



Memorandum

DATE: May 8, 2025
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Agenda for the Finance & Audit Committee

There is an **ecomaine** Finance & Audit Committee Meeting scheduled for **Thursday, May 15, 2025 @ 3pm**. The meeting will be held in-person here at **ecomaine**. The agenda for this meeting is as follows:

1. Approval of Minutes (*Attachment A*)
2. Cash Disbursements Report – Michael Foley
3. RKO – Presentation – Audit FY 25 (*Attachment B*)
4. Review – Post Issuance Compliance Procedure (*Attachment C*)
5. Review – Property Insurance Renewal (*Attachment D1 & D2*)
6. Financial Statements FY 25 – (Year-to-Date): (*Provided under separate cover*)
 - Statement of Revenue & Expenses
 - Statistical Data
 - Balance Sheet
 - Statement of Cash Balances
 - Capital Expenditures
 - Status of Accounts Receivable
7. Other:

Future Meetings:

Executive Committee	05-15-2025 @ 4pm
Outreach & Recycling Committee	05-22-2025 @ 4pm
Annual Board of Directors Meeting	06-18-2025 @ 11am



Memorandum

Attachment A

DATE: April 15, 2025
TO: Chairperson and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Finance & Audit Committee Minutes – March 27, 2025

There was a **Finance & Audit Committee Meeting** held on the date noted above, the meeting was called to order by Michael Foley, Chair.

Item #1: Approval of the Minutes:

Bob Burns motioned to approve the minutes of January 16, 2025, as written. The motion was second by Tony Ward. All in Favor.

Item #2: Cash Disbursements Report:

Michael Foley, Chair advised the committee the list of Cash Disbursements and found no issues.

Item #3: Review of the Proposed Budget 26

Greg L'Heureux (Staff) provided a comprehensive review of the FY 26 Proposed Budget.

Linda Boudreau motioned to recommend the Proposed Budget for FY 26 to the Full Board for approval. The motion was seconded by Matthew Frank. All in favor.

Item #5: Bond Financing:

Greg L'Heureux (Staff) provided a presentation on outstanding and proposed debt needs for FY 26/27. He reviewed the Debt Overview and discussed the Resolutions provided in the agenda packet. There was a brief discussion.

Kevin Roche (Staff) briefly discussed the EPR Program and the benefits to communities and ecomaine as it relates to the development of our New MRF.

Steve Kelley motioned recommending the Full Board approval of the Resolution Authorizing the issuance of Bonds and Notes of **ecomaine** for Certain Capital Projects. The motion was seconded by Dennis Abbott. All in favor.

Item #6 In the absence of our Insurance Broker, Greg briefly discussed the financial impact on

insurance and the risk elements. He also reviewed last year's insurance information.

Adjourn: Linda Boudreau motioned to adjourn. The motion was seconded by Bob Burns. All in favor.

Present: Dennis Abbott, Anne Bilodeau, Linda Boudreau, Bob Burns, Dave Durrell, Michael Foley, Matthew Frank, Jim Gailey, Caleb Hemphill, Steve Kelly, Rod Regier & Tony Ward

Staff: Greg L'Heureux, Wei Huang, Denise Mungen & Kevin Roche

DRAFT

**ecomaine
Audit/Finance Committee Presentation
May 15, 2025**

What are the roles and responsibilities of the auditor?

- The objective is to express an opinion about whether ecomaine's financial statements are fairly presented in all material respects in conformity with GAAP.
- The responsibilities of the auditor and management are outlined in the engagement letter each year. A copy of the letter has been provided to the board.
- We perform the following procedures to aid in formation of our opinion:
 - Inventory observation
 - Direct confirmation of cash and investment accounts
 - Legal correspondence with ecomaine's attorney
 - Testing of internal controls based on our risk assessment procedures.
 - Testing of material balance sheet account balances and audit estimates
- We also need to ensure the following:
 - Management has established and is maintaining internal controls
 - Management provides us access to the information that we need to conduct our audit as effectively and efficiently as possible
 - Management allows us access to speak with individuals within the organization that will provide us with the necessary information needed to complete the audit
 - Management implements policies, procedures, and controls to prevent fraud
 - Management assesses the risk of going concern (the ability to continue operating)

What are the roles and responsibilities of the audit/finance committee?

- The audit/finance committee is responsible for the following:
 - Review the results of the audit as well as review/approval of the draft financial statements with the auditors
 - Notify the auditors of any issues/fraud concerns
 - Provide a high level oversight of the audit process

Proposed audit fee, timing, and plan for 2025:

- \$28,900 for FY2025, plus \$3,000 if a single audit is required.
- We have one day scheduled for pre-audit work on June 12, 2025, which may include inventory observation.
- Audit expected to begin July 21, 2025.
- Expected to present draft reports to the audit/finance committee at its September meeting and issue final reports for the board meeting in October.

ecomaine
Audit/Finance Committee Presentation
May 15, 2025

Anticipated Internal Control Testing for 2025:

Control Test Area	Last Tested	2025 Test	Notes
<i>Receipt/Revenue – Recycling & MSW</i>	2024	Test	Test annually due to dollar amount
<i>Inventory</i>	2024	Observation	Done annually – typically last week of June.
<i>Disbursements/Expenses</i>	2024	Rotate	Limited walk through procedures, analytical procedures and testing of specific accounts (e.g. capital outlay)
<i>Payroll</i>	2023	Test	Will test this year.

POST-ISSUANCE COMPLIANCE PROCEDURES

ECO MAINE

Date of Original Adoption:	10/30/2024
Date Last Reviewed:	
Date of Last Revision:	
Revision Number:	

I. Parties

Compliance Coordinator: Director of Finance and Administration
Bond Counsel: Updike, Kelly & Spellacy, P.C.
Local Counsel: Jensen Baird
Financial Advisor: Moors & Cabot, Inc.

II. Overview & Statement of Purpose

Eco Maine (the “Issuer”) has issued or will issue bonds, notes or other obligations (“Obligations”), which are tax advantaged obligations that receive preferential tax treatment under federal tax law. In order for the interest on Obligations to be and remain excluded from income of the holders of the Obligations (or for such Obligations to continue to receive preferential treatment) for federal income tax purposes, certain tax laws must be complied with. The Issuer makes certain representations and covenants in its Tax Regulatory Agreements, and in the bond documents and certificates executed in connection with the issuance of its Obligations. These procedures, dated and effective as referenced above, are intended ensure that the Issuer complies with the federal tax requirements regarding (i) the qualified use of the proceeds of the Obligations and the financed property and (ii) arbitrage yield restriction and rebate.

Securities and Exchange Commission Rule 15c2-12 (“Rule”) requires a Participating Underwriter (as defined in the Rule) to determine that an issuer has entered into an agreement to provide certain financial information and event disclosures to the market. The Issuer has entered into continuing disclosure agreements for the benefit of the beneficial owners of its Obligations (“Continuing Disclosure Agreements”), pursuant to which the Issuer agrees to provide, or cause to be provided, information in accordance with the requirements of Rule 15c2-12.

III. Procedures

A. Expenditure and Investment of Proceeds:

The internal controls and accounting systems of an issuer should be capable of tracking the expenditure, investment and reinvestment of proceeds of tax advantaged

bonds, notes or other obligations (“Obligations”) of the issuer, and such amounts should be tracked individually and be capable of designation in order that such amounts shall be attributable to specific issuances of Obligations. Appropriate coding systems should allow for the identification of facilities or property financed or refinanced by Obligations of the Issuer. Procedures developed by an issuer should ensure that proceeds are expended for purposes authorized under applicable bond authorization documents and in compliance with Tax Regulatory Agreements of the issuer, including, without limitation, procedures to ensure that investments acquired with bond proceeds are purchased at fair market value. All investments and investment vehicles shall comply with federal and State of Maine laws.

1. For each issue of Obligations, a record shall be kept of the items and amounts paid for costs of issuance and whether or not such amounts were paid with proceeds of the Obligations. For those obligations that are subject to limits on the amount of proceeds that may be used costs of issuance, the Issuer shall ensure that no more than the limit (e.g., 2%) of the proceeds is used for costs of issuance.
2. For each issue of Obligations, the Compliance Coordinator shall evaluate and identify (i) the “spending exception(s)” (e.g., the construction/2year, 18-month, 6-month or small issuer spending exception) that pertain to the Obligations (see Section 5 of the Tax Regulatory Agreements) and (ii) the applicable “temporary periods” outlined under Section 4 of the Tax Regulatory Agreements.
3. Based on the applicable spending exceptions and temporary periods, the Compliance Coordinator shall set a calendar of dates for reviewing expenditures by project to ensure compliance with spending targets. Upon the identification of a spending target not being met or the anticipation of a spending target not being met, the Compliance Coordinator should consult Bond Counsel regarding options and corrective action. In the case of refunding Obligations issued to permanently finance (currently refund) temporary notes (the “Prior Notes”), the Compliance Coordinator shall determine whether all proceeds of the Prior Notes have been expended.
4. Prior to the making of a “final allocation,” expenditure information shall be tracked for each project by date, individual invoice, purchase order, and payment check, etc. Such information shall include expenditures that were reimbursed with proceeds of the Obligations (or the Prior Notes/Bonds/Obligations). Except for “preliminary expenditures,” reimbursements for expenditures for projects that were expended prior to the issue date of Obligations will be limited to those paid subsequent to, or not more than 60 days prior to, the adoption of a Declaration of Official Intent, which is generally included in the appropriation and bond authorization resolution. The Compliance Coordinator shall oversee such tracking.
5. A final accounting of the allocation of proceeds of the Obligations to expenditures shall be made by the Compliance Coordinator not later than 18 months after the later of the date the expenditure was made or the date the project was placed in

service, but in any event, not later than 5 years after the Obligations were issued or 60 days after the Obligations were retired. A record shall be kept of other moneys (e.g., grants or general fund) that were used to finance the projects.

6. A record of the investment of proceeds of the Obligations, if any, shall be tracked, including dates of deposits and withdrawals, the accounts where the proceeds are maintained, and the interest rate and earnings thereon. If proceeds are held in an escrow deposit fund, statements received from the escrow agent shall be retained. The Compliance Coordinator shall keep, or cause to be kept, all such records.
7. The Compliance Coordinator shall keep a record of all other costs and expenditures of the Obligations, such as credit enhancement and capitalized interest.
8. A record of all payments of principal of and interest on the Obligations shall be kept by the Compliance Coordinator.
9. A record of the retirement or refunding of the Obligations or prior obligations and any reductions or paydowns on temporary notes shall be kept by the Compliance Coordinator.

B. Financed Facilities and Property:

An issuer should monitor the uses of facilities and property (which are financed or refinanced by Obligations of the issuer) by private persons or entities. Such uses include, but may not be limited to, arrangements for the sale, disposition, lease, management or other use of a portion of financed facilities and property. Any such non-governmental proposed uses should be subject to the prior review and approval of a designated officer of the issuer. Bond Counsel should be consulted as necessary. If any private use is identified, it should be documented, and Bond Counsel should be consulted regarding the “change in use” rules and regulations.

1. No sale, lease, management contract, research contract, special legal entitlement arrangement or other use arrangement shall be entered into for any facility or property financed with Obligations, unless such arrangement is reviewed and approved by the Compliance Coordinator. The Compliance Coordinator should consult with Bond Counsel, as necessary, to solicit advice concerning the arrangement and its potential effect on the tax status of the Obligations.
2. Procedures shall be established with the procurement department, or any other department that may negotiate or enter into arrangements with non-governmental/private parties (including 501(c)(3) entities) to ensure that the Compliance Coordinator has the opportunity to review such arrangements prior to their execution.

3. On an annual basis, the Compliance Coordinator shall analyze the private business use of financed facilities and property to determine whether the limitation (generally 5%, unless related business use) on private business use of proceeds has been exceeded.

Non-Compliance and Remedial Action:

All non-compliance or potential non-compliance with federal or State of Maine law regarding the tax advantaged status of Obligations of an issuer should be addressed immediately and, if appropriate, in consultation with Bond Counsel and/or Local Counsel, as applicable. Efforts shall be undertaken to address and remedy non-compliance.

1. Upon identification or determination of any non-compliance with, or violation of, the tax laws, the Compliance Coordinator shall review (with the assistance of other professionals as needed) the evaluation to ensure it was properly conducted.
2. Upon determination that non-compliance has occurred, the Compliance Coordinator shall consult with Bond Counsel, as necessary, regarding a course of corrective action regarding the ability to remedy the non-compliance under the Internal Revenue Code and Treasury Regulations or the need to utilize the Voluntary Closing Agreement Program (VCAP).

Post-Issuance Modification of the Obligations:

Prior to modification of the terms of any outstanding Obligations, including interest rate, maturity, etc., the issuer should consult with Bond Counsel regarding the potential effect on the tax status of such Obligations.

1. The Compliance Coordinator shall identify any potential plan to modify the terms of the Issuer's outstanding obligations and consult with Bond Counsel, as necessary, regarding the impact of such modifications and whether such modifications trigger a reissuance.
2. The Compliance Coordinator shall monitor the Obligations and identify modifications, or potential modifications, including, but not limited to:
 - a. Change in annual yield. Generally, a change in the annual yield of a tax advantaged obligation by more than the greater of $\frac{1}{4}$ of one percent or 5% of the annual yield of the unmodified instrument will trigger a reissuance.
 - b. Change in timing of payments. Depending on the circumstances, a reissuance may occur if there is a change in the timing of the payments due under the tax-exempt-bond such as an extension of the final maturity or a deferral of payments prior to maturity.

- c. Substitution of a new obligor or the addition or deletion of a co-obligor. If there is a change in payment expectations, the addition or deletion of a co-obligor on a tax advantaged obligation may cause a reissuance. The substitution of a new obligor on tax advantaged obligations is not a significant modification if the new obligor is related to the issuer and the collateral for the bonds includes the original collateral.
- d. Change in security or credit enhancement. If there is a change in payment expectations, the substitution of new collateral for existing collateral of a tax advantaged obligation may cause a reissuance. Generally, however, the substitution of a similar commercially available credit enhancement contract on a nonrecourse tax advantaged obligation will not cause a reissuance.
- e. Change in priority of an obligation. If there is a change in payment expectations, the subordination of a tax advantaged obligation to another obligation may cause a reissuance.
- f. Change in payment expectations. Depending on the circumstances, a change in payment expectations may cause a reissuance. A change in payment expectations may occur if there is a substantial enhancement or substantial impairment of an issuer's capacity to meet its payment obligations. An issuer's payment capacity for a bond issue includes all of its sources of payment on the bonds, including collateral, guarantees, or other credit enhancement.

Continuing Disclosure:

Under the provisions of the Rule, Participating Underwriters (as defined in the Rule) are required to determine that issuers have entered into written Continuing Disclosure Agreements to make ongoing disclosure in connection with offerings of obligations subject to the Rule. Unless the issuer is exempt from compliance with the Rule as a result of certain permitted exemptions, the issuer will enter into a Continuing Disclosure Agreement. Notices and filings required under the Continuing Disclosure Agreements will be made through the Electronic Municipal Market Access ("EMMA") System of the Municipal Securities Rulemaking Board ("MSRB"), unless otherwise prescribed by the MSRB or pursuant to a Continuing Disclosure Agreement. The disclosure requirements include (i) the filing of annual audited financial information ("Annual Financial Information") as described in each Continuing Disclosure Agreement; (ii) the filing of notices of certain events ("Event Notices") as listed in Rule 15c2-12(b)(5)(i)(C); or both (i) and (ii).

In order to ensure compliance by the Issuer with its Continuing Disclosure Agreements, the Compliance Coordinator will, if and as required by such Continuing Disclosure Agreements:

1. Maintain in the transcript for each issue of obligations, a Continuing Disclosure Agreement.

2. Prepare or review the Annual Financial Information (which may include a annual financial statements or other operating data) of the Issuer to ensure that the Annual Financial Information is in the form required by the respective Continuing Disclosure Agreements.
3. Maintain a calendar, with appropriate reminder notifications, listing the filing due date relating to dissemination of Annual Financial Information, which annual due date for the Issuer under its Continuing Disclosure Agreement is generally no later than 8 months following the end of the Issuer's fiscal year (June 30) (the "Due Date"), as provided in the related Continuing Disclosure Agreements.
4. Ensure timely dissemination of the Annual Financial Information by the Due Date, in the format and manner provided in the related Continuing Disclosure Agreements, which currently includes transmitting such filings to the MSRB through the EMMA System at <http://emma.msrb.org> in the format (currently word-searchable pdf) prescribed by the MSRB. The Issuer has retained the Financial Advisor to make its filings]
5. Monitor the occurrence of any "Listed Event" (as defined in the Continuing Disclosure Agreements) or "Material Event" (as described in Continuing Disclosure Agreements effective before December 10, 2010 ("Prior CDAs") and timely file an Event Notice of the occurrence of any such event at <http://emma.msrb.org> (or in the manner provided under the Continuing Disclosure Agreements). To be timely filed, an Event Notice must be filed not in excess of 10 business days (or such other time period as set forth in the Prior CDAs) of the occurrence of such event.
6. Ensure the timely filing of notice of any failure to perform under a Continuing Disclosure Agreement, if and as required by the Continuing Disclosure Agreements. Such notice shall be filed on EMMA at <http://emma.msrb.org>.
7. Respond to requests, or ensure that the Issuer contact (as specified in the Continuing Disclosure Agreements, and generally is the Chief Executive Officer) responds to requests, for information under the Rule, as provided in the Continuing Disclosure Agreements.
8. Identify dissemination agents other than the Compliance Coordinator (e.g., financial advisor) and regularly monitor the performance of any dissemination agents engaged by the Issuer to assist in the performance of any obligation under the Continuing Disclosure Agreements.

Record Retention:

All records related to Obligations of an issuer, including, but not limited to, expenditures, invoices, requisitions, ledgers, bank statements, resolutions, bond authorizations, leases, management contracts and agreements, should be maintained for the life of the Obligations and any refunding notes or bonds plus 6 years. Physical copies of records or electronic versions should be maintained.

1. Records shall be maintained for the life of the Obligations and any refunding of the Obligations plus 6 years. All records related to the filing of Annual Financial Information and Event Notices as required by the MSRB (currently the MSRB's EMMA website, <http://emma.msrb.org>) shall be maintained for a minimum period of 10 years from the date of the final Official Statement for the Obligations. Physical copies of records or electronic versions shall be maintained by the Issuer.
2. The Compliance Coordinator shall ensure that systems are developed for the maintenance and safekeeping of the records, including, but not limited to:
 - a. Transcripts (closing binders or CD-ROMs or other electronic means) and closing documents, and any amendments thereto, for each issue of Obligations.
 - b. All accountings of proceeds of the Obligations to expenditures, such as invoices, requisitions, payments, canceled checks, ledgers, contracts and correspondence.
 - c. Copies of all management contracts, research agreements, construction contracts, purchase and sale agreements, leases or easements, other arrangements involving "special legal entitlements" (such as naming rights) or any other records pertaining to the facilities and property financed by the Obligations.
 - d. All accountings of investments of proceeds of the Obligations, such as bank statements, general ledgers, investment contracts and escrow accounts. Copies of Swaps and Guaranteed Investment Contracts, if any, and documentation related thereto.
 - e. All correspondence with the Internal Revenue Service.
 - f. Rebate computations and filings with the Internal Revenue Service, including IRS Form 8038-G filed upon the issuance of Obligations.
 - g. Copies of and receipts for filings on EMMA.

Review and Amendment of Post-Issuance Compliance Policies and Procedures:

The post-issuance compliance procedures of an issuer should be reviewed at least annually, and the date of such review should be documented. The procedures may be modified, expanded, abridged, or otherwise amended in order to: (a) ensure efficiency of administration; (b) establish and maintain appropriate assignments of responsibility; (c) reflect changes in the issuer's system of accounting, financial controls, procurement

practices, or other internal procedures and practices; (d) respond to changes in law or interpretation that may, from time to time, be reported to the issuer by Bond Counsel, its financial advisor or other sources; or (e) otherwise ensure compliance with the procedures in the most efficient and effective manner.

1. At least annually, the Compliance Coordinator shall conduct or cause to be conducted a review these Post-Issuance Compliance Procedures to ensure that they are accurate and comprehensive.
2. Each time the Post-Issuance Compliance Procedures are reviewed or amended, such review date or amendment date and revision number shall be noted on the Post-Issuance Compliance Procedures. Amendments to the Post-Issuance Compliance Procedures should, as necessary, be in consultation with Bond Counsel.
3. Upon completion of review or amendment of the Post-Issuance Compliance Procedures, the Compliance Coordinator shall send a copy to Bond Counsel and affected officers or employees of the Issuer.
4. As part of the annual review, the Compliance Coordinator shall identify training needs and engage appropriate resources to conduct training. For example, for new employees, the Compliance Coordinator will review these procedures and any specific job description tasks required to be performed by such employee. As another example, the Compliance Coordinator may ask Bond Counsel or the Financial Advisor to provide training on specific topics.

Retention of Professionals:

An issuer should engage such professionals or consultants as necessary to comply with federal and State of Maine law to ensure the preservation of the tax advantage status of the Obligations of the issuer. Such professionals may include, without limitation, bond counsel, local counsel, arbitrage rebate specialists, financial advisors and auditors.

1. If the Issuer determines that any of its Obligations are not exempt from rebate, the Issuer will engage an arbitrage rebate analyst as its arbitrage rebate computation agent.
2. The Compliance Coordinator shall ensure that the arbitrage rebate analyst timely prepares returns for the payment of arbitrage rebate (IRS Form 8038-T) and that such payments are made in accordance with the tax laws.

General Matters:

1. For each issue of Obligations, Bond Counsel shall prepare and file in a timely manner on behalf of the Issuer, IRS Form 8038-G (or other applicable form). A copy of such filed 8038-G shall be placed in the transcript of proceedings for each respective issue of Obligations.

2. The Compliance Coordinator shall place a transcript of proceedings for each issue of Obligations in the Finance Office of the Issuer.
3. The Compliance Coordinator shall perform an annual review of the Tax Regulatory Agreement to ensure compliance therewith.
4. The Compliance Coordinator shall develop, or cause to be developed, any required training programs for employees or officials of the Issuer to ensure compliance with these Post-Issuance Compliance Procedures.

Attachment D1

Named Insured	ecomaine	NOTES
Period	22 April 2024 to 22 April 2025	
Total Insured Value	\$	221,855,468.00
Premium	\$	957,415.07
BI/EE Reduce limits from \$10M/\$10M to \$5M/\$5M and BI Waiting Period Deductible increased from 30 days to 45 days	\$	-
3% ME Surplus(Non-Admitted) Tax	\$	25,759.95
Starr Tech Non Certified Terrorism	\$	1,250.00
Starr Tech Engineering Fee	\$	11,565.00
USI Property Fee	\$	-
All in Premium, etc	\$	995,990.02

Layer	Layer to \$ 25,000,000				Layer to \$150,000,000			
Carrier	Aegis	Kiln	Argenta	Faraday	Zurich	Helvetia	Starr Tech	
Premium (100%)	\$ 1,434,782.93	\$ 977,778.00	\$ 1,084,616.00	1,298,889				
Participation	8.60%	25.50%	5.90%	12.50%				100.00%
Layer Capacity	\$ 4,300,500.00	\$ 6,375,000.00	\$ 1,474,750.00	\$ 3,125,000.00				
Share Premium	\$ 123,405.68	\$ 249,333.39	\$ 63,981.50	\$ 162,361.13				\$ 599,081.69
Layer	Layer from \$25,000,000 to \$150,000,000							
Carrier					Zurich	Helvetia	Starr Tech	
Premium (100%)					\$ 1,000,000.00	\$ 1,066,667.00	\$ 500,000.00	
Participation		52.50%			10.00%	12.50%	25.00%	100.00%
Layer Capacity					\$ 15,000,000.00	\$ 18,750,000.00	\$ 37,500,000.00	
Share Premium					\$ 100,000.00	\$ 133,333.38	\$ 125,000.00	\$ 358,333.38
	Aegis	Kiln	Argenta	Faraday	Zurich	Helvetia	Starr Tech	
	\$ 123,405.68	\$ 249,333.39	\$ 63,981.50	\$ 162,361.13	\$ 100,000.00	\$ 133,333.38	\$ 126,250.00	\$ 958,665.08
	\$ 3,702.17	\$ 7,480.00	\$ 1,919.44	\$ 4,870.83		\$ 4,000.00	\$ 3,787.50	\$ 25,759.94
							\$ 11,565.00	\$ 11,565.00
	\$ 127,107.85	\$ 256,813.39	\$ 65,900.94	\$ 167,231.96	\$ 100,000.00	\$ 137,333.38	\$ 141,602.50	\$ 995,990.02

