innovative, nor does it show amounts received or receivable as lease payments under the site lease between Municipal WasteHub and Innovative. Both of those payments are considered Municipal WasteHub general assets rather than Joint Venture assets per the recommendations of the auditor.

The Balance Sheet shows that the Joint Venture had no payables as of April 1, 2025. An adjustment of \$1,638 was paid to the Operating Account in the first quarter as a reconciliation of the estimated payment of \$160,000 with the actual amount for transfer as determined after year-end.

Accounting for the above, as of the end of the quarter the Joint Venture had a Net Position of **\$9,225,276.78**.

Joint Venture statements of activities and changes in net position

Table 2 presents additions (revenues) and deductions (expenditures) of the Joint Venture for the first quarter of 2025 and preceding quarters in 2024 and 2023. The excess of revenues over expenditures, as adjusted for changes in balance sheet items, is reconciled with the change in the Net Position over each quarter. The financial statements incorporate revenues realized for services provided and expenses incurred for services incurred, but do not recognize potential revenues contingent on future satisfaction of conditions or expenses related to contingent liabilities for events yet to occur and conditions not yet satisfied.

As shown, the Joint Venture had earnings of **\$28,533.62** during the quarter, which includes interest and dividends net of bank fees from invested funds; changes in market value of invested funds; and accrued interest. Table 2 also shows the transfer of \$1,638.00 to Municipal WasteHub Operating Fund. Thus, the Joint Venture experienced a Change in Position that was a net increase of **\$30,171.62** over the quarter.

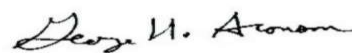
As of April 1, 2025, the Municipal WasteHub was in compliance with all requirements for reserve funds per Exhibit B, Section 2 of the Joinder Agreements.

Regarding the administration of funds, CRMC offers the following recommendations:

1. Continue consolidation of the cash accounts to simplify accounting and reduce banking fees.
2. Complete consolidation of the investment accounts, which had been approved by Municipal WasteHub Board at a prior meeting.

If you have any further questions, please feel free to contact me.

Sincerely,



George H. Aronson, Principal

Table 1 Balance Sheet for the Joint Venture

Table 2 Change in Fund Balance for the Joint Venture

Table 1.
Joint Venture of the Joining Members of the Municipal Review Committee, Inc.
Governmental Funds Balance Sheet / Statement of Net Position
Quarterly Basis through 1Q 2025, adjusted for audit through 4Q 2023

	Notes	Unaudited 1-Apr-25	Unaudited 1-Jan-25	Unaudited 1-Oct-24	Unaudited 1-Jul-24	Unaudited 1-Apr-24	Audited 1-Jan-24	Audited 1-Oct-23	Audited 1-Jul-23	Audited 1-Apr-23	Audited 1-Jan-23
ASSETS											
Cash and cash equivalents											
Contingency Account (First National Bank WM)	1			-	-	-	-	3,052.79	716,280.49	852,162.65	408,277.34
D and D Account (First National Bank)	2	431,952.27	428,135.10	5,011.40	31,517.90	31,190.50	36,520.24	101,599.38	101,210.04	101,183.88	96,398.41
ICS Sweep Account	3	1,095,756.82	1,085,966.60	1,075,503.42	1,064,178.57	1,052,961.45	1,018,284.75	1,074,992.47			
Accrued interest	3	3,355.28	3,432.70	3,588.81	3,679.71	3,774.07	3,807.72				
Accounts receivable											
Tip Fees receivable for Joining Members MSW Due from General Fund	4						23,480.00		479,277.22	588,096.25	692,130.33
Investments accounts											
Androscoggin Bank											
CD Balance	3	207,500.00	49,500.00	49,500.00	49,500.00	49,500.00					
Cash Balance	3.5	1,021.98	160,574.32	502.09	501.02	500.00					
Accrued interest	3	3,743.65	2,079.98	1,463.61	820.35	192.05					
Tip Fee Stabilization Fund											
Account balance (at First National Wealth Management)	3	1,040,185.14	1,023,683.43	1,034,316.81	993,332.03	990,506.83	985,851.55	939,766.62	946,139.64	997,758.37	1,040,327.76
Accrued income	3	2,752.64	4,362.03	2,655.57	4,615.25	2,476.25	4,095.74	2,252.39	4,201.05	2,212.70	3,880.67
Cash Collateral Account/Delivery Sufficiency Fund	6										
Account balance (at First National Wealth Management)	3	-	-	343,194.17	328,638.13	327,491.92	327,402.75	309,434.32	314,541.61	314,935.83	306,572.37
Accrued income (at First National Wealth Management)	3	-	-	702.77	750.24	536.37	396.25	450.35	406.72	334.07	203.88
Investment in Site and Facilities											
Value of Hampden Site	7	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	1,138,748.27	1,138,748.27
Value of Contingent Fee receivable from purchase agreement	8	1,330,009.00	1,330,009.00	1,330,009.00	1,330,009.00	1,330,009.00	1,330,009.00	1,330,009.00	1,330,009.00		
Equity in MWS LLC	9	109,000.00	109,000.00	109,000.00	109,000.00	109,000.00	109,000.00	109,000.00	109,000.00	2,024,265.00	2,024,265.00
Utility deposits	10									73,164.87	73,164.87
TOTAL ASSETS		9,225,276.78	9,196,743.16	8,955,447.65	8,916,542.20	8,898,138.44	8,838,848.00	8,870,557.32	9,001,065.77	6,092,861.89	5,783,968.90
LIABILITIES AND NET POSITION											
Liabilities											
Accrued bypass disposal for Joining Member MSW	4				-	-	-	-	597,731.00	691,273.90	555,637.83
Distribution payable to Joining Members, current quarter					-	-	-	-			36,074.24
Payments to Joining Members deferred					-	-	-	-			92,137.58
Due to/from Operating Fund (includes PRIME Grant)	2		1,638.00	-	26,647.00	26,647.00	32,467.00	42,467.00	88,709.53	92,137.58	42,467.00
Notes payable to Facility lienholders										256,421.00	416,265.00
Facility property taxes and sewer liens payable									683,252.00	683,252.00	345,641.00
Total liabilities		-	1,638.00	-	26,647.00	26,647.00	32,467.00	131,176.53	1,415,587.58	1,765,551.48	1,488,222.65
Net Position held for the benefit of Joining Members		9,225,276.78	9,195,105.16	8,955,447.65	8,889,895.20	8,871,491.44	8,806,381.00	8,739,380.79	7,585,478.19	4,327,310.41	4,295,746.25
TOTAL LIABILITIES AND NET POSITION		9,225,276.78	9,196,743.16	8,955,447.65	8,916,542.20	8,898,138.44	8,838,848.00	8,870,557.32	9,001,065.77	6,092,861.89	5,783,968.90

NOTES

- Unexpended funds moved to ICS Sweep Account after July 1, 2023.
- Includes transfers of \$344,740.73 and \$56.92 from the Cash Collateral Account and \$75,000.00 from the Operating Account in 4Q 2024. Accounts for (a) PRIME grant funds of \$26,647 held in D and D Account at end of 2023; net of (b) \$23,480 reconciliation of past tip fee payments. Include \$1,638 due to Operating Fund as reconciliation adjustment for \$160,000 4Q2024 transfer to Androscoggin Bank account. Statement balance adjusted for undeposited check for 661.34 issued in February 2023.
- Includes investments valued at market value and accrued income stated separately.
- Tip fee receivables and disposal cost payables assumed by MWS LLC as of July 1 2023.
- Reflects transfer of \$160,000 from the Operating Account in December 2024.
- Cash Collateral Account balance transferred to DnD Account in October and November 2024. Account subsequently closed.
- Value based on net present value of lease payments over life of lease as extended, assuming escalation at rate cap of 3 percent per year per Site Lease Exhibit D. Value consistent with sale price per conditional purchase option in Site Lease Section 3.2 and Exhibit D. Prior value was based on net book cost of Site acquisition and development.
- Estimated value receivable per Membership Interests Purchase Agreement (MIPA), Section 2.2, per sale closed on June 30, 2023. Based on Purchase Price less Exclusivity Fee, liens, sewer charges and other liabilities assumed by Innovative at closing per MIPA Exhibits 2.2.
- Value after sale based on 10 percent of MRC equity value in MWS LLC prior to sale plus utility deposits unadjusted for changes in value after sale in 2023. Does not account for revenues net of expenses in 2023 after sale, or for payments deferred until after resumption of commercial operations or for MRC share of market value of MWS LLC.
- Utility deposits included in basis for equity calculation after sale, stated separately before sale.

Values per audit	
8,838,848.00	Total Assets
32,467.00	Total Liabilities
8,806,381.00	Net Position

