Penobscot Energy Recovery Company
P.O. Box 160 • 29 Industrial Way
Orrington, Maine 04474
(207) 825 - 4566

ESOCO ORRINGTON, LLC.
Plant Operator

MEMORANDUM

FROM: John Noer

TO: Penobscot Energy Recovery Company Municipal Customers

RE: PERC Post-2018 Final Solid Waste Agreement and Schedule A

DATE: December 14, 2015

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In preparation for the expiration of your current contract for municipal solid waste disposal in 2018, are working hard to give you new options that offer your community proven waste solutions with long-term price stability, flexibility, local control and transparency. We at PERC wish to continue our longstanding relationship with your community. The PERC facility is permitted, fully compliant with all environmental regulations and, based on a recent report from HDR Engineering, Inc., is in very good condition and can operate effectively for at least the next 20 years.

We are pleased to be able to offer you two different but complementary plans:

1. *PERC Standard Option*: An agreement to send your non-recycled municipal solid waste to PERC at specified tipping fees, similar to what you have now but with some important improvements, such as no guaranteed annual tonnage.

2. *Pay-as-You Throw Option:* As a complement to the PERC standard option, an exciting new pay-as-you-throw (PAYT) option in cooperation with WasteZero, where all of your waste disposal costs – including tipping fees – could be paid through the sale of bags. We are committed to increasing recycling and material recovery in Maine and have developed this option to help you increase recycling and reduce the amount you pay to dispose of trash. The PAYT option represents a new path forward in terms of taking waste disposal costs out of your budget and improving your existing recycling rates.

We want to meet with you, either individually or as part of a regional meeting, to go over these options in more detail and address any questions or concerns you may have. **We will contract you directly to schedule a meeting; in the meantime, please contact Rod Carr who is assisting us locally at (207) 622-6924 or Tamara Haley at (612) 284-3380 or thaley@usaegroup.com for questions or to set up a meeting.**

PERC STANDARD OPTION

A few months ago we asked for your comments on a draft agreement. Based on the feedback we received, we've made a few minor changes to the agreement to provide clarity. These changes are listed in a separate memo in front of the attached contract.

Here are some of the Post-2018 contract highlights:

- LONG-TERM, FIXED PRICE AGREEMENTS The tipping fees are $84.36 per ton for a 15-year agreement; $89.57 for a 10-year agreement. There will be no increases over the term of the agreement other than standard increases based on the Consumer Price Index (CPI).

- **No Guaranteed Annual Tonnage (GAT)** The new agreement is "term-based" as opposed to "tonnage-based," and takes into account changing market conditions and improved recycling efforts by removing the municipal commitment to a guaranteed tonnage requirement.

- **Local Control** You retain control over how trash is collected in your community and how it is transported to the PERC facility, and you can tailor waste disposal and recycling programs to meet the needs of your community without needing to obtain outside approval.

- **Guaranteed Back-up Disposal** Similar to what is in place today, we have back-up disposal agreements in place in the unlikely event that PERC should not be operational for any reason what-so-ever.

WasteZero PAYT Option

PERC is committed to increasing recycling across its service area, and we are eliminating the GAT to help you do that. Our facility offers a world-class disposal option, but we only want you to pay to dispose of things that can not otherwise be reduced, reused or recycled. That's why we are excited to join forces with WasteZero, a national leader in municipal waste reduction, to develop pay-as-you-throw (PAYT) program alternatives for non-recyclable MSW. These alternatives will make it even easier for you to reduce trash and save money.

The advantages of these alternatives are significant:

- **Strong Local Control** You decide what costs are built into the sale of bags, everything from tipping fees to transportation, to recycling. Additionally, agreements can be structured to generate revenue through program rebates, but again this is up to your community to decide.

- **Reduce Solid Waste** WasteZero's PAYT programs cut solid waste tonnage by an average of 44%. Because residents pay on a per-bag basis, there is incentive to reduce MSW and increase recycling.

- **Move Trash to Utility Pricing** WasteZero's PAYT Programs allow municipalities to charge residents fairly for trash services – just like electricity and water. This allows communities to first reduce costs (by reducing tonnage) and then remove the remainder from your city or town budget to whatever extent you feel is appropriate.

As with the PERC standard agreement, WasteZero PAYT options offer you local control, flexibility and the added protection of back-up disposal agreements. Enclosed is additional information from WasteZero about the services they can offer your town and the effectiveness of their programs.

We urge you to carefully consider not only our two waste disposal options, but any other proposals that are put before you. Compare all of them. Ask lots of questions. Determine what will work best for you because decisions you make in the next few months will have implications for your community and its taxpayers for many years to come.

We want to work with you to find solutions to your solid waste needs and not be just another vendor selling something to your town. The options we have put before you reflect that, and we look forward to meeting with you to discuss them. **Again, we will contract you directly to schedule a meeting; in the meantime, please contact Rod Carr who is assisting us locally at (207) 622-6924 or Tamara Haley at (612) 284-3380 or thaley@usaegroup.com for questions or to set up a meeting.**

We hope to hear from you soon.

Penobscot Energy Recovery Company
29 Industrial Way
Orrington, Maine 04474
(207) 825 - 4566

ESOCO ORRINGTON, LLC.
Plant Operator

KEY ADVANTAGES OF PERC: RELIABILITY INSTEAD OF RISK

PERC VS. FIBERIGHT – RELIABLE VS. RISKY

- PERC has a 28-year record of consistent, reliable operation. It is a fully licensed, environmentally compliant facility using known and proven technology. Professional engineering reports say it can operate successfully for another 20 years. **No technology risk.**

- The pricing in PERC's new long-term disposal contracts is fixed, except for a standard increase based on the Consumer Price Index (CPI). The price for operations and disposal of residue and bypass disposal are already included in the contracts, plus PERC's debt will be paid off by 2018. **No financial risk.**

- No guaranteed annual tonnage (GAT) requirement, put-or-pay obligations or "Delivery Diversion Charges" at PERC post 2018. **No risk of penalties.**

- Guaranteed back-up disposal at $60/ton tipping fees through Casella at Juniper Ridge Landfill if the PERC plant is ever temporarily out of service. **No risk for disposal options.**

- Municipalities retain complete control of decision-making authority for solid waste management options. **No risk of losing local control.**

- MRC Equity Charter Municipalities could apply their proportionate share of their ownership interest in PERC as a PERC tipping fee discount or to offset municipal expenses. **No risk of losing equity value.**

- MRC Charter Municipalities also can apply their share of the Tip Fee Stabilization Fund as a further PERC tipping fee discount or receive a distribution of their fund share to self direct towards local needs. **No risk of losing funds value.**

- PERC can offer a full service integrated package to meet any municipality's solid waste management needs through its collaboration with Casella, WasteZero and Agri-Energy, which all have reliable programs and services (e.g. Zero-Sort; food waste diversion and PAYT) to reduce the amount of MSW that would otherwise need to be disposed at PERC, lowering total costs for the municipality through increased diversion. **No risk of being locked into a one-size-fits-all program.**

- The PERC-based program incorporates the services of established businesses already operating successfully in Maine and does not require any outside funding or municipal investment. **No general obligation or market risk.**

- Conclusion

  PERC offers reliable technology, reliable operations and predictable, reliable costs. **No operational or financial risks for Maine communities and taxpayers.**

  Fiberight offers untested, unproven technology, unknown operating and construction costs, the risk of higher tip fees, the loss of municipal stabilization funds and equity in PERC, the loss of local control, and a long-term financial obligation to the MRC even if the Fiberight plant is never built. **A totally risky venture for Maine communities and taxpayers.**

WASTE DISPOSAL COMPARISON CHART

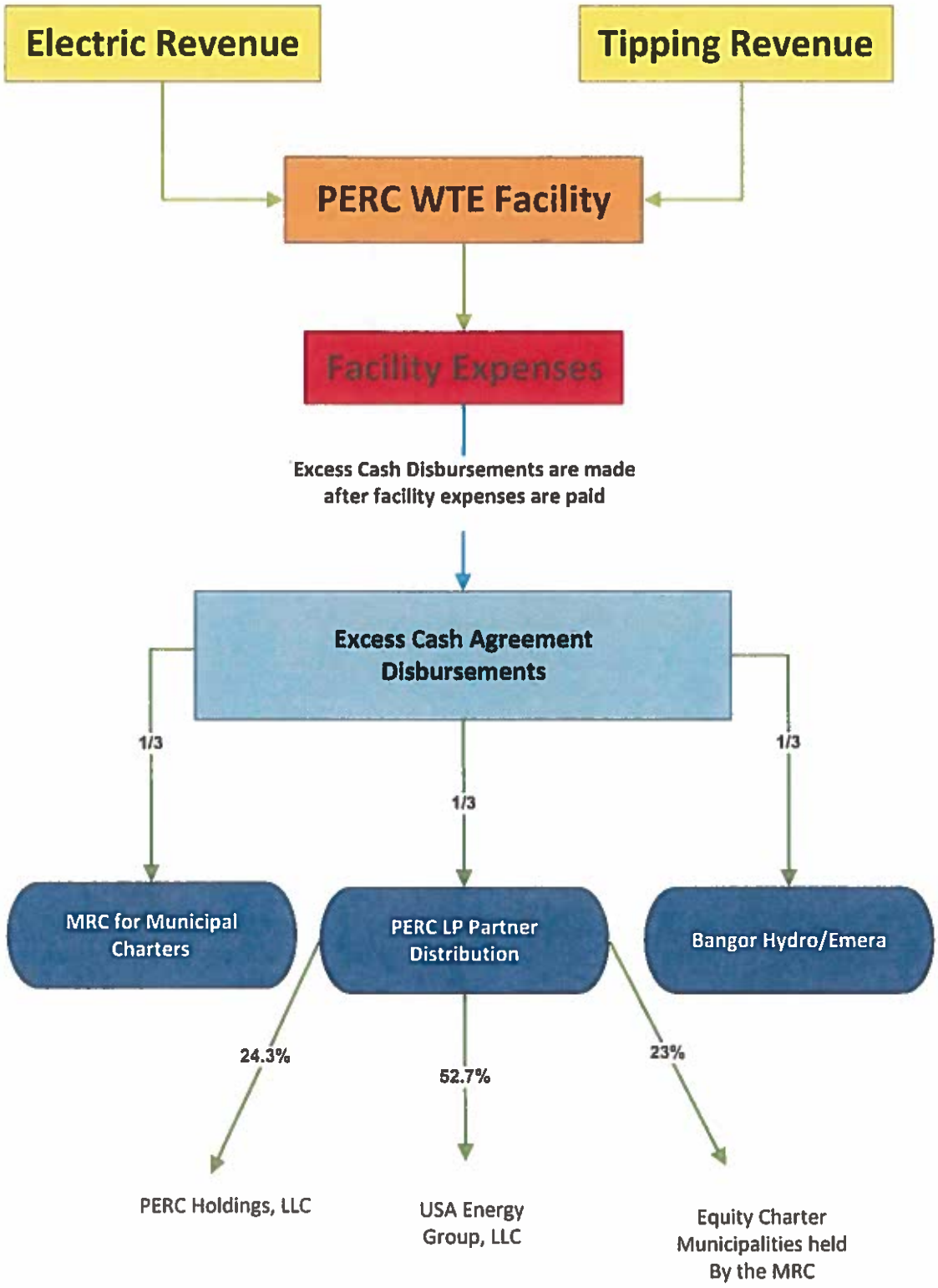
What is important to you?	PERC Offering	With WasteZero PAYT	Other Plans
A permitted, fully compliant facility	✓		?
Predictable operating costs	✓		?
Proven technology	✓		?
Long-term, fixed price agreements	✓		?
Strong local control and flexibility	✓		?
No annual tonnage requirements	✓		?
Guaranteed back-up disposal	✓		?
No debt commitment	✓		?
No general obligation for local taxpayers	✓		?
Achieve municipal recycling goals		✓	?
Reduced solid waste disposal		✓	?
Fund all or part of solid waste expenditures, including tipping fees and collection		✓	?

Critical Questions for Municipalities about the MRC/Fiberight Plan

- Is there a similar size facility, anywhere in the world, using this technology? If so, how have they performed? If there are none, why is the MRC willing to be the first?
- Is there a pro forma for the facility's capital costs, operating expenses, and revenues?
- What are the markets for the proposed energy products that Fiberight would produce and how reliable are those markets?
- What is the most recent schedule for the facility to begin operations?
- How long does Fiberight expect the start-up period to last, and when will it be fully operational and ready to accept and process all MSW generated by its customers?
- Is the Equity Charter Net Position different than the Tip Fee Stabilization Fund? Do individual MRC member communities have a vested right in their share of either or both funds? Does the MRC propose to use these funds to cover any Fiberight project costs?
- Does the $70 per ton tip fee in the MRC/Fiberight Development Agreement include residue and bypass disposal and transportation, or are these pass-through costs in addition to the $70/ton? What is the true tip fee all-in?
- What will the tip fee be when Fiberight is going through start-up and significant bypass must be sent for landfill disposal? Are there additional transportation costs or logistics issues?
- Does the MRC propose to use the PERC Tip Fee Stabilization Fund against project costs to get the tip fee down to $70 or to offset cost overruns to keep it at $70?
- The MRC contract with Waste Management for disposal of Fiberight residues and bypass is for 10 years. The Fiberight project term is for 15 years. If Fiberight begins operations as stated in late 2017, the Crossroads Landfill will have about 7 years remaining capacity in their current license at the current fill rate. The additional waste from the Fiberight will reduce that remaining life. How will residue and bypass disposal be managed if Crossroads runs out of capacity?
- Does Waste Management have a non-compete provision in their contract with the MRC? Could Waste Management sign up disposal contracts directly with MRC municipalities and in effect compete with Fiberight? Could this in turn create assessments on remaining communities to make up the tonnage shortfall?

- Communities are responsible for ensuring all MSW generated within their borders, including from commercial sources, gets delivered to Fiberight. Will this necessitate the MRC municipalities that join the Fiberight project to enact flow control ordinances to control municipal and commercial waste?
- Will the MRC municipalities have a guaranteed annual tonnage (GAT) requirement, delivery diversion charges, and/or put-or-pay obligation to the Fiberight project? Will there be community assessments if there are system wide delivery shortfalls?
- Do municipalities retain control of their solid waste management or does the MRC take control? Can municipalities recycle or must they deliver all MSW to the MRC?
- Does the MRC require participating municipalities to obtain the consent of the MRC prior to initiating or altering diversion of the organic component of their MSW?
- Has any municipality commissioned a fully operational, technical, legal, and financial analysis of the Fiberight project and the MRC municipality contract?
- What financial risks are being assumed by each of the partners in this venture: the MRC? Fiberight? Covanta?
- The MRC and Fiberight have announced Covanta Energy Corp. will become a major investor and will build and operate the Fiberight plant. As a publicly traded company listed on the New York Stock Exchange, what kind of returns does Covanta expect on its investment? Who will make up the difference if those expectations are not met by the plant's operating revenue?
- What happens if the Fiberight plant fails to get permitted or for any other reason is not built? Are Maine towns that signed contracts with the MRC and Fiberight still bound by the 15-year agreements or can they seek alternative disposal agreements?
- What happens if the Fiberight facility is built but fails to perform as predicted? Will municipalities be able to seek alternative disposal agreements?

PERC Cash Flow Diagram



MUNICIPAL REVIEW COMMITTEE, INC.
SCHEDULE OF EQUITY CHARTER MUNICIPALITY NET POSITION
DECEMBER 31, 2014

Albion	$ 175,886	Mattawamkeag	$ 83,782
Alton	71,442	Midcoast SWD	1,592,677
Atkinson	23,823	Mid-Maine SWD	903,920
Baileyville	332,179	Milford	233,819
Bangor	5,896,061	Millinocket	620,980
Bar Harbor	1,172,612	Milo	268,502
Blue Hill/Surry	787,215	Monson	47,264
Boothbay RRDD	1,047,267	Mt. Desert/EMR	1,428,789
Bradley	94,618	Newburg	109,402
Brewer	1,611,767	Old Town	965,122
Brooks	54,448	Orland	85,001
Brownville	151,553	Orono	860,601
Bucksport	492,891	Otis	41,930
Burnham	117,555	Palmyra	136,761
Carmel	197,361	Parkman	38,467
Central Penobscot	374,033	Penobscot Co.	177,838
China	388,324	Pleasant River SWD	268,869
Clifton	69,555	Plymouth	103,388
Clinton	509,773	Reed Plantation	19,370
Dedham	89,543	Rockland	1,149,158
Dover-Foxcroft	424,465	Sangerville	106,493
Eddington	182,485	Searsport	251,303
Enfield	158,442	Stetson	91,686
Fairfield	611,180	Steuben	112,432
Glenburn	363,025	Stonington	197,891
Gouldsboro	174,038	Thomaston Group	777,687
Greenbush	111,745	Thorndike	59,688
Guilford	267,480	Troy	44,240
Hampden	703,333	Union River SWD	69,237
Hancock	120,359	Unity	165,236
Hermon	601,905	Vassalboro	304,844
Holden	189,506	Veazie	155,754
Jackson	23,970	Verona	60,514
Lamoine	120,091	Waldoboro Group	665,748
Lee	78,783	Waterville	2,142,822
Levant	178,363	Winslow	683,374
Lincoln	776,693	West Gardiner	247,456
Lucerne	51,064	Winthrop	621,891
Mariaville	27,936		
Mars Hill	193,501	Total	$ 34,910,208

The Equity Charter Municipality Net Position is not available for immediate withdrawal due to various restrictions, designations, and other limitations on their withdrawal, direction, and application. Please refer to Management's Discussion and Analysis and the accompanying notes for additional information.

KAMINSKI LAW OFFICE, PLLC
TOWN CENTER OFFICE PLAZA
3535 PLYMOUTH BOULEVARD
SUITE 211
PLYMOUTH, MINNESOTA 55447

TO: John Noer

FROM: Stephen Kaminski

DATE: December 14, 2015

SUBJECT: Changes to Waste Disposal Agreement

Attached is the revised Waste Disposal Agreement that should be delivered to the municipalities. I have made several small changes that should be highlighted to each of the municipalities as follows:

1. Due to the positive feedback we have received from various municipalities, I have changed Section 5 so as to delete the requirement that PERC receives commitments for a minimum amount of solid waste from the municipalities.

2. I added the contact information for Penobscot Energy Recovery Company, Limited Partnership in Section 9(a).

3. In Schedule A, I have changed Section 2 so that the municipalities know that PERC is guaranteeing the Tipping Fee through June 30, 2016.

4. In Schedule A, I changed the beginning of Section 3(a) to more clearly state that the amount of the "Estimated Tonnage" that is provided by the municipality is just an approximation and that this "Estimated Tonnage" is NOT a guarantee, in any way, as to the amount of solid waste that the municipality will deliver to the PERC facility.

5. In Schedule A, I have changed Section 4 so as to delete the provision allowing the tipping fee to be increased due to a change in law.

Other than the changes listed above, no other changes have been made to the Waste Disposal Agreement.

Let me know if you have any questions.

Stephen

WASTE DISPOSAL AGREEMENT

THIS WASTE DISPOSAL AGREEMENT is made and entered into as of the ____ day of _____, 2015, by and between PENOBSCOT ENERGY RECOVERY COMPANY, LIMITED PARTNERSHIP, a Maine limited partnership, and _____, a _____.

RECITALS:

WHEREAS, the Municipality needs a comprehensive, environmentally sound, reliable, long-term management strategy for handling the present and projected volumes of non-hazardous Solid Waste generated within the Municipality;

WHEREAS, it is the policy of the State of Maine, as directed through the State of Maine's adoption of the Solid Waste Hierarchy, to reduce the volume of Solid Waste going into landfills, to recycle Solid Waste whenever possible, and to maximize resource recovery;

WHEREAS, improved waste management within the region of which the Municipality is a part will serve the goals of (1) recovering energy from waste; (2) reducing the indiscriminate disposal of waste; (3) coordinating Solid Waste management among political subdivisions; and (4) developing and maintaining financially secure waste facilities;

WHEREAS, the State of Maine requires that each municipality provide for the disposal of domestic and commercial non-hazardous Solid Waste generated within such municipality;

WHEREAS, Solid Waste issues present communities with serious long-term financial, management, governmental and technical problems in the disposal of Solid Waste;

WHEREAS, the effective management of Solid Waste is crucial to the continued financial well-being of the Municipality and the region of which it is a part;

WHEREAS, PERC owns and operates the PERC Facility that recovers certain recyclable materials and otherwise converts Solid Waste into energy in the Town of Orrington, Penobscot County, Maine;

WHEREAS, the Municipality is willing to commit to delivering to PERC and the PERC Facility the Solid Waste generated within the Municipality so as to assure the ongoing supply of Solid Waste to the PERC Facility for a fixed period of time as defined below; and

WHEREAS, this Agreement will only become effective upon the satisfaction of certain requirements as provided in Section 5 below.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises of the parties hereto, and the mutual benefits to be gained by the performance hereof, the parties hereto agree as follows:

1.) Definitions. The terms defined in this Section 1 (except as may be otherwise expressly provided in this Agreement or unless the context otherwise requires) shall, for all purposes of this Agreement, have the following respective meanings:

(a) Acceptable Waste. The term "Acceptable Waste" shall mean all combustible Solid Waste that the Municipality shall deliver, or cause to be delivered, to the PERC Facility for disposal as may be limited by federal, state, and local laws, ordinances, permits, regulations, approvals and restrictions as they may apply to the receiving facility except for the following:

(1) demolition or construction debris from building and roadway projects or locations;

(2) liquid wastes or sludges;

(3) abandoned or junk vehicles;

(4) Unacceptable Waste;

(5) dead animals or portions thereof or other pathological wastes;

(6) water treatment facility residues;

(7) tree stumps;

(8) tannery sludge;

(9) waste oil;

(10) discarded white goods such as freezers, refrigerators, washing machines, etc.;

(11) electronic waste including, without limitation, television sets, computers, computer monitors, and computer accessories) all as determined by PERC from time-to-time;

(12) Acceptable Waste that, in the reasonable judgment of PERC and based solely upon a visual inspection of the Acceptable Waste, has a BTU content of less than four thousand (4,000) BTUs per pound unless the Acceptable Waste fails to meet the aforementioned BTU minimum requirement solely because of the moisture content of such Acceptable Waste and such moisture content is due primarily to abnormally wet weather conditions; or

(13) Waste which, in the reasonable judgment of PERC and based upon a visual inspection at the time of deliver, could, if processed, result in (a) damage to the PERC Facility, (b) the interruption of normal operations of the PERC Facility, or (c) PERC incurring extraordinary processing or maintenance costs.

(b) Municipality. The term "Municipality" shall mean _____.

(c) PERC. The term "PERC" shall mean Penobscot Energy Recovery Company, Limited Partnership, a Maine limited partnership.

(d) PERC Facility. The term "PERC Facility" shall mean that certain waste-to-energy facility owned by PERC and located on Industrial Way in Orrington, Maine.

(e) Solid Waste. The term "Solid Waste" shall mean non-hazardous solid materials with insufficient liquid content to be free-flowing which are of no value to the immediate source from which they emanate as evidenced by their disposal, discard, or abandonment without consideration in return including, but not limited to, ordinary household, municipal, institutional, and commercial wastes, all as may be defined or limited by applicable federal, state and local laws, ordinances, permits, regulations, licenses, approvals, and restrictions.

(f) Solid Waste Hierarchy. The term "Solid Waste Hierarchy" shall mean the enunciated state government priorities with respect to the generation and disposal of solid waste within the State of Maine as set forth in 38 M.R.S. §1302 or any successor thereto.

(g) Term. The term "Term" shall have the meaning specified in Section 6.

(h) Tipping Fee. The term "Tipping Fee" shall have the meaning specified in Section 3(c) below.

(i) Transportation Vehicles. The term "Transportation Vehicles" shall mean motorized vehicles necessary for the Municipality to transport (or cause to be transported) the Acceptable Waste to the PERC Facility including, without limitation, tractors, trailers, and "packer" trucks (front load and rear load), all of which must be self-unloading.

(j) Unacceptable Waste. The term "Unacceptable Waste" shall mean all Solid Waste that is not Acceptable Waste including, without limitation, (a) any material that by reason of its composition, characteristics or quantity is ineligible for disposal at the facility in question pursuant to any applicable federal, state or local laws, rules, regulations, or permits; (b) hazardous, toxic, radioactive, hospital or laboratory wastes or substances; or (c) any other material that the receiving party reasonably concludes would require special handling outside the normal course or presents an endangerment to its facility, the public health or safety, or the environment.

2.) Representations and Warranties. Each party hereto represents and warrants to the others that:

(a) it is duly organized, validly existing, and qualified to do business and is in good standing in every jurisdiction in which this Agreement requires its performance;

(b) it has full power and authority to execute, deliver and perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action by such party;

(d) the execution and delivery of this Agreement by such party and the performance of the terms, covenants and conditions contained herein will not violate the articles of incorporation or by-laws (or other constituent documents) of such party, or any order of a court or arbitrator, and will not conflict with and will not constitute a material breach of, or default under, the provisions of any material contract by which such party is bound;

(e) it and any subcontractors have all necessary permits, licenses and other forms of documentation, and its personnel have received all necessary training including, but not limited to, health and safety training, required to perform its respective obligations hereunder; and

(f) These warranties shall survive the expiration or earlier termination of this Agreement.

3.) Municipality Delivery Obligations. During the Term, the Municipality agrees to the following:

(a) The Municipality shall deliver all Acceptable Waste that is generated within the Municipality to the PERC Facility. The Municipality further agrees that it will not deliver Acceptable Waste collected by the Municipality to any landfill, or other solid waste disposal facility, except in instances where it first obtains prior written consent from PERC to do so. Furthermore, in the event that the Municipality uses a transfer station (or any other type of unloading, loading or transloading facility), Municipality acknowledges that Municipality is obligated to ensure that any Solid Waste delivered to such transfer station shall be delivered to the PERC Facility. The Municipality agrees to use its best efforts to avoid delivering any Unacceptable Waste to the PERC Facility and shall not knowingly mix any Unacceptable Waste with Acceptable Waste.

(b) The Municipality acknowledges and agrees that the Municipality (or a hauler or other designated representative hired by the Municipality) may be denied entrance to the PERC Facility (or to a transfer station serving the PERC Facility) by PERC if Solid Waste is delivered at any time other than the PERC Facility's (or transfer station's) standard receiving hours or if the Municipality has not paid the Tipping Fee, or if PERC has a reasonable basis to believe that a vehicle contains Unacceptable Waste.

(c) The Municipality shall (1) deliver to the PERC Facility the estimated tonnage of Solid Waste; and (2) pay to PERC the tipping fee (the "Tipping Fee") for each ton of

Solid Waste delivered by the Municipality to the PERC Facility as described on Schedule A which is attached hereto and incorporated herein by reference.

4.) PERC's Obligations. During the Term, PERC agrees to the following:

(a) PERC will accept all of the Acceptable Waste delivered by the Municipality to the PERC Facility.

(b) That PERC currently has, and shall have throughout the Term, the ability and capacity to accept the Acceptable Waste.

(c) Deliveries by the Municipality to the PERC Facility of the Acceptable Waste shall be recorded separately. Unless otherwise agreed to by the parties hereto, each incoming Transportation Vehicle shall be labeled with a unique vehicle number and hauler code. Each incoming Transportation Vehicle shall be individually weighed at the time of arrival at the PERC Facility to determine the incoming Transportation Vehicle's gross truck weight. After being unloaded, but prior to departing from the PERC Facility, the incoming Transportation Vehicle shall be weighed empty at the PERC Facility to determine its tare weight (to the nearest hundredth of a ton).

(d) A multi-part weigh ticket shall be produced for each such incoming Transportation Vehicle which weigh ticket shall show (1) the incoming Transportation Vehicle's tare and gross truck weights, (2) the number of tons of Acceptable Waste being delivered to the PERC Facility by the incoming Transportation Vehicle (to the nearest hundredth of a ton), (3) the time of the delivery, and (4) the incoming Transportation Vehicle's vehicle identification number. The weigh ticket shall be signed by PERC's scale house operator and the driver of the incoming Transportation Vehicle. PERC and the driver shall each receive a copy of the weigh ticket.

(e) PERC shall retain all weigh tickets for a period of not less than three (3) years. The weight record shall be used by PERC as the basis for invoicing the Municipality. The Municipality shall have the right to inspect PERC's weight records of Acceptable Waste deliveries upon reasonable written request. Such inspections shall be conducted during business hours in such a manner as to not unreasonably interfere with PERC's business operations.

(f) PERC shall submit a weekly invoice to the Municipality indicating (i) the number of tons of Acceptable Waste disposed of at the PERC Facility during the prior month; and (ii) the fees due therefor pursuant to Section 3. All such invoices shall be due and payable by the Municipality within thirty (30) days from the date of the invoice.

5.) Necessity of Delivery Obligations. Both the Municipality and PERC acknowledge and agree that this Agreement is being signed so that (a) the Municipality can be assured of continuing the Municipality's comprehensive and environmentally sound disposal of its non- hazardous Solid Waste generated within the Municipality; and (b) PERC can be assured of a steady supply of Solid Waste from the Municipality to the PERC Facility for a fixed period.

After signing this Agreement, both the Municipality and PERC acknowledge and agree that PERC needs to receive commitments for the delivery and receipt of Acceptable Solid Waste from other municipalities and private businesses so as to assure the continued operation of the PERC Facility.

6.) Term. The Term of this Agreement shall begin on April 1, 2018 and shall expire on the date specified in Schedule A (including any renewals thereof as provided in Schedule A) unless earlier terminated as provided herein (the "Term").

7.) Termination. The parties hereto acknowledge and agree that this Agreement shall terminate as follows:

(a) Except as provide in Schedule A (relating to the automatic renewal of the Agreement), upon the expiration of the Term; or

(b) Upon mutual written agreement of the Municipality and PERC; or

(c) By either party by providing written notice to the other party if the other party commits a material breach of this Agreement, and the breach is not cured within sixty (60) days after receipt of written notice from the party not in breach, stating the nature of the breach; or

(d) In the event of a "Deemed Termination" by the Municipality as that term is defined in Schedule A; or

(e) By either party, in the event that PERC does not receive written commitments for the delivery of Solid Waste as provided in Section 5 above; or

(f) By either party by providing written notice to the other party in the event of any proceedings, voluntary or involuntary, in bankruptcy or insolvency by or against the other party, or the appointment with or without such other party's consent of an assignee for the benefit of creditors or of a receiver for such other party, or the going into liquidation voluntarily or otherwise for the making of a composition with creditors of such other party.

8.) Indemnification. PERC agrees to indemnify, defend and hold harmless the Municipality and its managers, employees and agents, and the Municipality agrees to indemnify, defend and hold harmless PERC and its directors, officers, owners, managers, employees and agents, from and against all loss, liability, damage and expense (including attorneys' fees and expenses incurred in enforcing this indemnification), arising out of or relating to (i) any breach by an indemnifying party of this Agreement, (ii) any negligent or willful act or omission of an indemnifying party, or (iii) any violation by an indemnifying party of applicable laws, regulations, permits or licenses. The indemnifying party shall be entitled to control (at its sole expense) the defense of any claim, action, suit or proceeding giving rise to an obligation of such indemnifying party to provide indemnification under this Section 8; provided, however, that no settlement thereof may be entered into without the written consent of the indemnifying party and the indemnified party, which consent shall not be unreasonably withheld, delayed or conditioned.

9.) Miscellaneous.

(a) Notices. All notices to be given under this Agreement shall be in writing and delivered personally, or shall be mailed by U.S. Express, registered or certified mail, return receipt requested or an overnight service with receipt as follows:

PERC — Penobscot Energy Recovery Company, Limited Partnership
29 Industrial Way
Orrington, Maine 04474
Attn: John Noer

The Municipality _____
_____
_____
_____

(b) Governing Law. This Agreement and any issues arising hereunder or relating hereto shall be governed by and construed in accordance with the laws of the State of Maine except for conflicts of laws provisions that would apply the substantive law of another state.

(c) Venue. The parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated only in the state and federal courts having jurisdiction over the parties hereto.

(d) Limitation of Liability. Neither party shall be liable to the other for special, incidental, exemplary, punitive or consequential damages including without limitation loss of use, loss of profits or revenues, or cost of substitute or re-performed services, suffered, asserted or alleged by either party or any third party arising from or relating to this Agreement, regardless of whether those damages are claimed under contract, warranty, indemnity, tort or any other theory at law or in equity.

(e) Disclaimer of Joint Venture, Partnership, and Agency. This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the parties or to impose any partnership obligation or liability upon either party. Neither party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent of representative of, or to otherwise bind, the other party.

(f) Force Majeure.

(1) "Force Majeure" shall mean any act, event or condition materially and adversely affecting the ability of a party to perform or comply with any material obligation, duty or agreement required under this Agreement, if such act, event, or condition is beyond the reasonable control of the nonperforming party or its agents relying thereon, is not the result of the willful or negligent action, inaction or fault of the party relying thereon,

and the nonperforming party has been unable to avoid or overcome the act, event or condition by the exercise of due diligence, including, without limitation: (i) an act of God, epidemic, landslide, lightning, earthquake, fire, explosion, storm, flood or similar occurrence; (ii) an act of public enemy, war, blockage, insurrection, riot, general unrest or restraint of government and people, civil disturbance or disobedience, sabotage, act of terrorism or similar occurrence; (iii) a strike, work slowdown, or similar industrial or labor action; (iv) an order or judgment (including without limitation a temporary restraining order, temporary injunction, preliminary injunction, permanent injunction, or cease and desist order) or other act of any federal, state, county or local court, administrative agency or governmental office or body which prevents a party's obligations as contemplated by this Agreement; or (v) adoption or change (including a change in interpretation or enforcement) of any federal, state or local law after the Execution Date of this Agreement, preventing performance of or compliance with the obligations hereunder.

(2) Neither party shall be liable to the other for damages without limitation (including liquidated damages) if and to the extent such party's performance is delayed or prevented due to an event of Force Majeure. In such event, the affected party shall promptly notify the other of the event of Force Majeure and its likely duration. During the continuation of the Force Majeure Event, the nonperforming party shall (i) exercise commercially reasonable efforts to mitigate or limit damages to the performing party; (ii) exercise commercially reasonable due diligence to overcome the Force Majeure event; (iii) to the extent it is able, continue to perform its obligations under this Agreement; and (iv) cause the suspension of performance to be of no greater scope and no longer duration than the Force Majeure event requires.

(3) In the event of a delay in either party's performance of its obligation hereunder for more than sixty (60) days due to a Force Majeure, the other party may, at any time thereafter during the continuation of delayed performance, terminate this Agreement.

(g) Entire Agreement. It is understood and agreed that all understandings and agreements heretofore had among the parties hereto related to the subject matter of this Agreement are merged in this Agreement, which alone fully and completely expresses their agreement and contains all of the terms agreed upon among the parties hereto with respect to the subject matter of this Agreement, and that this Agreement is entered into after full investigation, no party relying upon any statement or representation, not embodied in this Agreement, made by any other. All exhibits, schedules and other attachments are a part of this Agreement and the contents thereof are incorporated herein by reference.

(h) Amendment. This Agreement cannot be amended, modified or supplemented, nor can any term or condition be waived in whole or in part, except in writing and signed by all of the parties hereto.

(i) Non-Waiver. No waiver by any party to this Agreement of any failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent failure or refusal to so comply. No waiver by any party hereto of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by such party giving such waiver. No waiver by any party hereto with respect to any default, misrepresentation, or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) Severability; Modification Required By Law. If any term or provision of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions thereof or hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreement of the parties herein set forth.

(k) Headings. The headings of sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

(l) Successors and Assigns. This Agreement and all of the provisions thereof and hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

(m) Assignment. Neither this Agreement nor any of the rights, interests, obligations, and remedies hereunder shall be assigned by any party, including by operation of law, without the prior written consent of the other parties, such consent to not be unreasonably withheld, conditioned or delayed, except (a) to its parents, subsidiaries and affiliates provided that the assigning party shall remain liable for all of the obligations hereunder, (b) at its expense to a person, firm, or corporation acquiring all or substantially all of the business and assets of the assigning party provided that the assignee assumes the obligations of the assigning party arising hereunder from and after the date of acquisition, and (c) as security to entities providing financing for the assigning party or for any of its affiliates or for construction, reconstruction, modification, replacement or operation of any of the facilities of the assigning party or its parents, subsidiaries or affiliates.

(n) Construction. This Agreement and its exhibits and schedules are the result of negotiations between the parties and have been reviewed by all parties. Accordingly, this

Agreement will be deemed to be the product of the parties thereto and no ambiguity will be construed in favor of or against any party.

(o) No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(p) No Brokers. The parties agree that they have entered into this Agreement without the benefit or assistance of any brokers, and each party agrees to indemnify, defend and hold the other harmless from any and all costs, expenses, losses or liabilities arising out of any claim by any person or entity that such person or entity acted as or was retained by the indemnifying party as a finder or broker with respect to the sale of the assets described herein.

(q) Further Acts. Each party agrees to perform any further acts and to execute, acknowledge, and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.

(r) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but which together will constitute one and the same instrument.

PERC:
THE PENOBSCOT ENERGY RECOVERY COMPANY, LIMITED PARTNERSHIP

By: USA Energy Group, LLC
Its: General Partner

By: _____
Its: President

MUNICIPALITY:

_____

By: _____
Its:

By: _____
Its:

By: _____
Its:

By: _____
Its:

Municipality:_____

SCHEDULE A
TO THAT CERTAIN WASTE DISPOSAL AGREEMENT
DATED AS OF THE
___ DAY OF _____, 20___

1.) Statement of Intent. The parties hereto acknowledge and agree that it is the policy of the State of Maine, as directed through the State of Maine's adoption of the Solid Waste Hierarchy, to reduce the volume of Solid Waste going into landfills, to recycle Solid Waste whenever possible, and to maximize resource recovery from the Solid Waste. The parties hereto also understand that the effective management of Solid Waste is crucial to the continued financial well-being of the Municipality. Because of this, the Municipality is seeking a comprehensive, environmentally sound, reliable, long-term strategy for managing the present and projected volumes of non- hazardous Solid Waste generated within the Municipality. PERC owns and operates the PERC Facility that has effectively and efficiently, for many decades, accepted Solid Waste, recovered certain recyclable materials, and otherwise converted Solid Waste into energy. Both the Municipality and PERC seek to have the PERC Facility to continue operating and the delivery of a predictable stream of Solid Waste to the PERC Facility is essential for the continued operation of the PERC Facility. Based on the foregoing, the purpose of the parties entering into this Agreement is to allow (a) the Municipality to effectively manage its Solid Waste within the Solid Waste Hierarchy; and (b) PERC to continue to serve the communities in reducing and reusing its Solid Waste. Therefore, in accordance with the terms of the Solid Waste Hierarchy, the Municipality is willing to commit to delivering to PERC and the PERC Facility the Solid Waste generated within the Municipality so as to assure the ongoing supply of Solid Waste to the PERC Facility for a fixed-period of time as defined below.

2.) Term of Agreement and Tipping Fee.

Authorization Signature	Term of Delivery Commitment	Tipping Fee (per ton)
_____	_____, 2018 through _____, 2033	$84.36
_____	_____, 2018 through _____, 2028	$89.57

The parties hereto agree that any Agreement signed for a either a fifteen (15) year or ten (10) year term shall automatically renew on the same basis unless otherwise terminated, in writing, by either the Municipality or PERC with at least twelve (12) months prior written notice. Also, any contract term that is less than ten (10) years shall be priced on a case-by-case basis and will be based on the then current market pricing. The pricing listed above is guaranteed through June 30, 2016.

3.) Estimated Delivery Amount.

(a) Based on the amount of Solid Waste generated by the Municipality in prior years, the estimated annual tonnage to be delivered by the Municipality shall be approximately _____ tons (the "Estimated Tonnage"). Both PERC and the Municipality acknowledge and agree that the Estimated Tonnage described above does not guarantee that the Municipality will deliver a minimum amount of tonnage to the PERC Facility on an annual basis. Rather, the Estimated Tonnage described above is a good faith estimate of the annual tonnage that the Municipality believes will be generated within the Municipality and that such Estimated Tonnage is subject to change which is a direct result of the Municipality engaging in increased recycling, repurposing or composting (or other materials management process adopted into, and ranked higher by, the Solid Waste Hierarchy) in accordance with the Solid Waste Hierarchy. Notwithstanding the fact that the Estimated Tonnage described above is not a commitment by the Municipality to deliver a minimum amount of Solid Waste to the PERC Facility, the Municipality acknowledges and agrees that the Waste Disposal Agreement (including this Schedule A) is being signed in good faith by both PERC and the Municipality and that PERC is relying upon the Municipality's commitment to deliver to the PERC Facility the Solid Waste generated within the Municipality.

(b) Both the Municipality and PERC believe that the amount of Estimated Tonnage as described above is unlikely to change materially over time. However, if there is a material change in the amount of the Estimated Tonnage, the Municipality will provide written notice to PERC that there has been a material change in the amount of the Estimated Tonnage that will be delivered to the PERC Facility and that such material change is the direct result of a change in the market conditions as to the amount of Acceptable Solid Waste generated within the Municipality.

(c) In the event that PERC becomes aware that the Municipality is not delivering all of its Solid Waste to the PERC Facility as agreed to by the Municipality pursuant to the terms of this Agreement, PERC may give written notice to the Municipality of such delivery failure and both the Municipality and PERC shall meet at the PERC Facility so as to resolve the issue. Such meeting shall occur at such time reasonably agreeable to both PERC and the Municipality but, in no event, more than thirty (30) after delivery of the written notice to the Municipality by PERC. In the event that the Municipality and PERC are unable to resolve such dispute during this meeting, then PERC shall have the right (but no obligation) to declare that this Agreement has been deemed terminated by the Municipality due to the Municipality taking actions that are inconsistent with the terms of this agreement and that have the purpose or effect of interfering with the Municipality's performance of this Agreement (a "Deemed Termination").

4.) Changes to the Tipping Fee – Adjustment for CPI. The Tipping Fee shall be increased on a quarterly basis by a percentage equal to the percentage change in "CPI" for the most recently released 12-month period preceding the one-year anniversary date of this Agreement. The term "CPI" shall mean the Consumer Price Index-All Urban Consumers (U.S. cities average, all items) as published by the U.S. Bureau of Labor Statistics. If this index ceases to be published, a comparable index shall be designated, in writing by the parties hereto.

5.) Early Termination. Notwithstanding the provisions of Section 7 of the Agreement, both PERC and the Municipality acknowledge and agree that this Agreement may be terminated as follows:

(a) Upon ninety (90) days prior written notice by the Municipality to PERC (the "Municipality Termination"); or

(b) Upon PERC's determination that a Deemed Termination has occurred.

Within thirty (30) days after a Municipality Termination or a Deemed Termination, the Municipality shall pay to PERC an amount equal to the product of (i) the average annual amount paid (or required to be paid) by the Municipality to PERC for the immediately preceding two (2) years (and taking into account any amounts paid to PERC prior to the beginning of the Term of this Agreement); multiplied by (ii) three (3). In addition to this amount, the Municipality shall pay to PERC all reasonable legal fees and costs incurred by PERC in obtaining this payment.

Penobscot Energy Recovery Company
• 29 Industrial Way
Orrington, Maine 04474
(207) 825 - 4566

ESOCO ORRINGTON, LLC.
Plant Operator

PERC AND THE FUTURE
MYTHS AND FACTS

For months now, the Municipal Review Committee has repeatedly made false statements about PERC on its website and in public meetings. Here are the facts:

MYTH: *After their contract expires in 2018, communities will see their tipping fees at PERC increase to more than $100 per ton at a minimum.*

FACT: **PERC post-2018 agreements have tipping fees well below $100 per ton.** The 15-year agreement has a tipping fee of $84.36 per ton and the fee for the 10-year agreement is $89.57 per ton. There will be no increases over the term of the agreement other than the annual Consumer Price Index (CPI) adjusted quarterly as it is currently done today.

It's also worth noting that the fee for the 15-year agreement is where tipping fees are projected to be in 2018 under the current agreement, adjusted for CPI.

MYTH: *The PERC plant is an aging facility with outdated, 1980s technology.*

FACT: **The PERC facility is in great shape, and the technology it uses is the same as that being used in new waste-to-energy plants.**
Earlier this year, HDR, Inc., an international engineering firm, conducted a comprehensive evaluation of the PERC facility and said that if PERC's owners continue to "operate and maintain the facility under the current operations and maintenance practices, it would be expected that the PERC Facility should be capable of continuing to process waste at historical rates in the waste processing facility and efficiently producing steam and electricity in the generation side until at least the year 2035."

In addition, the HDR report also noted that the technology PERC uses is a "proven and environmentally sound" way to generate electricity from non-recycled material that otherwise would end up in a landfill, and that key components of the PERC plant are essentially the same as technology installed in new facilities in Durham, Ontario, Canada and West Palm Beach, Florida.

MYTH: *The PERC facility won't be economically viable after the 2018 and the managing general partner, USA Energy Group, plans to shut it down.*

FACT: **There are no plans to close PERC, and we have been preparing for the post-2018 operations for several years now.**
New contracts with communities and continued electricity sales have been a major part of the planning process. PERC and its consultants have done extensive modeling of ever-changing electricity prices, examined new electricity-related products and reached out to potential new buyers for the electricity generated. We are well prepared to sell our electricity into this competitive marketplace.

MYTH *The PERC facility has a poor environmental record*

FACT: **PERC is in full compliance with all state and federal regulations and has an outstanding record of environmental performance.**

MYTH: *PERC doesn't support or encourage recycling.*

FACT: **PERC's new contracts actively promote increased recycling.**
The standard contract no longer requires guaranteed annual tonnage (GAT) and the new pay-as-you-throw (PAYT) option provides strong incentives for both communities and residents to greatly increase recycling rates.

MYTH: *PERC's owner is just an out-of-state investment company trying to make a quick profit.*

FACT: **USA Energy Group, PERC's majority owner and managing general partner, was formed in 2003 by a small group of experienced energy executives to** acquire, operate and maintain facilities utilizing municipal solid waste, refuse derived fuel, biomass or similar secondary materials as fuel in the generation of steam and electricity. Over the past ten years, they have invested more than $100 million in upgrades and improvements to the PERC facility

MYTH: *The PERC plant is no longer economical; it's too expensive and too big for the market.*

FACT: **The PERC facility is well maintained and well run, and by 2018 will have**

no debt. It can operate successfully for many years to come, even with lower volumes of MSW.

MYTH: *Even with no debt, PERC will face increasing expenses to operate and maintain the facility, which will more than offset any savings in avoided debt service.*

FACT: **As noted above, the PERC plant is in great shape thanks to good maintenance and ongoing capital improvements and has nearly 30 years of managing the operating costs. PERC has many more years of useful life.**

MYTH: *PERC sends too much material to landfill.*

FACT: **Waste combusted in the PERC plant is reduced in volume by 90% and in weight by 75%, far greater than other technologies used to dispose of MSW.**

MYTH: *The MRC is planning to develop a "state-of-the-art" processing facility "cutting edge" to replace the need for PERC.*

FACT: **The technology the MRC is planning to use is so "cutting edge" no one can find any evidence of its successful commercial use anywhere.** The MRC is, in fact, asking 187 Maine communities to give up control of their waste disposal and invest millions of dollars in unproven, untested technology and a facility that is yet to be permitted.

NEWS RELEASE

FOR IMMEDIATE RELEASE
December 20, 2015

CONTACT
Kevin Tritz
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ktritz@setinc.net

Bob Knudsen
(612) 961-5628
rknudsen@usaegroup.com

NEW WASTE DISPOSAL STRATEGIES WILL HELP MAINE MUNICIPALITIES DECREASE TRASH TONNAGE, INCREASE RECYCLING, AND CUT COSTS

ORRINGTON, Maine — Maine towns and cities will be able to dramatically reduce waste tonnages, greatly increase recycling rates, and achieve positive financial impacts under new waste disposal options that will utilize the services of the Penobscot Energy Recovery Company (PERC), the waste-to energy plant in Orrington, WasteZero, the leading waste reduction company in the U.S., and other service providers.

When the current waste disposal contracts with PERC expire in 2018, communities can continue to send all their non-recycled municipal waste to the PERC facility through long-term contracts at fixed tipping fees. The new contracts will no longer have a guaranteed annual tonnage (GAT) requirement, which can be seen as a barrier to waste reduction efforts. In addition, communities will have the option to add a new pay-as-you-throw (PAYT) program administered by WasteZero.

"We have listened to the communities we serve and are pleased to offer them waste disposal options that give them price stability, flexibility and local control," said John Noer of USA Energy Group, the majority owner and managing partner of the PERC facility. "These new options take advantage of the PERC facility, which uses a proven technology to turn waste into renewable electricity. The plant is permitted, in full compliance with all environmental standards and,

according to a recent engineering report, can operate successfully for another 20 years or more. No one else can match what we are offering."

A new, special purpose company, Maine Waste Processing, LLC (MWPC), has been established to hold and coordinate the contracts between the PERC, WasteZero, and other providers such as Casella Waste Systems, which has landfill, transportation and waste sorting capabilities, and Exeter Agri-Energy, which converts food and animal waste into energy.

"In addition to giving Maine communities greater control over what their waste disposal programs will look like and cost, we have put together an array of services using well-established companies and taking advantage of existing resources such as local haulers and transfer stations," said MWPC President Kevin Tritz. "This is a homegrown solution that doesn't require outside investors or force municipalities to take on additional debt."

According to Tritz, communities can choose to work with WasteZero to implement a PAYT program to significantly reduce waste going to the PERC facility. In addition, MWPC is working with WasteZero to develop a region-wide PAYT program in which communities could easily participate. The program will likely be structured so that all of a community's waste pick-up and transportation costs, as well as tipping fees, can be covered by the sale of PAYT bags. Each community would be able to customize parts of the program to meet its needs, potentially including a system to rebate some part of the cost of the bags back to residents.

In addition to the PAYT program, Tritz said MWPC's collaboration with other providers on waste-reducing programs, such as co-collection of recyclable materials and household organic waste, will enable municipalities to more efficiently collect bagged trash, organics, and recycling in the same truck. While the organics and co-collection components will be put in place over the next two years, communities may take advantage of PAYT now.

Under a PAYT program, residents buy special trash bags, typically at a cost of around $2.00 for a 30-gallon bag, which are then used for all non-recyclable waste. The price of the bags covers costs associated with disposing of the trash.

417,000 Maine residents, or 31% of the state's population, already live in towns that utilize some form of PAYT. Under WasteZero's PAYT programs, municipalities see an average reduction in trash tonnage of 44% and recycling increases from 50 -100%. Founded in 1991, the company is a certified B Corp that manages PAYT programs all across the country and in a number of Maine towns, including Waterville and Brewer.

"Many cities and towns are struggling with ever-increasing solid waste costs," said WasteZero Chairman John Campbell. "Our PAYT model – called WasteZero Trash Metering® – is a proven way to help communities reduce costs and generate new revenue, while achieving environmental goals such as increasing recycling, reducing waste and saving energy. Residents become partners in meeting these goals because they have a financial incentive to reduce waste – just as they do with utilities like electricity, gas, or water."

"We are pleased to be able to provide 21st century waste solutions to Maine towns and cities," Tritz said. "We are offering them long-term agreements with programs that have a proven record of success."

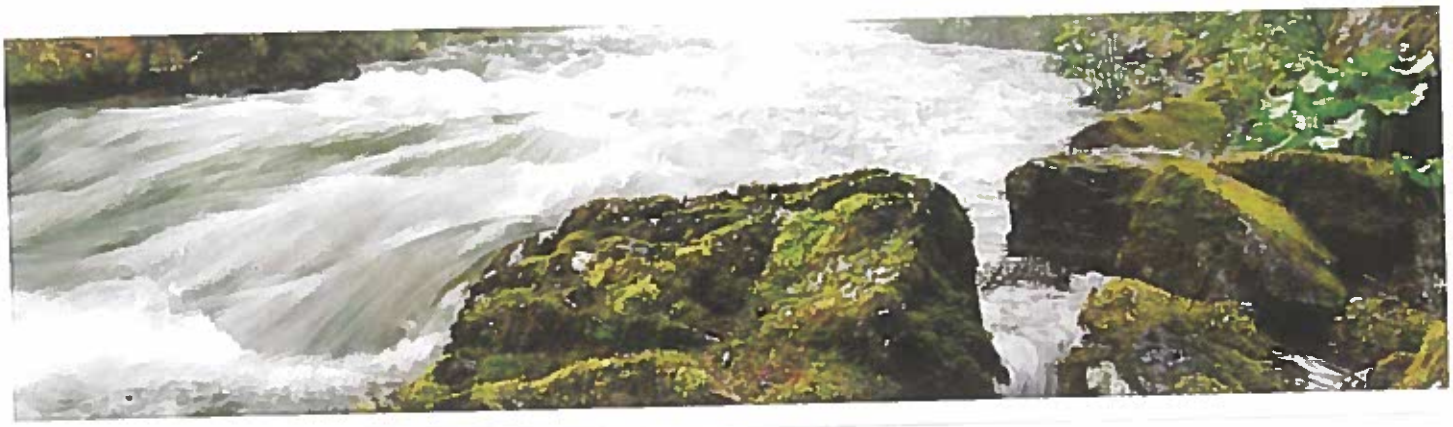
Noer acknowledged that the new options and agreements will result in less tonnage being sent to PERC, but said that PERC owners have been planning for 2018 and beyond for the past several years, and they are confident that the facility can achieve the tonnages of waste it needs to be economically viable.

A letter outlining the new waste disposal options was sent to all PERC communities last week, and PERC, MWPC, WasteZero and other service providers will be meeting with communities in the coming weeks. (A copy of the letter is attached.)

# # #

WasteZero
Save Money. Reduce Waste.

FACT SHEET



WasteZero Trash Metering™

"Gloucester's Pay-As-You-Throw trash program is being credited with having kept more than 2,300 tons of rubbish out of the incinerator in 2009, while boosting recycling by 360 tons. The implementation of this program has already exceeded our expectations."

From "30% savings on city trash in first year."
GloucesterTimes.com, March 7, 2010
WasteZero customer since 2009

WasteZero Trash Metering™ programs offer more services, supplies—and results—than traditional PAYT programs.

Across the country, pay-as-you-throw (PAYT) programs have gained momentum and popularity as municipalities recognize the growing challenges they face with the increasing quantity of their municipal solid waste—and where to put it. As landfills fill up and close, as tipping fees increase, and as incinerator popularity wanes, residents are taking more responsibility for the cost of their garbage. PAYT programs, where residents use designated bags or tags and are charged based on the amount of trash they throw away, make sense—the less trash thrown out, the less the resident pays.

But traditional PAYT programs are not without drawbacks. Enter WasteZero Trash Metering.

Traditional Pay-As-You-Throw vs. WasteZero Trash Metering

Traditional PAYT has been described as the cheapest, most effective, and most flexible option for increasing recycling, composting, and source reduction.[1]

But why do only about 26% of US communities adopt PAYT?

Program Type	Benefits	WasteZero Trash Metering	PAYT
Traditional PAYT Programs	Help reduce trash	✔	✔
WasteZero Trash Metering™ Programs	Implement easily and quickly	✔	
	Easily understood by residents	✔	
	Manufacture, customize, distribute, warehouse, and inventory its own plastic trash bags—right here in the US	✔	
	Are turnkey	✔	
	Offer program design	✔	
	Make annual pricing recommendations	✔	
	Plan program launch	✔	
	Spearhead communication (print, web, press)	✔	
	Offer Retail Store Distribution™ (of WasteZero Trash Metering bags), including: • Account receivable collections • Logistics • Inventory monitoring and controls	✔	
	Provide accounting and reporting for program revenues and costs	✔	
	Reduce municipal solid waste tonnage by 44% and more	✔	

WasteZero reduces a community's solid waste going into landfills by 44%.
At $50 to $100 a ton for tipping fees, what would that mean to your community?

[1] Skumatz L. Recycling incentives. Resource Recycling. 2011; March:19

"Concord, NH, saw its solid waste volume decrease nearly 50% and recycling increase 75% within three months of implementing PAYT—to the tune of a $528,000 savings per year in reduced disposal costs for the city."

Huffington Post
"Help tame my trash," April 15, 2010

WasteZero Delivers Resident-Friendly Implementation

1. Ninety days in advance, the program is introduced to residents via web, print, and press.
2. Customized bags featuring the town's municipal seal are produced for resident use.
3. WasteZero stocks the municipality's bags for easy access by residents in supermarkets across town.
4. The program goes live. From there, trash is being "metered" using WasteZero Trash Metering bags.
   - Recycling is collected in city-provided bins or toters (or at transfer station).
   - Trash is collected (or accepted at transfer stations) only in municipality's approved bags.

"Maybe it's the wallet talking or maybe the switch raised everyone's awareness but the move by Marshfield to a Pay-As-You-Throw trash program has had a remarkable effect on the town's budget and the environment."

Debbie Sullivan
Recycling Coordinator, Marshfield, MA
WasteZero customer since 2010

WasteZero Trash Metering Results

Within 30-60 Days

- ✔ Trash tonnage to landfills and incinerators is reduced by 30% to 50%.[1]
- ✔ Recycling rates increase as landfill/incinerator tonnage decreases.
- ✔ The program is operating smoothly with 99%+ compliance.

Over Time

- ✔ Tonnage can be reduced by an additional 10% to 30%[1], saving even more in landfill- and incinerator-related expenses.
- ✔ Recycling revenues rise as more material is diverted.
- ✔ Residents become increasingly satisfied as they understand the benefits of the program.

[1] Assuming municipality has no managed waste reduction program at inception.

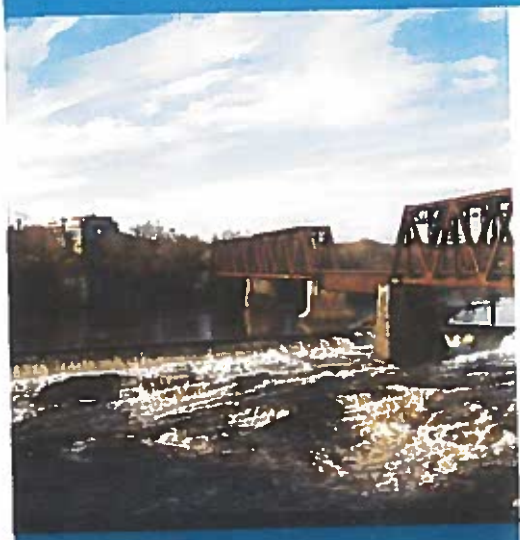
About WasteZero

WasteZero is the nation's leading provider of proven and practical waste reduction programs. We partner with municipalities throughout the US to develop innovative programs and services that reduce the amount of waste deposited into landfills and burned in incinerators, increase recycling, and generate savings and revenue. With more than 850 municipal partners—more than any other company in the US—WasteZero provides best-in-class services that include WasteZero Trash Metering™ programs and Pay-As-You-Throw conversion programs proven to reduce solid waste 44% annually on average.

WasteZero manufactures 99% of the supplies that support our programs, including customized plastic trash bags made in the US with the industry's state-of-the-art technology. Our Retail Store Distribution Program™ offers trash bag warehousing, inventory management, accounting and reporting, and more. WasteZero has offices in Cambridge, MA, Raleigh, NC, Murrells Inlet, SC and Chicago, IL. For more information, please visit www.wastezero.com or call 800-866-3954.

WasteZero®
www.wastezero.com

Find out more at **www.wastezero.com**



USING PAY-AS-YOU-THROW TO BRING CURBSIDE RECYCLING

When the city of Waterville, Maine, began PAYT, it chose to use some of the proceeds of the program to fund a curbside single-stream recycling system that residents had been clamoring for.

At the six-month mark, the program was exceeding all of its waste reduction and financial targets.

IN THE PROGRAM'S FIRST SIX MONTHS, THE CITY SAW:

53%
decrease in solid waste tonnage

$78,000
in disposal savings

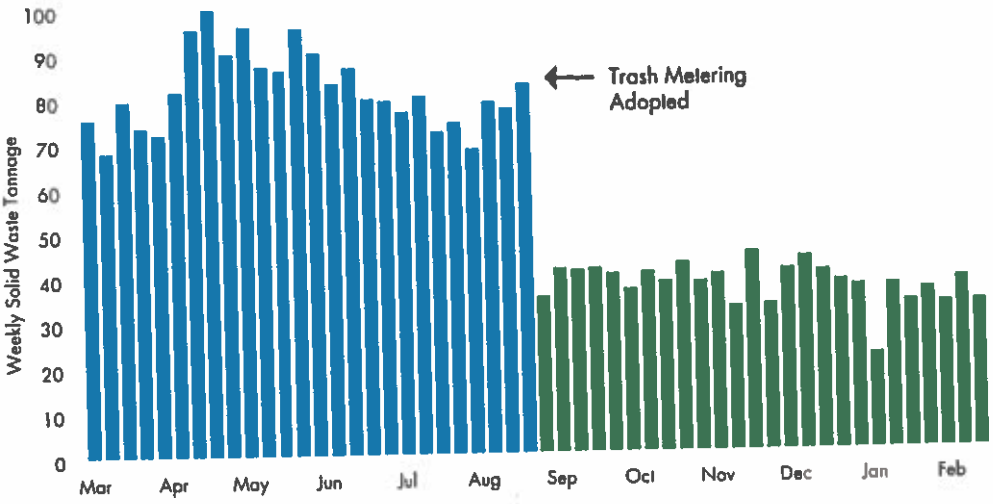
1,075
tons of solid waste diverted

16,000
POPULATION

$33,000
MEDIAN INCOME/HOUSEHOLD

BAG-BASED PAYT WITH CURBSIDE **TRASH & SINGLE-STREAM RECYCLING** COLLECTION

WATERVILLE ME WEEKLY SOLID WASTE TONNAGE



Source: Waterville Department of Public Works

ANNUAL POUNDS OF TRASH PER CAPITA

WasteZero
Save Money. Reduce Waste

WASTEZERO PAYT SUCCESS STORIES: ELIOT, ME

57% TRASH REDUCTION- IN JUST FOUR SHORT MONTHS!

The small town of Eliot, ME decided to find a way to reduce the tax burden on residents. To address these efforts, in early September, 2013, the Town kicked off its WasteZero PAYT program.

In four short months, the amount of trash generated dropped by more than half, and the Town saved close to $9,000, putting them on a path to exceed their projected first-year savings.

IN THE PROGRAM'S FIRST FOUR MONTHS

Trash volume dropped

57%

(from 268 tons to 116 tons)

The Town saved

$8,589

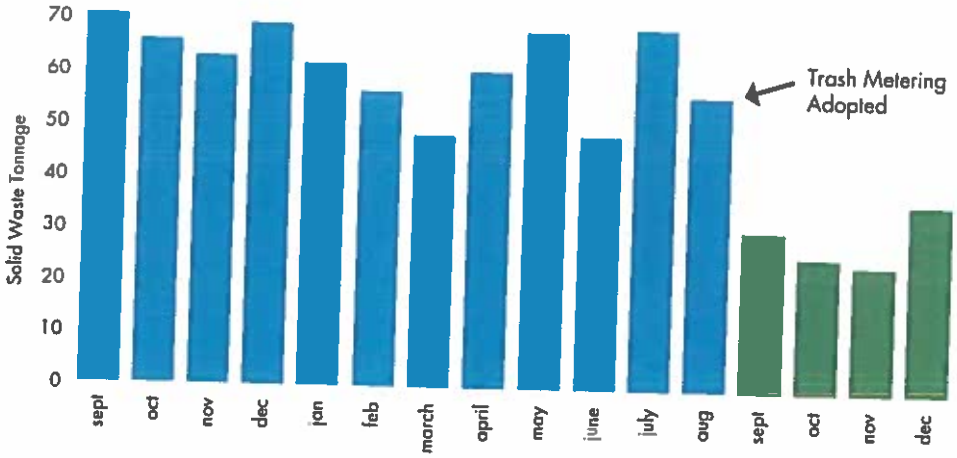
(decreasing their incineration expenditure from $15,236 to $6,647)

6,200
POPULATION

$75,000
MEDIAN INCOME/HOUSEHOLD

BAG-BASED PAYT AT THE DROP-OFF CENTER

ELIOT, ME. SOLID WASTE TONNAGE, Sept. 2012 - Dec. 2013



Source: Eliot Department of Public Works

ANNUAL POUNDS OF TRASH PER CAPITA

WasteZero
Save Money. Reduce Waste

A New Path Forward
Maine Waste Processing, LLC

A unique opportunity

Communities served by the Penobscot Energy Recovery Company (PERC) have an opportunity to decide how they will dispose of their municipal solid waste in the years ahead.

Municipalities need to take action to create a disposal program that meets their needs after March 2018.

The Maine Waste Processing Company (MWPC), in cooperation with PERC, WasteZero and other service providers in the solid waste materials management industry, is offering municipalities innovative, long-term programs.

With these options, there is no need to build any new facilities since the continued operation of PERC is still the most cost-effective, environmentally responsible and lowest risk waste solution available today.

You have options

With many more years of operational success remaining, PERC continues to be an important part of any responsible solution to your community's solid waste disposal needs.

We are now pleased to embrace and promote a proven Pay-as-You-Throw (PAYT) program, which can:

- Reduce your total solid waste and save money
- Meet your recycling goals
- Fund solid waste expenditures – including collection and disposal, removing them (fully or partially) from your budget

A new approach

Maine Waste Processing, LLC (MWPC), a special purpose company that has been created to:

Bridge the gap between now and post-March 2018 in order to extend the successful operations of PERC and associated programs for another 20+ years.

Provide your community with certainty around disposal, and avoid the cost and risk of alternative solutions

Maintain PERC's skilled and experienced staff and safeguard the expertise to operate the facility successfully.

Embrace and promote programs right now that will help our customers to address their needs, such as proven unit based pricing (PAYT) programs.

On the drawing board: (1) new programs that might include co-collection of trash, recycling, and organics, and (2) a new regional PAYT model that will allow smaller communities to work together.

Moving forward together

A 10 or 15 year "traditional" waste disposal agreement that offers:

- Stable rates with no GAT
- Utilization of the well maintained and upgraded PERC facility
- 10 – 15 year back-up disposal capacity to guarantee seamless waste processing and disposal

Alternative waste disposal agreements featuring all of the above, plus the potential to seamlessly transition to or incorporate (when available) :

- Co-collection of recycling and organics / food waste
- New "regional " PAYT model for smaller communities

Carefully compare all your options

What is important to you?	PERC Offering	With WasteZero PAYT	Other Plans
A permitted, fully compliant facility	✓		?
Predictable operating costs	✓		?
Proven technology	✓		?
Long-term, fixed price agreements	✓		?
Strong local control and flexibility	✓		?
No annual tonnage requirements	✓		?
Guaranteed back-up disposal	✓		?
No debt	✓		?
No general obligation for local taxpayers	✓		?
Achieve municipal recycling goals		✓	?
Reduced solid waste disposal		✓	?
Fund all or part of solid waste expenditures, including tipping fees and collection		✓	?