

ecomaine

Memorandum

DATE: June 08, 2023

TO: Chairman and Members of the Board

FROM: Kevin H. Roche, CEO/General Manager

SUBJECT: **Agenda for the Annual Board of Directors Meeting**

There is an **ecomaine** Board of Directors Meeting scheduled for **Thursday, June 15, 2023 @ 11:30AM**. The meeting will be held at the Halo at the Point located at 20 Van Aken Way, Portland, Maine.

The agenda for this meeting is as follows:

Welcoming Remarks: Kevin Roche

Business Meeting: Bill Shane, Chairman Board of Directors

Committee Reports:

- Outreach & Recycling Committee Report – Caleb Hemphill, Chair
- Finance & Audit Committee Report – Anne Bilodeau, Chair
- Nominating Committee Report – Linda Boudreau, Chair

Approval of Officer Appointments, Committee Appointments (*Attachment A1*) & Approval of the Minutes (*Attachment A 2*)

Introduction of Keynote Speaker: Erik Street, Vice Chair

Keynote Speaker – Michael E. Hoffman of Stifel, Managing Director and Group Head of Diversified Industrials Research

Closing Remarks: Bill Shane, Chairman of the Board of Directors

Memorandum

DATE: June 8, 2023

TO: Chairman and Members of the Board

FROM: Kevin H. Roche, CEO/General Manager

SUBJECT: **Special Meeting of the Full Board of Directors – June 7, 2023**

There was a Special Meeting of the **ecomaine** Board of Directors Meeting held on the Zoom Platform on **June 7, 2023**. The meeting was called to order by Chairman Bill Shane.

Item 1: Approval of the Minutes

Matthew Frank motioned to approve the minutes from April 20, 2023. The motion was second by Rob Wood. All in favor.

Roll Call: Dennis Abbott, Anne Bilodeau, Linda Boudreau, Bob Burns, Linda Cohen, Terry Deering, Matthew Frank, Jim Gailey, Caleb Hemphill, Doug Howard, Steve Kelley, Troy Moon, Mike Murray, Bob Peabody, Tim Reiniger, Bill Shane, Erik Street, Amber Swett, Tony Ward & Rob Wood

Item 2: Lease of 90 Blueberry Road Property (Including Resolution and Agreement of Lease)

Kevin Roche reviewed (see attached summary) the layout of the current properties and the proposed property (90 Blueberry Road) under consideration for leasing. He provided a timeline & review of the history of the current MRF, and steps staff have taken to evaluate its longevity. The timeline included the assessment from an outside consultant who presented their findings to the Full Board of Directors. The assessment determined that the current MRF is nearing the end of service. The cost of a new MRF was estimated at \$21.4 million.

Kevin provided additional historical information on staff actions to date with the brokers and owners of Sturbridge Properties.

He provided variables to consider under the retrofit options on cost and benefits of repurposing the current MRF facility. He reviewed the lease terms, square footage, cost for the 1st year, security deposits and other items associated with the leasing. He noted ecomaine ability to terminate the lease if unable to permit to include changes in use or deficiencies that cannot be resolved.

In final, he outlined the impacts and risks. There was a brief question and answer period and discussion on insurance, contamination, permitting, and other areas associated with the leasing of the property.

Tim Reiniger motioned to approve the Executive Committee recommendation to enter the Lease Agreement as provided in Attachment B2 (with Sturbridge Real Estate Corporation). Motion was seconded by Jim Gailey.

Roll Call: Dennis Abbott, Anne Bilodeau, Linda Boudreau, Bob Burns, Linda Cohen, Terry Deering, Dave Durrell, Matthew Frank, Jim Gailey, Caleb Hemphill, Doug Howard, Steve Kelley, Troy Moon, Mike Murray, Bob Peabody, Tim Reiniger, Rod Regier, Bill Shane, Erik Street, Amber Swett, Tony Ward & Rob Wood (All in favor)

Motion passed @ 91.54 % of Voting Interest)

Other: Bill Shane reminded the board of the upcoming Annual Board of Meeting, scheduled for June 15, 2023 @ 11:30am. We are asking all members to arrive early for a group photo that will be taken at 11:15.

Adjourn: Troy Moon motioned to adjourn. The motion was second by Erik Street. All in favor.

Guest:

Nathan Poore, Board Alternate & Nicholas Morrill, Jensen Baird

Staff:

Greg L'Heureux, Wei Huang, Jason Kenney, Denise Mungen, Kevin Roche & Kevin Trytek

Agreement of Lease: Sturbridge Real Estate Corporation
(Property located at 90 Blueberry Road, Portland, Maine)

Timeline and Review:

- September 15, 2022 Board meeting: We presented the 2022 Materials Recycling Facility (MRF) Assessment. The bottom line was that the current MRF system (Single-Sort) was 17 years old and nearing its end of life. The new MRF was estimated to be \$21.4 million.
- October 20, 2022 Board Meeting: Presented and reviewed the 5 Year Financial Plan. This plan included the Capital Investment for the new MRF. It would be paid for through borrowing, revenues from material sales & tipping fees and reserves.
- Enter Sturbridge Warehouse Opportunity (90 Blueberry Road).
ecomaine/Sturbridge activity to date:
 - Property listed at \$8.50 per square foot, Triple Net Lease. Owner/Broker said they would entertain a purchase offer.
 - Ordered Broker's Opinion in Sept, 2022 which identified the value at \$6.25 million.
 - Ecomaine offered to purchase at \$6.5 million. Owner rejected.
 - April, 2023 - Ecomaine offered \$7.50 sq ft lease, triple net. Owner countered at \$9.50. We rejected.
 - May, 2023 – Owner came back to the table at \$7.50 at 55,500 sq feet. Negotiated \$7.13 square foot, triple net (50,000 sq ft @ \$7.50 plus 5500 sq ft @ \$3.75).
 - Market rate for this property is closer to \$8 - \$9 per sq ft.

- A low vacancy rate for industrial properties has continued to be a trend, despite rising interest rates and uncertainty in the economy.
- Consensus from industry professionals recommend moving on this now or risk losing it.
- May 18, 2023 Executive Committee Meeting: The Committee reviewed the options and recommended that the Board of Directors move forward with the Lease of the Sturbridge property.

Significant variables to consider:

- By-pass: Under the retrofit option, by-passing recycleables during construction could cost \$3.5 MM or more. This cost is eliminated with the Lease option. (examples include Rockland County, NY and Chittenden Solid Waste District, VT)
- Rent: Rental of the Sturbridge property is \$395,625/year, triple net. 3% annual increase.
- Current MRF is broken up into multiple floors. One floor is ideal and that is one of the benefits of the Sturbridge property.
- Re-purposing Old MRF: The old MRF has value and future opportunity for our Communities.
- The Waste-To-Energy (WTE) Facility Assessment that was presented to the Board last September (done by HDR, Inc.) included the need to expand the WTE tipping floor to accommodate growth in our communities, scale, MSW transfer and food waste recovery. The cost was estimated at \$4 million. This may be avoided if we re-purposed the old MRF to accommodate this growth and enhancements.
- Outreach/education opportunities.

Lease Terms:

- Landlord is Sturbridge Real Estate Corporation, 90 Blueberry Road
- 55,500 Square Feet, 4.1 Acres of land
- \$7.13 per square foot (\$7.50 at 50,000 sq ft and \$3.75 at 5500 sq ft), triple net lease
- \$395,625 first year, adjusting 3% per year
- Security Deposit of \$100,000
- 20 year Lease with 20 year option (40 year lease) at ecomaine's sole decision
- Tenant Work – ecomaine responsible for improvements
- Right of First Refusal to purchase
- ecomaine can terminate Lease if unable to permit change in use or if building deficiencies don't align with use.

Impacts and Risk:

- There is little to no impact on the Five-Year Financial Plan between the Sturbridge Lease and retrofitting the existing MRF. Basically, the rent and the by-pass costs wash each other out.
- Longer term, the payout in rent in the Sturbridge facility can be balanced by:
 - Eliminating the need to by-pass recyclables
 - Improved efficiencies
 - More available space to accommodate growth
 - The value that is left over for re-purposing the old MRF
 - Cost avoidance of expanding the WTE tipping floor to accommodate growth, smaller loads (safety) and food waste.

Officers & Committees FY 24

Officers of ecomaine 07/01/2023 – 06/30/2024:

Bill Shane, Chairman
 Erik Street, Vice Chairman
 Anne Bilodeau, Treasurer
 Caleb Hemphill, Secretary
 Matthew Frank, Past President

District Members of the Executive Committee:

Matthew Frank District 1 – Bridgton, Casco, Gray & Harrison

Dennis Abbott District 2 – Hollis, Limington, Lyman
 & Waterboro (Alternate – Dave Durrell)

Bob Burns District 3 – Gorham & Windham

Rod Regier District 4 – Cumberland, Freeport,
 North Yarmouth, Pownal & Yarmouth

Tim Reiniger District 5 – Falmouth & Cape Elizabeth
 (Alternate – Matthew Sturgis)

Troy Moon Portland

Mike Murray Portland

Doug Howard Scarborough

Linda Boudreau South Portland

Finance & Audit Committee		Outreach & Recycling Committee	
Chair Anne Bilodeau	Robert Peabody	Chair Caleb Hemphill	Matthew Sturgis
Dennis Abbott	Rod Regier	Linda Boudreau	Amber Swett
Linda Boudreau	Bill Shane	Linda Cohen	Roy Wood
Dave Durrell	Matthew Sturgis	Dave Durrell	
Matthew Frank	Tony Ward	Doug Howard	
Troy Moon		Troy Moon	
Mike Murray		Erik Street	