

MANAGEMENT AGREEMENT

This management agreement (hereinafter called "Agreement") is made and entered into on March 19, 2009 by and between the MATANUSKA-SUSITNA BOROUGH (hereinafter "BOROUGH") and the VALLEY COMMUNITY FOR RECYCLING SOLUTIONS, INC. (hereinafter "VCRS").

Whereas, the BOROUGH owns certain real property which is being developed as a regional recycling facility and VCRS has been approved to manage the described borough-owned real property to be known as the Regional Resource Recovery and Training Park for the public purpose pursuant to MSB Ordinance Serial No. 08-152 (EXHIBIT E) under the terms and conditions of this agreement.

Now therefore, in consideration of the covenants and agreements contained herein, the Borough and VCRS agree as follows:

Section 1. Description of facility.

VCRS will manage, operate and maintain the recycling and training facilities, including improvements existing now and those constructed during the term of this Agreement, being located on the borough-owned real property described as Lot 1, Tri-Central Subdivision, according to Plat 2008-1, Palmer Recording District, Third Judicial District, State of Alaska, depicted in EXHIBIT A (hereinafter call "Property").

Section 2. Term.

This Agreement shall be effective for an initial term of 20 years from March 19, 2009 through March 18, 2029, whereupon the term may be extended as set forth herein for two (2) additional terms of 10 years each.

Section 3. Purpose.

This Agreement describes the operation, management and maintenance by VCRS of the borough-owned lands within the property. VCRS shall perform those management services described herein under the terms and conditions set forth herein.

A. VCRS shall manage, operate, and maintain (hereinafter called "manage" or "management") the land, structures, facilities and infrastructure through the term of the Agreement based on the Management Plan of Operation set forth in Section 6, and in the regular course of its management perform the duties specifically described as Scope of Work, Exhibit C. It is the intent of both parties that VCRS shall be responsible for the daily operations and management of the areas, including the details necessary to manage, operate, and maintain the areas as clean, safe and sanitary recycling and training facilities for public use, while also initiating the action on plans to improve and enhance the services and facilities in the future.

B. Management of the borough-owned lands by VCRS shall not be for profit. Any revenue generated as a result of fees for the use of the areas shall be used to offset the costs of repairs, maintenance, operations, and improvements to the recycling facility and training center.

Section 4. VCRS as an Independent Contractor.

VCRS shall perform its obligations hereunder as an independent contractor of the Borough. The Borough may administer this Agreement and monitor compliance by VCRS with this Agreement but shall not supervise or otherwise direct VCRS except to provide recommendations and to act on requests to approve or deny certain activities pursuant to the Agreement.

Section 5. Payment for Utilities and Other Services.

VCRS shall pay all costs of installation and service by utilities, including electric, water, telephone, gas, and solid waste and sewage disposal, and all costs to manage, maintain and operate the facility for the term of the agreement.

Section 6. Management Plan of Operation.

The Business and Development Plans (EXHIBIT B), and Scope of Work (EXHIBIT C), and the Fee Schedule - (RESERVED - EXHIBIT D), are incorporated together into the Management Plan of Operation. VCRS indicates they could solicit for grants or funding for new facilities to enhance the property for the public. It is the responsibility of VCRS to initiate and secure all sources of funding, including alternative funding. The approval of this agreement by the borough does not include approval of funding which VCRS may seek from the borough. The following specific conditions are also incorporated into the Management Plan of Operation.

- A. VCRS will maintain the public purpose and utilize its plan to develop the site over time. MSB retains control of the project during construction, and review and approval prior to major repairs or modifications.
- B. VCRS will manage the recycling center facility and programs as set forth in its business plan. Changes to the business plan and operations that will limit or impair the public use will require concurrence by the Borough Manager.
- C. In the event fees become necessary to operate the facility, a fee schedule must be filed and approved by Assembly resolution.
- D. VCRS will be responsible for its expenses related to the operations of the site.
- E. VCRS will set up and maintain reserve funds, based on a reserve fund study to be completed by qualified professional and approved by the Borough Manager based on review and recommendation of the Land and Resources Management Chief. The reserve fund study shall include an inventory of components with useful life estimates, cash flow tables and contribution/funding tables, which shall be amended by future upgrades and additions.

Initial reserves shall be established by VCRS prior to opening of the facility to the public and shall be identified as a separate asset using professional accounting standards. Said reserves shall be supplemented on an annual basis, as specified by the Borough approved reserve fund study, in order to be adequate for the on-going minor and major repairs, replacement, alterations, and maintenance of the building's architectural, mechanical, structural, electrical and environmental components.

Section 7. Alterations, Improvements and Capital Improvements.

Any alterations and improvements of a permanent nature, including construction of structures, must be presented and approved by the borough as land owner in advance of work being accomplished. The Land and Resources Management Division and Public Works Department will require a 30 day period to review plans and supporting documents delivered to it to process the approval under this Agreement. This approval process is separate and apart from any borough applications for permits or requirements for project management oversight.

Section 8. Warranty of Work.

VCRS expressly warrants that all materials it uses in construction, repairs and maintenance of the property, facilities, and improvements will be of good quality and that all workmanship will meet accepted codes and

standards of the trade. VCRS shall undertake to correct workmanship of defect in materials found by the Borough to constitute a breach of the Agreement.

Section 9. Use and Operation.

Use and Operation of the recycling and training center shall provide for the maximum availability of the facilities to the public, and shall be compliant with the American's with Disability Act. VCRS shall operate the areas as provided in the scope of work and plan of operation. VCRS shall have discretion to schedule special events and may set reasonable rules and fees for the use of the facilities. The fee schedule must be filed with the Borough and approved by Assembly resolution prior to implementation of the fees.

Section 10. Performance and Accounting Report.

VCRS shall submit quarterly reports within 30 days of the end of each calendar quarter providing quarterly totals of all materials recycled by type and quantity and also how Borough facility or operational grant funds, if any, have been expended. Submittal of the quarterly report will be separate and apart from reporting required by the grant administrator.

VCRS shall submit an annual report, based on the calendar year, on or before February 15 of each year under the terms of this Agreement. At a minimum the report shall include the following:

- A. A summary of the previous year events, including regular hours of operation, and scheduled or special event use of the facilities.
- B. A treasurer's report for the past year including a complete accounting of all receipts and disbursements related to the management, operation, and maintenance of the recycling and training center.
- C. A summary of any improvements previously approved by the Borough which were completed during the year and a revised site plan for the areas describing any changes in location of items listed in the site plan previously submitted and approved.
- D. A statement of the schedule of fees for the upcoming year, which shall include a request for approval by the Borough Assembly of any proposed changes to the schedule of fees.
- E. Copies of all licenses, permits, certifications, authorizations and insurance policies required under the terms of this Agreement.
- F. A request for approval by the Borough of proposed improvements, alterations and construction to be accomplished in the upcoming year.
- G. Copies of any changes to the bylaws or corporate status of VCRS during the previous year.
- H. Current list of all officers of VCRS with phone numbers and address.
- I. Designation of the primary and alternate contact representatives of VCRS for the upcoming year, with phone numbers and addresses, with a written explanation of the duties, authority and responsibility of each relative to this agreement.
- J. Amendments to the plan of operation describing how the various tasks necessary to fulfill the requirements of this Agreement will be performed during the upcoming year, if different than now described.

Section 11. Waste.

VCRS, its volunteers, board member, members, employees, subcontractors, or anyone directly or indirectly employed by them, shall not commit waste or injury to the property or improvements thereon, or allow third parties to commit such waste or injury. VCRS shall be liable for all damage and repair costs during the management term.

Section 12. Rights-of-Way.

VCRS may not grant or issue permits, easements or rights-of-way, only the Borough has the authority to do so. VCRS shall not interfere with or block the use easements or rights of way established within the property boundary.

Section 13. Assignment or Delegation of Duties.

VCRS may not assign any interest in this Agreement to any person, delegate any duties under this Agreement, nor enter into any contracts for commercial concession or vending on the premises without the prior written approval of the Borough. Any attempt by VCRS to assign any part of its interest or delegate duties under this Agreement shall give the Borough the right to immediately terminate this Agreement without any liability to the Borough for payment of work performed.

Section 14. Ownership of Improvements.

All improvements attached to the land will remain with the land and are, or will become, the property of the Borough upon expiration or termination of this Agreement. Prior to the installation or construction of improvements, VCRS and the Borough may mutually agree otherwise, however the agreement must be in writing and attached as an addendum to this management agreement.

In the event VCRS ceases to exist as an Alaska non-profit corporation or VCRS ceases to use the land for the approved public purpose of a recycling center, the property, improvements and the components necessary to operate the site will automatically revert or transfer to the Matanuska-Susitna Borough. Ownership of the facility will only transfer with the approval of the Matanuska-Susitna Borough Assembly.

Section 15. Permits, Laws, and Taxes.

All activities authorized under this Agreement shall be conducted in compliance with applicable federal and state constitutions, federal, state, and local laws, regulations, and orders of governmental authorities having jurisdiction over the property in effect during the term of this Agreement. VCRS agrees to obtain the necessary approvals from all third party interests and obtain all permits or written authorization required by the applicable laws, rules, and regulations from governing authorities, which includes but is not limited to flood hazard area development permits for any excavation, fill, gravel work or development proposed. VCRS agrees to provide documentation of all applicable licenses and permits to the Borough. All taxes related to the management, operation and maintenance related to the Agreement, if any shall be kept current.

Section 16. Alcoholic Beverages.

There shall be no sale, service, or consumption of alcoholic beverages allowed on the property, except if authorized in writing by the Borough Manager for special events which shall include requirements for adequate special liability insurance.

Section 17. Non-Discrimination.

VCRS shall not discriminate against any person on the basis of race, religion, age, color, national origin, sex, marital status, physical handicap, or status as a disabled veteran or veteran of the Vietnam era.

Section 18. Inspection of Premises.

Borough employees or representatives may at any time enter and inspect the facilities, lands and improvements. Any unsatisfactory work/services performed or not performed, as the case may be, shall be remedied within a reasonable period of time established by the Borough. Costs of any required compliance repairs shall be borne by VCRS. Such unsatisfactory or incomplete work shall be based upon the performance standard of workmanship and materials designated in Section 8, and as set forth in the Borough approved plan for improvements.

Section 19. Fuel Storage/Hazardous Material.

The storage of petroleum or chemicals is allowed on site only in quantities necessary to operate the facility. Such petroleum or chemicals must be properly contained, used and stored in accordance with federal, state and local laws and regulations. Acceptance of petroleum or hazardous materials shall not be part of the recycling venture. Spills or contamination on the property will be controlled and recovered immediately by VCRS, at its expense, and reported to the State of Alaska, Department of Environmental Conservation and the Borough immediately. Nothing herein shall prohibit or prevent VCRS from seeking recovery of its expenses for such control and recovery from the responsible party.

As used herein, the term "hazardous material" means any hazardous or toxic substance, material, or waste, that by reason of its toxic, caustic, corrosive, abrasive, or otherwise injurious properties may be detrimental or deleterious to the health of any person handling or otherwise coming into contact with such material or substance including those which are or becomes regulated by any local government authority, the state of Alaska, or the United States government.

Hazardous substances include but are not limited to inorganic mineral acids or sulfur, fluorine, chlorine, nitrogen, chromium, phosphorous, selenium, and arsenic and their common salts; lead, nickel, and mercury and their inorganic salts, or metallo-organic derivatives; coal, tar acids, such as phenol and cresols and their salts; and all radioactive materials.

Section 20. Safety.

VCRS is responsible for the safety of all persons entering the property including, but not limited to, visitors, park users, spectators, employees, contractors, vendors, members, volunteers, pedestrians, or any other person on the premises under this Agreement. VCRS agrees to provide visitors and facility users with information regarding rules, safety regulations, and other information pertaining to the property and the Agreement.

Section 21. Defense and Indemnification.

VCRS agrees to indemnify, defend, and hold and save the Borough, its elected and appointed officers, agents and employees, harmless from any and all claims, demands, civil suits, or liability of any nature, kind, or character, including costs, expenses, and attorney's fees for or on account of any and all legal actions or claims of any Character. VCRS shall be responsible under this clause for any and all legal actions, or claims of any character resulting from injuries, death, economic loss, damages, violation of statutes, ordinances, constitutions or other laws, rules or regulation, deprivation of constitutional rights, contractual claims or any other kind of loss, tangible or intangible, sustained by any person, or property arising from VCRS or its officers, agents, employees, partners, attorney, suppliers, visitors, whether invited or not, licensees, guests, and subcontractors performance or failure to perform this Agreement in any way whatsoever. This defense and indemnification responsibility includes claims alleging acts or omissions by the Borough or its agents which are said to have contributed to the losses, failure, violations, or damage.

If any portion of this clause is voided by law or a court of competent jurisdiction the remainder of the clause shall remain enforceable.

Section 22. Insurance.

It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of the Agreement to create in the public or any member thereof a third party benefit hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the term or provisions of this Agreement.

VCRS shall procure and maintain the following insurances:

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services office form number CG 0001 (Edition 10/01) covering Commercial General Liability.
2. Insurance Services office form number CA 0001 (Edition 10/99) covering Automobile Liability, symbol 1 "any auto."
3. Worker's Compensation insurance as required by the State of Alaska and Employers Liability Insurance.
4. Pollution Liability Insurance in the form accepted and approved by the Borough.

B. Minimum Limits of Insurance

VCRS shall maintain limits no less than:

1. General Liability:

\$5,000,000 combined single limit per occurrence for bodily injury, property damage, personal injury and advertising injury. The general aggregated limit shall be \$5,000,000.

General liability insurance shall be maintained in effect throughout the term of the Agreement.

If the general liability insurance is written on a claims-made form, VCRS shall provide insurance for a period of two years after termination or expiration of this Agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.

2. Auto Liability:

\$100,000 combined single limit per accident for bodily injury and property damage.

3. Worker's Compensation and Employers Liability:

Worker's Compensation shall be statutory as required by the State of Alaska. Employer's liability shall be endorsed to the following minimum limits:

Bodily injury by Accident- \$100,000 each accident
Bodily injury by Disease- \$100,000 each employee
Bodily injury by Disease- \$500,000 policy limit

4. Additional Liability Insurance:

In addition, VCRS shall purchase, or require permitted vendors of the property to purchase, at own expense and maintain in force during the term of such use, the following policies of insurance:

- a. Special Event General Liability Insurance. VCRS shall ensure that Certificates of Insurance for special events are delivered to the borough, naming the Borough as an additional insured party, with coverage at least at the minimum amount required for general liability coverage. The required amount may depend on special risks associated with the type of use, and must include an assessment of risk agreement with the Borough based on the type of use, number of participants or length of time the event will take place. The Borough shall be named as an additional insured party.
- b. Alcohol Liability Insurance. If authorization is granted by the Borough Manager for the sale, service or consumption of alcohol during special events on the property (see Section 16 – Alcoholic Beverages) VCRS shall ensure that Certificates of Insurance are delivered to the Borough, naming the Borough as additional insured party, which provides Liquor Liability insurance for such use that meets that specific conditions required by the Borough.

5. Excess Liability:

In order to meet the required minimum limits of insurance it is permissible for VCRS to combine an excess liability or umbrella policy with the general liability, auto liability or employer's liability. In the instance where VCRS purchases an excess liability or umbrella policy the occurrence limit and the aggregated limit may be of the same amount.

6. Pollution Liability:

The Pollution Liability Insurance must cover the gradual and/or sudden and accidental release of pollutants in a policy form acceptable and approved by the Borough in the following amounts prior to VCRS operating the recycling center:

The Minimum of \$2,000,000 per occurrence
 The Aggregate of \$5,000,000

C. Deductibles and Self-Insured Retention

Prior to management or work commencing, any deductible or self-insured retention must be declared and approved by the Borough Manager. VCRS may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the Borough, VCRS shall reduce or eliminate such deductibles or

self-insured retention as respects the Borough, its officers, officials, employees and volunteers; or VCRS shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability

- a. The Borough, its Administrator, officers, officials, employees and volunteers are to be covered as additional insured as respects: Liability arising out of activities performed by or on behalf of VCRS; products and completed operations of VCRS; premises owned occupied or used by VCRS or automobiles owned, leased, hired or borrowed by VCRS. The coverage shall contain no special limitation on the scope of protection afforded to the Borough, its Administrator, officers, officials, employees and volunteers.
- b. VCRS's insurance coverage shall be primary insurance as respects the Borough, its Administrator, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Borough, its Administrator, officers, officials, employees and volunteers shall be excess of VCRS's insurance and shall not contribute to it.
- c. VCRS's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Worker's Compensation and Employer's Liability

The insurer shall agree to waive all rights of subrogation against the Borough, its administrator, officers, officials, employees and volunteers for losses arising from work performed by VCRS or its subcontractor in relation to this Agreement.

3. All Insurance

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits during the term of the management agreement. The endorsements shall also state that the insurance company shall notify the borough within 7 days of any failure of VCRS to pay premiums, or any suspension, voiding, cancelling or reduction of coverage. VCRS shall notify the MSB within 7 days of receiving a notice from any insurance company that the insurance coverage has been suspended, voided, cancelled, reduced in coverage or limits. All such notices shall be mailed to the attention of the Borough's Land and Resources Management Chief.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-: VII.

F. Verification of Coverage

VCRS shall furnish the Borough with certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be received and approved by the Borough before work commences. The Borough reserved the right to require complete, certified copies of all required insurance policies, at any time.

G. Subcontractors/Vendors

VCRS shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all requirements state herein.

H. Lapse in Insurance Coverage

A lapse in insurance coverage is a material breach of this agreement which shall result in immediate termination of the agreement.

Section 23. Performance Bond.

VCRS shall maintain a Performance Bond in the amount of \$3,000.00 in the form of a Certificate of Deposit held in Trust for the Matanuska-Susitna Borough. Periodically during the term of this agreement, the performance bond criteria may be reviewed by the Borough and either maintained, reasonably amended based on risk, or released as negotiated between the parties at that time.

Section 24. Management Fee.

No management fee will be paid by the Borough. This Agreement provides that VCRS, as a qualified non-profit corporation, may use the site to raise funds by means allowed by law including donations, grants, sale of recycled materials, and the collection of fees established by a fee schedule approved by the Borough Assembly, all of which shall be used to offset the expenses of VCRS in its management, operation and maintenance of the property, including improvements, in order to provide the mutual benefit to the Borough and public in general of VCRS performing the management functions.

Section 25. Administration of Management Agreement.

The Matanuska-Susitna Borough, Community Development, Land and Resources Management Division will be the representative of the Borough administering this Agreement.

Reports, insurance certificates, copies of required annual certifications for items and systems such as alarms, sprinklers, extinguishers, and wells, regulatory permits and authorizations, proposals for fee schedules, and plans for facilities, and other daily management issues under this agreement, shall be submitted by VCRS to the Matanuska-Susitna Borough, Community Development Department, Land and Resources Management Division, 350 E. Dahlia Avenue, Palmer, Alaska 99645.

It will be the responsibility of the Land and Resources Management Chief to transmit reports and to seek any borough approvals through other Matanuska-Susitna Borough Departments required under the agreement.

Section 26. Termination.

The Borough may immediately enter the property and suspend or terminate the Agreement due to existing or imminent public health and safety issues that require action by the Borough.

The Borough or VCRS may terminate this Agreement for their convenience 120 days after written notice of termination for convenience to the other party by certified mail or personal service.

This Agreement may also be terminated by the Borough for any of the following reasons:

- A. Failure to comply with the terms and conditions of the Agreement.
- B. Failure to actively maintain the property for the required public purposes during any portion of the management term. It is expressly understood that this Agreement requires that the intended public purpose be fulfilled.
- C. The Borough may change the Agreement in order to implement future comprehensive plans, zoning ordinances and other regulatory matters that are in the public interest. Refusal by VCRS to agree to such modifications will be cause for termination of the Agreement.
- D. Abandonment of the facility by VCRS, which shall include failure to maintain utilities services, carry out programs, or perform necessary maintenance or repairs to the land and facilities.

Notice of Termination by the Borough for reasons stated in A through D of this section shall be delivered in writing to VCRS by certified mail or personal service. Said notice shall state the reasons for termination and if the breach is curable, provide 30 days from date of notice to remedy any default in performance. Any appeal must be written and formally presented to the Borough Manager within ten (10) days of receipt of notice.

Section 27. Cause beyond control.

In the event VCRS is prevented by a cause or causes beyond its control from performing any obligation of the Agreement, nonperformance resulting from such cause or causes shall not be deemed to be a breach of this Agreement which will render VCRS liable for damages or give rights to cancel the Agreement for cause. However, if and when such cause or causes cease to prevent performance, VCRS shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," and used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of VCRS and which prevent the performance of VCRS: fire, explosions, acts of God, war, order or law of duly constituted authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent VCRS from performing the terms of the Agreement as set forth herein. Events which are peculiar to VCRS and would not prevent another group or entity from performing, including, but not limited to financial difficulties, are not causes beyond the control of VCRS. The Borough will determine whether the event preventing VCRS from performing is cause beyond the control of VCRS.

Section 28. Extension of Agreement Term.

Ordinance Serial No. 2008-152 authorized two (2) 10-year extensions of the original term of the Agreement. VCRS must notify the Borough 120 days prior to the effective expiration date of the Agreement to extend the Agreement for the 10 year periods.

Section 29. Modifications.

The parties may mutually agree to modify the terms of the Agreement. All modifications to the Agreement shall be incorporated by written amendments to the Agreement and be executed by both parties.

Section 30. Severability.

If any section or clause of the Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of the Agreement shall remain in full force and effect.

Section 31. Jurisdiction: Choice of Law.

The interpretation and enforcement of the Agreement shall be governed by the laws of the State of Alaska. Any civil action arising from this Agreement shall be brought in the Alaska Superior Court, Third Judicial District of Palmer.

Section 32. Interpretation and Enforcement.

This Agreement has been jointly drafted by the parties following negotiations between them. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

Section 33. Understanding.

VCRS acknowledges that it has read and understands the terms of the Agreement, has had the opportunity to review the same with counsel of its choice, and is executing the Agreement of its free will and as authorized by its by laws.

Section 34. Notice.

All written notices required to enforce, modify, or terminate this agreement shall be sent to the parties as follows:

Matanuska-Susitna Borough Land and Resource Management Division 350 E. Dahlia Avenue Palmer, Alaska 99645	Valley Community for Recycling Solutions, Inc Executive Director P O Box 876464 Wasilla, AK 99687
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Section 35. No Waiver.

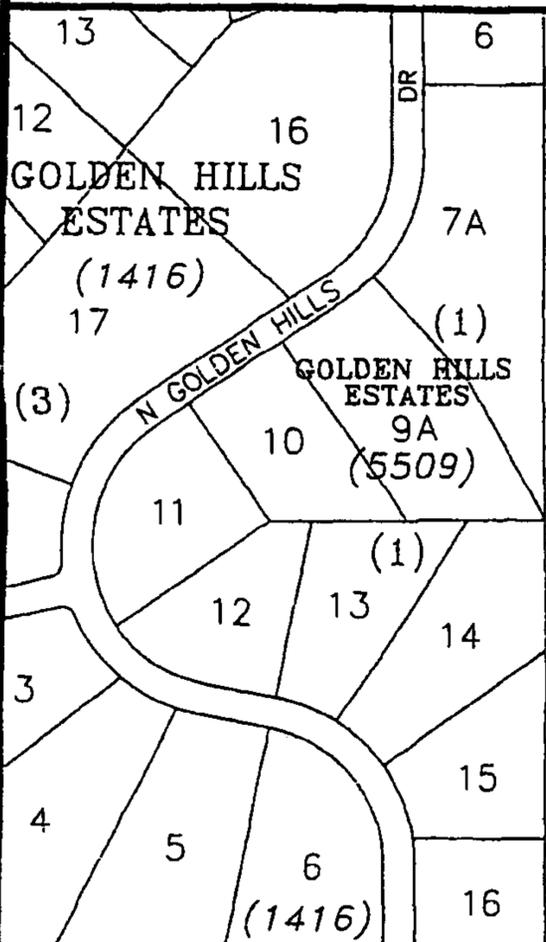
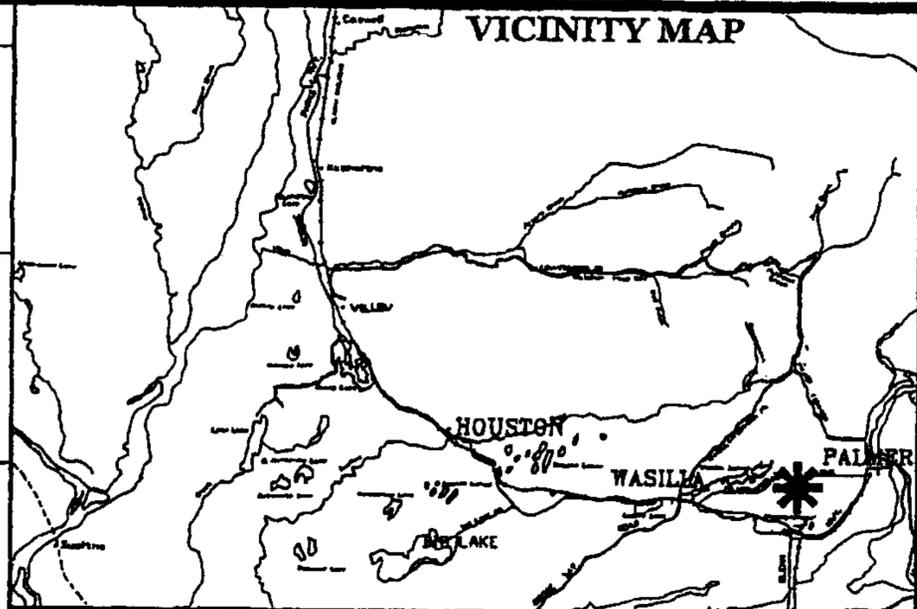
That no assent, expressed or implied, by the Borough to any breach of any VCRS covenants shall be deemed to be waiver of any succeeding breach of the same covenant, nor shall any forbearance by the Borough to seek a remedy for any breach of VCRS be deemed a waiver by the Borough of the rights of remedies with respect to such breach.

Section 36. Integration and Entire Agreement

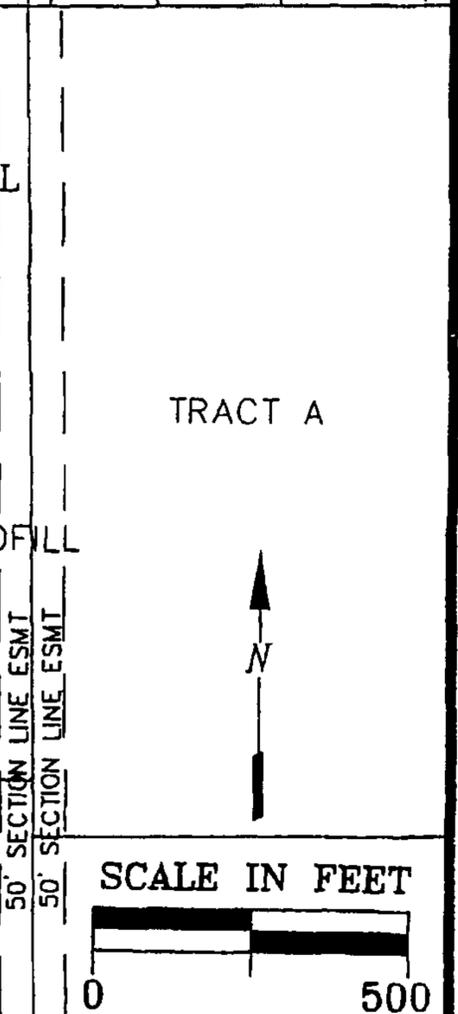
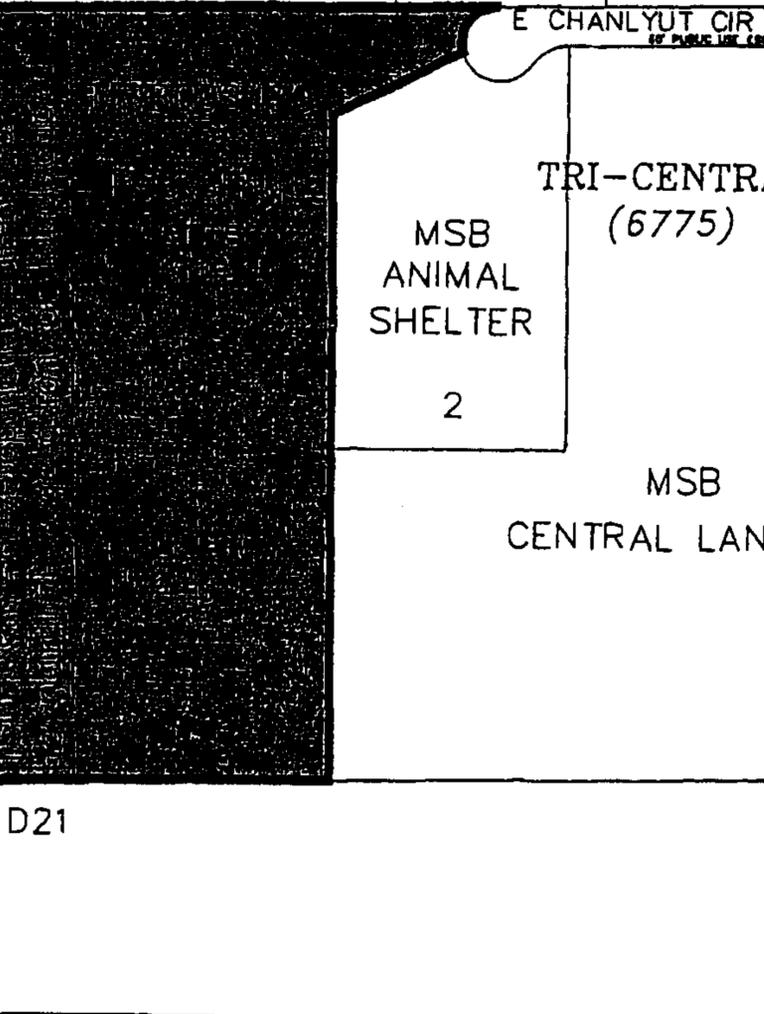
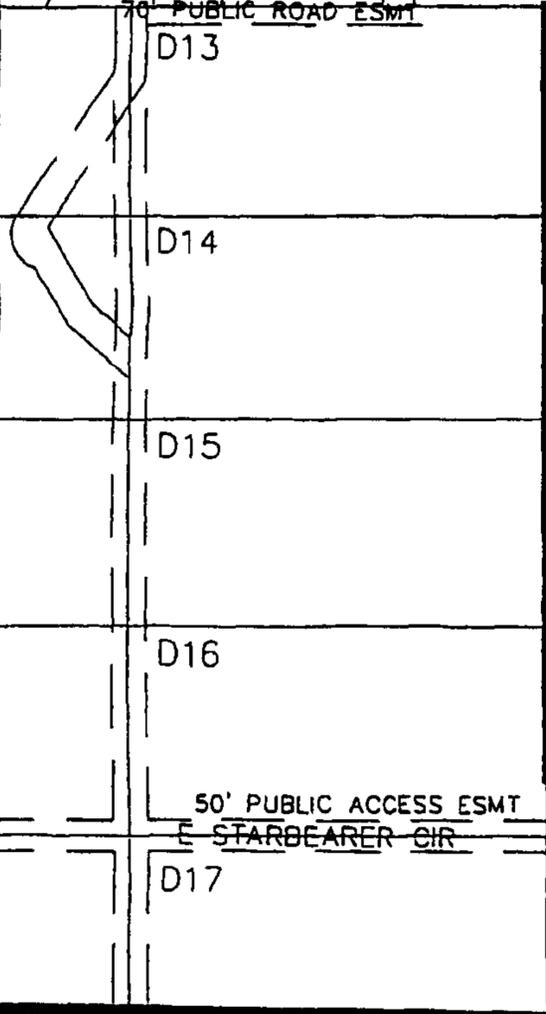
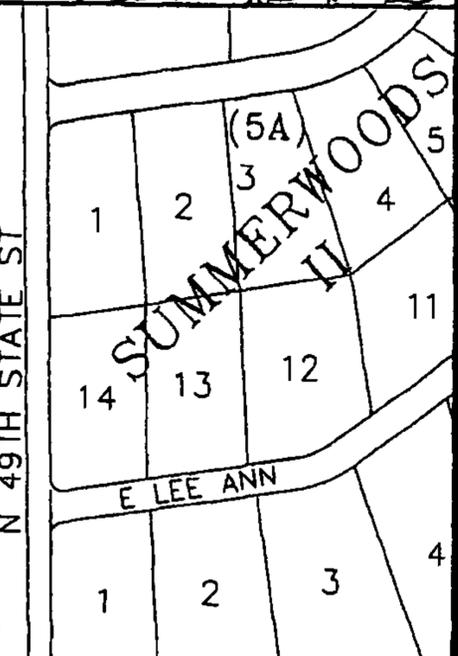
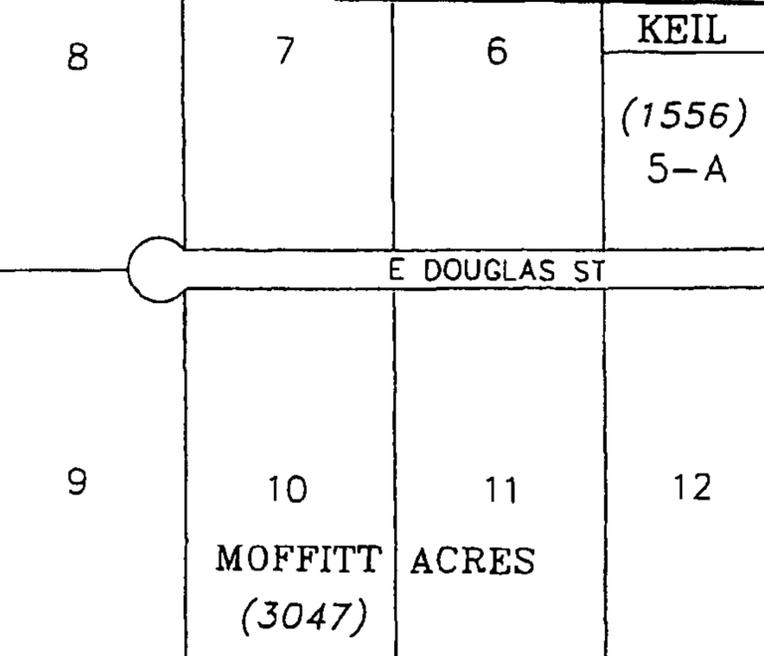
This document and all exhibits, appendices and amendments hereto embody the entire Agreement of the parties. All negotiations, statements, representations, warranties, and assurance, whether oral or written, which are in any way related to the subject matter of the Agreement and the performance of either party hereto, are merged and integrated into the terms of this document. To the extent they are not inconsistent with the terms of this Agreement the following documents are incorporated by reference into the Agreement as if fully set forth herein:

- EXHIBIT A – Site and plat maps
- EXHIBIT B – Business and Development Plan
- EXHIBIT C – Scope of Work
- EXHIBIT D – Reserved for future fee schedule
- EXHIBIT E – MSB Ordinance Serial Number 08-152

MSB#003430
Request for Long Term
Management Agreement
Sec. 2, T17N, R01E SM
Tax Map WA 09



2
 3
MOFFITT ACRES
 (3047)



msb 003430

EXHIBIT A

Community Development/LMD - July 3, 2008

17708-250/0F2
 02.08.13



PO Box 876464
Wasilla, Alaska 99687
p&f: 907.745.5544
www.valleyrecycling.org

Our mission is to educate and provide opportunities in our community to reduce, reuse, and recycle for the long-term good of all.

Our vision is to establish the Mat-Su Borough as a model recycling community for Alaska.

Matanuska-Susitna Borough
350 East Dahlia Avenue
Palmer, Alaska 99645
Attn Linda Kelley

Reference #3430 VCRS MSB Management Agreement

May 28, 2008

To Whom It May Concern:

The Valley Community for Recycling Solutions (VCRS) requests a long-term management agreement to develop and operate the Regional Resource Recovery & Training Park located west of the Animal Shelter at the MSB Central Landfill. VCRS currently has a short-term management agreement, reference number 3430, with the borough. In anticipation of the construction of the new recycling facility and occupation of the facility by the winter of 2009, VCRS would like to engage in a long-term management agreement with the borough, preferably a twenty year agreement.

VCRS has had a management agreement with the borough since 2002 and was also approved for a less than fair market value purchase of the property. The configuration of the funding for the new recycling facility necessitates that we remain under a management agreement.

Please let me know what VCRS needs to do to help facilitate this process.

Sincerely,

Mollie Boyer
Executive Director
Valley Community for Recycling Solutions (VCRS)
907-745-5495
mollie@valleyrecycling.org

Attachment: VCRS Business Plan (includes plan of operation and site plan/design)

msb003430

INTRODUCTIONS

EXHIBIT B

~~IM08-250~~
~~0708-152~~

1 OF 42 232



Business Plan

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**Valley Community for Recycling Solutions (VCRS)
Community Recycling Center**

Executive Summary

The Valley Community for Recycling Solutions (VCRS) mission is to educate and provide opportunities in our community to reduce, reuse and recycle resources for the long-term good of all. Our vision is to be a model recycling community for Alaska. VCRS plans to achieve a 25% diversion rate of the Matanuska-Susitna Borough (MSB) waste stream through the expansion of our resource recovery program. A direct benefit of this achievement will be the extension of the life of our local Mat-Su Borough landfill, thereby conserving land, water, air and taxpayers' dollars. An additional key benefit will be the creation of 145 new jobs in the recycling industry and recycling related industries such as building deconstruction, manufacture of road & roofing material; glass products; erosion and flood control materials; insulation; extruded lumber; cement emulsifier, pallet repair, and research and development, plus another 32 full-time-equivalent jobs, 18 training jobs and 50 student-training opportunities at the recycling center.

The VCRS resource recovery program will help build a sustainable community, economically and ecologically. As a non-profit organization VCRS is in a position to facilitate partnerships between the private and public sectors to reduce the waste going into our landfills and promote the use of the resources recovered from the waste stream for local economic development. Properly processed resources generated from our program will be made available to local industry for the manufacture of new products, thus building our local economy and creating new job opportunities. VCRS also recognizes the world demand for recycled materials, especially for recovered paper. Although U.S. demand for recovered paper has decreased since 2000, it has been made up by an extremely high worldwide demand, especially from China and India. VCRS plans to maximize income from the materials we recover from the waste stream in a business like manner. Once we achieve our resource recovery goal, VCRS recycling operations will be covered with the revenue from our materials. By educating the community about the economic benefits of resource recovery and the social return on the community's investment, VCRS is building broad-based participation and support from businesses and residents of the Mat-Su Borough to ensure the success of the VCRS resource recovery program and facility.

VCRS is embarking on a viable, exciting community venture that will greatly increase the amount of recyclable materials captured from our waste stream and made available for economic development. An overview of our organizational strategies for attaining our long-term goals reveals a 50% focus on business and 50% on social change. This project to build a state-of-the-art energy efficient resource recovery facility in Mat-Su Borough will enhance the quality of life for current and future residents. The Community Recycling Center is an essential part of building a sustainable infrastructure to accommodate the growth of our region.

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Situation Analysis

The Valley Community for Recycling Solutions (VCRS) is a non-profit tax-exempt organization devoted to establishing recycling as a part of daily life in the Matanuska-Susitna Borough (MSB). VCRS is changing the way our community views waste management. We are advocating a new perspective, one that focuses on maximizing waste diversion and creating dependable resource streams for local commerce.

Since 1998, VCRS has provided recycling opportunities for our community with the help of over 3,000 supporters, 300 members and over 400 volunteers donating more than 4,000 hours of their time annually. VCRS' efforts began with One-Stop Recycling Day events and have grown to weekly recycling at our Community Recycling Center. Through these activities VCRS has recovered thousands of tons of common household materials, advocated for recycling and good waste management practices, enlisted and organized hundreds of volunteers, and handled, processed and marketed the resources recovered through the recycling program.

VCRS has designed and plans to build a permanent facility to house the future Community Recycling Center. When completed, the center will function as a collection site and processing plant for recyclable items. The Community Recycling Center is a component of the VCRS Regional Resource Recovery & Training Park (RRRT&P). The 16 acres of land for the facility, is conveniently located next to the MSB Central Landfill and provided to VCRS through a land management agreement with the Matanuska-Susitna Borough.

The permanent Community Recycling Center will be the foundation for a sustainable recycling program in the Mat-Su Valley. When the doors open, we plan to handle thousands of pounds of materials a day. Once operating at full capacity, the center will be primarily self-sustaining through the sale of recovered resources and reusable items. The ability to process our material to industry standards, combined with the capacity to store the equivalent of a trailer van full of each type of processed material, will enable VCRS to increase our revenue significantly and proactively market our product. The educational aspect of our program will be supplemented through memberships, grants, endowments, and the sale of educational materials.

It is a VCRS priority to collect and process material recovered from the waste stream in order to provide a high quality feedstock for sale to local businesses to use in the manufacture of new products in Alaska to markets.

Recycling is a strategy for community improvement and development. It has significant economic, environmental and social benefits. VCRS is included in the Comprehensive Economic Development Strategy (CEDS) report for the Mat-Su Valley. Encouraging the public to reduce and recycle waste is an integral component of the Mat-Su Borough's Solid Waste Management Plan. Alaska Statute 46.06.021 directs the ADEC to minimize present and future threats to human health and the environment by promoting solid-waste management practices in the following priority:

1. Waste source reduction
2. Waste reuse
3. Waste recycling

The new Community Recycling Center will increase our ability to recover valuable resources, which in turn will:

- Save money by reducing disposal costs of taxpayers
- Create and expand local job opportunities
- Encourage local economic development
- Fuel industry with resource feedstock
- Improve local business efficiency by providing opportunities to reduce their waste and improve their bottom line
- Extend the life of the landfill
- Save valuable land and air space
- Limit negative impacts on air & water quality
- Save tax dollars
- Establish a sustainable community disposal program

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History and Development

VCRS is a 501(C) 3 non-profit organization. Currently revenue and support for our program come from government and foundation grants, sale of recovered materials, memberships, contributions, sale of educational materials, and in kind donations of materials and labor.

VCRS was established in December 1997. The Valley Community for Recycling Solutions began as a grass roots group of community members concerned with the lack of opportunity to recycle locally and the obvious apathy towards the ability of our community to establish and support a recycling program. In 1998 we established the short-term goal of providing immediate opportunities to recycle and to demonstrate to our community that recycling was possible even though it meant changing the current solid waste management approach. The VCRS strategy was to provide reliable opportunities to recycle while also providing education and outreach to all corners of our MSB community. Accomplishing our short-term goal would provide the foundation to support the long-term goal we set of establishing a permanent recycling program as part of the solid waste management plan for the Mat-Su Borough.

In the spring of 1998, VCRS began developing strong community support for the recycling program. VCRS incorporated in Alaska in November of 2000. In December of 2000, we elected our first official board. In January 2001, we filed for federal tax-exempt status and by July of 2001, we received our non-profit 501(C) 3 letter of acceptance from the IRS.

In 1998 VCRS accepted the following items on a regular basis for recycling: newspaper, mixed paper; office paper; corrugated cardboard; aluminum cans; steel cans; and glass. For our first couple of years we also accepted tires and an assortment of scrap metal including appliances and for a while automobiles. Through an agreement with the Anchorage Recycling Center and an intense community education process including a district wide competition among the schools to see which one could collect the largest number of plastic jugs, in 2000, VCRS was able to add HDPE #2 plastic to the regular list of items we collect. The next year through the same process we were able to add PETE #1 plastics to our regular list as well. By proving to buyers (i.e. Weyerhaeuser, Smurfit Recycling Company) that we can deliver a large quantity of high quality product, VCRS has been able to expand the list of what can be recycled through our program. At the permanent facility VCRS will have plenty of space to further explore what other resources we can mine from the waste stream. VCRS, as a non-profit, has also played a significant role in facilitating agreements between the private sector and the borough government to recycle junk cars, scrap metal, appliances, and computers.

A snap shot of the evolution of our recycling program to date follows:

1998/April – 2002/November: VCRS hosted 21 Quarterly One Stop Recycling Events.

The events were held on Saturdays from 11AM to 3PM. 400 to 500 residents came through the drop off event with their cars and trucks full of recyclables. 80 volunteers helped to unload their material which was then hand loaded loose either directly into trailer vans or into Gaylord boxes (cubic yard size cardboard boxes) two high on pallets in the trailer vans, provided through Wal*Mart and/or into roll offs, provided through Anchorage Refuse (bought by Waste Management and now owned by Alaska Waste). These were then transported to the Anchorage where it was sold to the Anchorage Recycling Center (now owned by Smurfit Recycling Company).

2001 Recycled: 64 Tons

2002 Recycled: 136 Tons

Revenue from Material: \$3,967

Average \$/ton = \$29

2002 **December:** Opened the Community Recycling Center in December 2002 at our current site on the Palmer-Wasilla Highway just west of the 49th State Street intersection and less than a mile from the MSB Central Landfill, the site of the future permanent recycling center. The recycling center was open one day per week, Saturdays, for drop off of recyclable material from 11AM to 3PM. A permanent 24-hour drop off bin for newspaper was established on the pad of the recycling center. In 2002, VCRS also helped the MSB Central Landfill coordinate the placement of a bin for recycling newspapers at the landfill.

2003 Staff and volunteers collected material from participants' vehicles out on the gravel of the recycling center pad and stored the loose material in the building that now houses our two balers. Most of the material was stored in Gaylord boxes with the exception of the corrugated cardboard that was stored loosed in a makeshift bay. When enough material accumulated of a particular type or types (e.g. enough Gaylords double stacked full of mixed paper and office paper) to fill a trailer van, we would call Wal*Mart and they would send over the next available trailer van that had finished making a delivery to their store. Then we would load the trailer both by hand and

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eventually with the use of a forklift lent to VCRS by United Rentals and a used pallet jack donated by the National Outdoor Leadership School. The corrugated cardboard was initially hand loaded loose into the trailer vans and delivered to the Anchorage Recycling Center where VCRS staff and volunteers would meet the van and unload the cardboard by hand onto their receiving pad. We graduated to strapping the flattened cardboard onto pallets and then loaded these into the trailer vans as well. The pallet jack allowed volunteers and staff to move the material within the vans rather than systematically pushing the materials in from the front with the forks on the borrowed forklift.

July: Purchased a new pallet jack.

June: Purchased a used forklift with a grant from the Rasmuson Foundation and an in-kind donation from Independent Lift Truck.

September: Vertical baler donated to VCRS by Waste Management (now owned by Alaska Waste). This baler allowed VCRS to bale all of our materials except steel cans. Although the baler was not able to make industry standard bales of all of our materials, it did help VCRS to make a major leap in the amount of material we were able to load into each van thereby maximizing the use of the vans used to transport the material to market.

These three pieces of equipment gave VCRS the ability to start processing our material and improved our capacity to load material into trailer vans although we still had to use the pallet jack to move the bales inside the vans.

Recycled: 329 Tons

Revenue from Material: \$9,079

Average \$/ton = \$27

2004: **January:** Expanded recycling hours to include a drop off on Fridays from 2PM to 6PM.

Recycled: 408 tons

Revenue from Material: \$9,394

Average \$/ton = \$23

2005 **January:** Added Thursdays for drop off, 2PM to 6PM.

May: Rented, and in January 2006, purchased a used loading ramp and adapted it for loading bales directly into trailer vans with a forklift. This equipment improved our ability to maximize the vans in our transport of material to market.

July:

- o Purchased new Barracuda Baler with a grant from the Denali Commission set up for operation. This equipment makes industry standard bales of all materials.
- o Existing vertical baler designated for continuous baling/storage of stretchy plastic material.
- o Purchased new Portable Building with a grant from the Denali Commission and an in-kind donation from Alaska Cover-All. Building used as a drive through covered drop area for residential recycling and storage of bins and super sacks full of loose newspaper, mixed paper, and office paper.
- o Purchased new John Deere Loader with a grant from the Denali Commission. The loader has an attachment that can pick up loose cardboard and feed it into the baler's hopper for processing industry standard bales of all of our materials.

Recycled: 603 Tons * In July 2005 VCRS had to stop accepting glass for recycling

Revenue from Material: \$36,221

Average \$/ton = \$60

2006 **January:**

- o Expanded drop off hours on Thursday and Friday to 12:00 noon to 6PM.
- o Shipped first trailer van of material directly to Smurfit Recycling Company's main plant in Seattle (full load of cardboard).

July: Poured concrete pad outside in front of the garage door by the baler hopper. The pad helps to keep the cardboard clean and free of rocks and mud especially during breakup and the rainy season.

August: Purchased Mobile Loading Ramp with a grant from the Denali Commission. This equipment added versatility to where we could load material and lessened the work required in maintaining the loading ramp.

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Recycled: 705 Tons
Revenue from Material: \$55,139
Average \$/ton = \$78

2007 **June:** Signed freight agreement with Alaska Litter Prevention and Recycling (ALPAR). This agreement recognized VCRS as a serious entity in the arena of recycling in Alaska. The agreement represents a partnership between VCRS and the community we serve and the major shippers (TOTE & Horizon Lines) and distributors operating in Alaska.

July: Laid asphalt pad beneath the outdoor cardboard bay. The pad facilitates the receiving and processing of the commercial loads of cardboard coming in from Alaska Waste: i.e. Brown Jug Warehouse, Mat-Su Regional Hospital and individual business accounts: i.e. Pet Food Warehouse, MSSD Central Kitchen, Point MacKenzie Correctional Farm.

Recycled: 1050 Tons
Revenue from Material: \$100,286
Average \$/ton = \$95

2008: **January:** Added 24-hour drop bin for aluminum cans.

In addition to the recycling portion of our efforts, VCRS also invests in the future of our community through an active education program. Some components of our education programs include: regular booths at the Alaska State Fair in Palmer and the Mat-Su Home Show plus special events throughout the year to which we are invited to participate; field trips to our recycling center; presentations in the schools; workshops; and recycling curriculum kits we loan to teachers throughout the school district. In our education center we have a library of books, videos, and games available to view or read at the center or to check out. Our library includes a video we produced on how to compost in your backyard in Alaska. Copies of the backyard compost video are available at both the public library and the Extension Service in Palmer as well as available for purchase at the recycling center. We produced the video from a compost workshop we presented in June of 2000.

VCRS maintains a strong relationship with the MSB Public Works Department Solid Waste Division through regular meetings to coordinate our recycling efforts with the MSB solid waste management plan. In September 2001, a management agreement with the MSB was signed for the development and operation of a permanent recycling center. VCRS has been included in the MSB annual budget since fiscal year 2003 in recognition of being the provider of the recycling program for the Mat-Su Borough. In this role VCRS provides the opportunity to recycle and the education on benefits of waste reduction, resource recovery, and recycling. VCRS currently receives \$75,000 per year in the MSB annual budget.

VCRS plays an important role on a statewide level. In February 2005, VCRS helped organize the first Annual Alaska Statewide Recycling Summit. An outcome of the summit was a commitment of the participants to establish a statewide organization. The statewide organization is for the benefit all recycling efforts across Alaska, through regional and statewide collaborations and partnerships, data collection and providing a central hub for information sharing. VCRS is a founding member of the statewide organization Alaska Zero Waste Action Council (AZWAC).

VCRS has been a member of the National Recycling Coalition (NRC) since 2001. NRC is a national organization composed of recycling organizations, public agencies and industries. VCRS received the Alaska Litter Prevention and Recycling (ALPAR) organization's year 2000 Outstanding Recycling Community award and year 2004 Leadership In Education award. In September of 2002, VCRS and Green Star, Inc. (a non-profit organization based in Anchorage, Alaska dedicated to helping businesses achieve energy conservation goals) jointly received the Alaska State Fair "Roll Up Your Sleeves Award" from the First National Bank and the Alaska State Fair Corporation.

Goals:

1. Increase the volume/tonnage of resources recovered from the waste stream by having a permanent recycling facility open five days per week.
2. Lead Alaska in product development using recovered resources
3. Fuel industrial capacity
4. Create new job opportunities

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- Cover our operating costs with the revenue from materials recovered through our program within five years of establishing the permanent facility.

To achieve these goals VCRS has established a facility design philosophy and five business strategies.

Facility Design Philosophy

VCRS will design, construct and operate a self-sustaining community recycling center. VCRS will strive to achieve the highest standards and practices of reuse, energy efficiency, conservation and community participation. VCRS will use the following guidelines in the development of the Community Recycling Center:

- Demonstrate the use of recycled products manufactured in Alaska
- Lead the way to a sustainable future by using alternative energy sources
- Minimize the use of fossil fuels and other non-renewable resources using best building practices
- Limit the disturbance and impact on wild life, ground water and air quality at the facility site and on the neighboring areas by using environmentally sound practices
- Use building and hardware made from recycled material or reusable products
- Design the facility to fulfill and/or exceed requirements for ADA accessibility.

Strategy 1: Grow Recycling Program Opportunities

Solidify the business model and operation and structure of VCRS to have a sustainable administration dedicated to ensuring the continued growth of recycling programs in the Mat-Su Borough.

Strategy 2: Maintain Focused Scheduled Growth

Develop a phased facility development plan with benchmarks to help guide the organization in maintaining a focused growth plan that identifies capital requirements, operational budgets and timelines for both expenditures and keeping VCRS functional and on pace towards achieving our goals.

VCRS has a management agreement with the Mat-Su Borough at MSB Central landfill to operate a long-term recycling facility.

VCRS identified the following four phases toward the growth of our recycling program:

Phase 1: Expand Current and Long-term Capacity to Recycle

Establish interim site to expand recycling opportunities beyond the previous One-Stop program to increase our collection and transportation efficiency. Lease property near our permanent site and prepare areas at the site for receiving, processing, and storing recyclable material and an office. Finish architectural design and concepts for permanent site and continue ground preparation of permanent site. Build operating reserves to six-month reserve level (\$75,000).

Timeline:

Interim Site

Opened for operations December 2002

Permanent Site

Preliminary plan designs complete by Fall 2003

Progress Report:

INTERIM SITE:

Recycling center established. An annual operating fund-raising plan developed including the incorporation of VCRS into the MSB annual budget. Cash and in-kind donations have been used for initial site preparation of the permanent facility.

PERMANENT SITE:

A three-acre area was cleared and stumps removed at the permanent site in 2003. Subsequent adjustments by the MSB necessitate some additional site preparation.

In the spring of 2007 the Operating Engineers Training Program constructed an access road and cul-de-sac to the site.

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Architectural Engineering Design Plans for the construction of the permanent Community Recycling Center completed May 2008.

Key Needs: More fundraising still needs to be done to build operating reserves.

Effect to Annual Operating Costs:

Phase 2: Expand Recycling Opportunities and Fund Construction of Permanent Facility

Establish weekly collection hours at the interim site. Begin processing and baling the materials collected. Establish a regular collection of non-ferrous metals and commercially generated fibers. Expand revenue opportunities with a non-ferrous metal buy-back program and the resale sale of recovered items. Maximize storage at interim site to improve transportation efficiency. Expand community outreach focusing on commercial customers. Secure equipment through purchase and in-kind donations. Develop space for resale. Secure cost estimates for design and solicit bids for construction at the permanent site. Utilize business plan and other documentation to solicit and secure revenue for permanent facility development. Continue site preparation at permanent site.

Capital Cost Projections:

Permanent Site

\$300,000-Architectural Engineering Design Plans

Building Construction Estimate 12/2007

\$5.5 million

Progress Report:

PERMANENT FACILITY:

Architectural Design Plans for the new facility completed by Wolf Architecture May 2008. The contract for design was awarded through a bid process in August 2007. The MSB contributed \$100,000 and the Economic Development Administration granted \$50,000 toward the building design plans in 2007. The rest of the cost for the design plans was covered through VCRS funding raising efforts and a low interest green building loan from Rural Community Assistance Corporation (RCAC).

In May 2007 the MSB committed \$2.5 million toward the construction of the permanent facility. The MSB funding commitment is contingent on having all of the construction funding in place. The MSB & VCRS has applied for \$3 million from EDA in funding for this project. This money is critical for the project to move forward.

The overall project costs continue to increase; the price of steel alone has risen 35% since January 2008 and is projected to raise 5% a month for the foreseeable future. Additional and so far unfunded portions of the project include future equipment needs, alternative energy projects and waste conservation systems. To cover rising costs and these planned for additions, the MSB & VCRS are continuing to request funds from the state and other entities that will be used if secured to cover these additional project costs.

The Alaska Center for Appropriate Technology (ACAT) has partnered with VCRS to manage the construction of the new energy efficient facility. The completion date for funding and constructing the permanent facility has been adjusted to accommodate the need to increase capacity at the interim site. Estimated date of occupation is set for 2009. Most of the equipment needed for the permanent facility has been secured for use at the interim site. All equipment and portable units being used for processing, storage, office and educational purposes will be relocated to the permanent facility.

Phase 3: Secure funding for construction of permanent site and acquisition of equipment.

Construct 22,000 square foot structure and purchase necessary equipment for full operation of processing facility.

Capital Permanent Site Costs:

\$5.5 million Building construction
\$2 million plus Alternative Energy & Waste Systems

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Progress Report:

PERMANENT FACILITY:

The rising price of steel (35% since the January 2008) and fuel are impacting the cost projections of the new facility making the funding and construction of the building more critical. The sooner we have the funding in place and are able to go to bid, the better it will be for keeping a handle on the rising costs. The price of steel is expected to continue to rise and the price of fuel is not expected to lower.

April of 2005, the Alaska Energy Authority placed an anemometer at our permanent site to track the velocity, consistency and direction-of-wind-generation over the course of 12 to 18 months. Information provided by AEA will help establish the mix of energy sources that will best serve our needs.

The funding for the facility is in process. Securing the funding for construction is critical. The building is a steel structure and the cost of steel is on the rise, up 35% from January 2008 – May 2008. The cost of fuel is on the rise as well impacting the cost of getting building supplies to Alaska. The MSB has committed \$2.5 million to the capital project. An application has been submitted to EDA for \$3 million.

The construction will go to bid by January 2009, construction of the building is planned for spring 2009 and occupation of the facility is set for 2009.

Equipment acquired and put to use during 2005 at our interim site will be moved to the permanent facility. This equipment will be adequate for start-up operations at the new facility. This equipment includes the horizontal baler and conveyor, forklift and front-end loader. These pieces of equipment constitute the basics of any serious recycling processing plant.

Preliminary plans for a solar aquatic sewage system have been included in the design package.

Key Needs: Increase awareness among the major waste generators including the Mat-Su School District and the City of Palmer to be ready to use our new facility when we open. Increase the revenues from the sale of our commodities and develop more opportunities to expand our revenue sources to cover operations and debt service. Secure the funding for the construction of the permanent facility. Maintain cost adjustments to construction budget due to increase in the price of steel for building structure and fuel for shipping building supplies to Alaska.

Phase 4: Permanent Recycling Facility Established and Operating

Full operations will be moved to permanent site. VCRS will realize a significant immediate increase in our collecting, sorting, processing, and transporting capacities. Expansion and development of recycling program, ancillary services, resale store, and education outreach and marketing will lead to increased revenues. Income from the resale store and other revenue streams will cover repayment of loans we may have incurred, additional equipment acquisition, additional community education, and marketing as well.

Timeline:

Permanent Site

2009 operating five days per week

Progress Report: The Community Recycling Center becomes full time operating facility and program in the Matanuska-Susitna Borough in Alaska

Strategy 3: Develop Revenue Streams and Reduce Waste Stream

Pursue the development of revenue streams to maintain operational stability and further reduce the amount of waste going into the Borough Landfill.

In 2007 VCRS made an average of \$90 per ton of all material collected and processed at the recycling center. The current industrial estimate of the average cost for processing a ton of material is \$40.

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Between December of 2007 and March 2008 VCRS received \$40 per ton for steel cans, \$95 per ton for mixed paper, \$105 per ton for newspaper, \$130 per ton for corrugated cardboard, \$135 per ton for stretchy plastic, \$150 per ton for office paper, \$205 per ton for HDPE #2 plastic, \$250 per ton for PETE #1 plastic, and \$1430 per ton for aluminum cans. The commodities market for materials recovered through recycling is strong. Although there are and will continue to be fluctuations in the market for recycled material the trend shows a steady rise in the value of these commodities.

VCRS plans to keep processing costs at our new facility within the industry estimate or lower by continuing to offer volunteer opportunities to our community members. We also plan to maintain enrollment in local community service programs, Alaska Job Start, and expand our relationships with other local and statewide training programs.

Alternative revenue streams must constantly be evaluated to offset commodity price volatility. The development of the resale store and the sale of products made from recycled resources will be key parts to maintaining operational stability during market fluctuations.

Strategy 4: Create New Jobs and Business Opportunities

Promote sustainable community economic development by promoting product development using resources recovered through the facility, expand research and development for diversity and expansion of local product development, and expand training opportunities. Nationally, for every job collecting recycled materials there are 26 jobs created in processing materials and manufacturing them into new products. At the new facility VCRS anticipates creating, over the next 10 years, up to 32 full-time-equivalent jobs, 18 training jobs and 50 student-training opportunities. In addition, in the private sector VCRS projects over the same period of time the creation of 145 new jobs. These will include jobs related to building deconstruction, manufacture of: road & roofing material; glass products; erosion and flood control materials; insulation; and cement emulsifier; pallet repair, and research and development. A total of 195 jobs will be created. To facilitate the creation of these jobs, we will develop and expand strong partnerships with:

- US Economic Development Administration
- Alaska State Department of Commerce & Community Economic Development
- Alaska Manufacturing Extension Partnership
- Small Business Development Center
- Mat-Su Resource Conservation & Development Council
- University research and development programs

VCRS JOBS:

At the facility itself VCRS anticipates creating – over the next 10 years – up to 32 full-time-equivalent jobs, 18 training jobs and 50 student-training opportunities. This includes positions in:

- Operations/processing/maintenance (including training and employment for the disadvantaged)
- Education and outreach
- Materials re-use and re-sale (e.g. building materials, glass, bio-diesel)
- Research and market development
- Wastewater treatment

PRIVATE SECTOR JOBS:

Private sector industries that can develop or expand, within the next 10 years, by utilizing the recovered "waste" resources captured and processed by the RRRTF include:

<u>Company</u>	<u>Products & Services</u>	<u>Jobs Saved</u>	<u>FTE Jobs Created</u>	<u>Private Sector Investment Capital(M)</u>	<u>Indicate Committed or Interest Only</u>
<i>Existing Alaskan Industries</i>					
Alaska Waste (and others in Mat-Su)	Waste Haulers		7.5	1.640M	Interest
Recycled Pickup Services (Mat-Su)	Materials pickup		9.0	0.468M	Interest

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Thermo-Kool (recycled newsprint)	Insulation, bedding	3.0	1.096M	Interest
Various	Landscaping Re-vegetation	15.0	0.850M	Based on other places
Various-other Communities	Collection, shipping	8.0	0.256M	Interest

New Industries Utilizing Mat-Su RRRTP Products

New Cos.	Research/market Development for Materials re-use	5.0	0.750M	Interest
Waste Haulers	Curbside Recycling	6.0	0.192M	Based on other places
New Co.	Plastic HDPE processing	3.0	0.100M	Based on other places
New Co.	Plastic-wood Composite manuf.	12.0	10.400M	Based on other places
New Cos.	Building Deconstruction	18.0	0.786M	Based on other places
New Co.	Pallet Repair	4.0	0.198M	Based on other places
New Co.	Lg-scale Composting	4.0	0.200M	Interest
Various (e.g. concrete co.)	Glass – specialty Products (counters, tiles)	7.0	0.218M	Interest
New Co.	Tire Recycling (stage 1 – 2-8" prod.)	3.0	0.350M	Interest
New Co.	Tire Recycling (stage 2 – 10-20 mesh prod.)	1.5	0.700M	Based on other places
New Co.	Rubber manuf. Plant	4.0	9.128M	Based on other places
Various (new)	Biogas from Organics	5.0	4.500M	Based on other places
New Co.	Biodiesel Proc. and sales	2.0	0.079M	Interest
New Co.	Metals Smelting	6.0	5.300M	Based on other places
New Co.	Construction Materials (e.g. Sheet goods)	12.0	15.000M	Based on other places
New Co.	Cloth Fiber Re-Use	10.0	0.100M	Based on other places
TOTAL		145.0	52.31 Million	

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Strategy 5: Optimize Performance, Increase Participation, Educate

Develop programs to optimize performance of VCRS, increase public participation and foster recycling education in the community. Some initial programs include:

- Education to increase participation in recycling program now and for the future through school (K-12) involvement, flyers and media coverage to raise awareness of recycling programs and opportunities in the MSB. Onsite classroom for field trips and workshops, viewing area of recycling floor, educational displays demonstrating the systems approach to recycling as related to the natural biological recycling process.
- Recycling Educational Booth and Resource Recovery Project at the Alaska State Fair and Mat-Su Home Show
- Ad campaigns
- Compost demonstrations
- Information Clearinghouse
- Industry training for staff
- Participation in state-wide resource recovery efforts and programs
- Alaska Job Corps

Services and Products

When it comes to a non-profit recycling organization, the market consists of a number of different components. The following services are integral to the operations of VCRS, even though some of the services will include non-revenue generating markets. This is because there is a cost benefit to any reduction in our waste stream and, although not easily quantifiable, these benefits have been proven over time at municipal solid waste programs across the nation. The cost benefits of the non-revenue generating services include those whose value is difficult to estimate although in the long-term may prove to have the most impact and reap the highest financial return. For example, the health benefits from reduced exposure to hazardous air emissions and ground water contamination.

*A cost benefit is defined here as any savings realized from our program.

According to information published by the State of Alaska Department of Labor and Workforce Development Labor Department Releases State, Borough and Place 2007 Populations on Feb 8, 2008, the Mat-Su Borough continued in 2007 to be the fastest-growing area in the state, as it has been since 1990. Between 2000 and 2007, it grew at an average annual rate of 4.1 percent, which is slightly greater than its 4.0 percent annual growth rate during the 1990s. However, its growth slowed to 3.5 percent between 2006 and 2007. Of Alaska's 28 boroughs and census areas, 10 gained population between 2000 and 2007. Population growth in the Municipality of Anchorage and the Mat-Su Borough accounted for roughly 76.5 percent of the growth in those 10 boroughs and census areas. The Municipality of Anchorage made up 40.7 percent (+23,540) of the growth, with population gains in the Mat-Su Borough making up 35.8 percent (+20,734).

The Mat-Su Borough landfill reports currently receiving 164 tons of discarded materials daily – this is equal to 60,000 tons or over 120 million pounds of garbage annually. These numbers match and/or exceed national averages. The permanent facility is essential to keeping up with the area's population growth and capturing more of the waste stream.

1. Reduction of Waste Stream

The waste each individual in Alaska produces is estimated to be six pounds per day; this is higher than the U.S. national average of 4.62 pounds per individual. The general analysis is that the extra waste generated that is unaccounted for at our landfill is being incinerated in backyard burn barrels and through a high occurrence of roadside and back-country dumping. We anticipate the education portion of our program, along with expanded opportunities to recycle, will help reduce this pollution; most importantly facilitate a reduction in the amount of plastics burned and its subsequent pollution.

Existing Mat-Su Borough programs, including the VCRS program, recycle 5% to 7% of the waste stream. The long-term goal of VCRS, in conjunction with other MSB recycling efforts, is to divert 25% or more of the waste stream out of the Mat-Su landfill. VCRS plans to recover 25% of the waste stream through our recycling facility.

Non-Revenue Benefits

Less methane gas is produced. Methane gas is generated by organics in the waste stream – gas is both emitted into the air and trapped in underground pockets in and around the landfill. Methane is a volatile gas and large pockets can explode on-site or travel to pockets off-site. Air quality is affected by the gas

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emissions from land-filled matter causing potential respiratory problems. Risk to human lives and damage to real property can be avoided by reducing the volume and type of mixed waste in the landfill.

Less hazardous liquids are produced. Ground water contamination is caused from rain, snow and any other sources of liquid and water leaching through mixed land-filled waste. The commingled organic and non-organic waste decomposing in the landfill produces hazardous waste water. Even with expensive liners and collection systems in place, this contaminated water has great potential of creeping into the ground water. Remediation of ground water impacted from contamination by this waste by product is very difficult and currently very few success stories of such clean-up attempts are known.

Monitoring of the surrounding ground water for signs of contamination generated from both the waste-filling the new lined cell and from the old unlined cells at our landfill is costly now and will be even more so in the future. The last cell used at the landfill was unlined. It is critically located directly next to the currently used lined cell. When the new cell reaches the same height as the unlined cell, new waste is scheduled to be piled on top of both cells until all usable permitted "air space" is filled.

2. Cost Savings to Government/Taxpayers

As stated in Sec.3-29 of the Mat-Su Borough Solid Waste Management Plan Year 2002 Update:

The economic value of recycling mainly results with the savings of landfill space. If enough waste is diverted from the landfill through recycling, future development of landfill cells can be deferred. The development of new cells represents a significant capital expenditure and it is usually necessary to borrow money for the design and construction of new landfill cells.

VCRS plans through the development of the Community Recycling Center to reach a borough-wide goal of 25% waste diversion through resource recovery in our new facility.

The Mat-Su Borough opened its first lined cell (cell 2B) in June of 2004. This cell cost \$3 million to design and build. In February of 2005, the MSB estimated the cell would be full in the next three to four years. Cell 2B is full (May 2008) and a new lined cell is currently being constructed at a cost of \$3.5 million. The Borough is projecting to build two more cells to accommodate waste through 2020. The Borough currently estimates that between 5% to 7% of the waste stream is being recycled and projects that if 14% of the waste stream could be recycled, it would defer the construction of each cell by more than one year at a cost savings of \$524,299 in 2003 dollars.

Benefits

A 25% reduction of materials entering the landfill will extend the life expectancy of each of the landfill cells allowing taxpayers to save money by extending the investment made in designing, building and lining the individual landfill cells. An additional cost savings will be realized for taxpayers by a reduction in the volume of waste water needing to be collected and transported to a waste water treatment plant for proper treatment and disposal.

In addition to providing an environmental benefit, lowered levels of methane gas and leachate related to our waste diversion program will reduce future monitoring and potential remediation expenses. Both the gas emissions into the air and the volatile pockets of methane gas trapped underground in and around the landfill will require regular monitoring now and for perpetuity as will the ground water for contamination in wells located at and near the landfill.

3. Economic/Sustainable Community Development:

Good jobs will be available in our community at the processing facility. Currently VCRS has six paid staff positions. By 2011, VCRS projects employing 10 full-time staff. The VCRS Community Recycling Center will be able to serve as a training ground for people interested in careers in resource recovery from across the state. VCRS is partnering with Alaska Job Corp center in Palmer on training. Two local businesses currently offer recycling pickup services to their customers. Alaska Waste offers cardboard collection to their commercial customers and Valley Recycle Pickup offers curbside recycling to small businesses and residents. The convenience of the permanent recycling facility's hours and the plant's large volume capabilities will facilitate the development of more recycling collection service opportunities as well as the development of new product industries utilizing the resources made available through the resource recovery processing plant.

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Intangible and Aesthetic Benefits

- Less junk cars, roadside washer machines, etc.
- Benefits to future generations - waste and resource management practices in place
- Community center for education and meetings
- Reduction in use of burn barrels with associated health concerns

Product Market Analysis

VCRS PRODUCT AND THE WORLD MARKET

As noted earlier, the key marketable materials VCRS collects include: cardboard, newspaper, mixed paper, office paper, plastics, aluminum, and steel. A strong market currently exists for these products and the market projections for the future are strong given the growing demand for resources worldwide. The worlds growing population and industry provide a substantial, growing market for resources recovered from the waste stream. The demand for and dwindling supply of virgin non-renewal resources has put pressure on the production of renewable resources, which has in turn increased the demand for recycled materials.

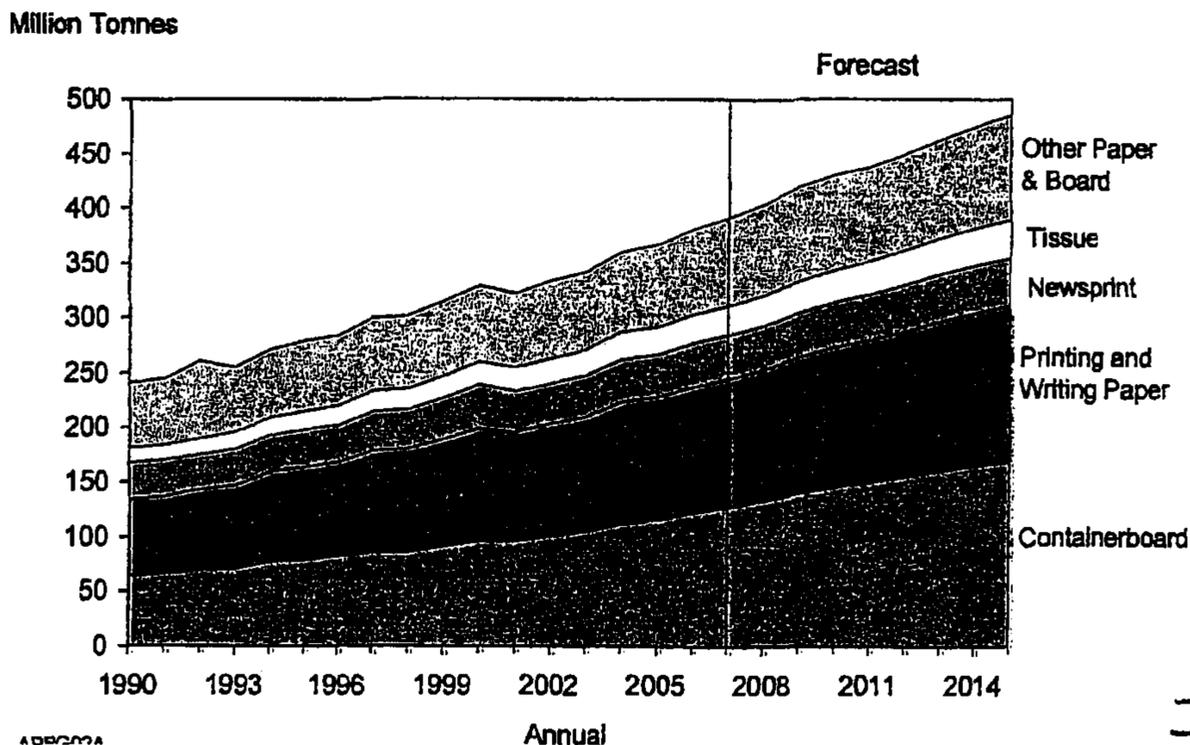
Though the U.S. reached its recycled paper consumption peak in 2000, China, India, and Japan have quickly replaced the lagging demand in the U.S. and far surpassed its past peak. Where the U.S. had the largest state of the art paper recycling plant in the world 10 years ago, China now has ten plants that are bigger than the U.S plant. Major paper and recycling companies such as Weyerhaeuser, Smurfit Recycling Company, and International Paper are working as fast as possible to fill the needs of this new market.

Mr. Pete Grogan, Manager of Marketing Development for Weyerhaeuser Recycling, states that his biggest headache is getting enough recycled material to meet China's demand. He further states that there is no doubt that demand will continue to grow over the next 20 years.

It is thus, no surprise that recycled materials are a sought after international commodity with its own price indexes, trade magazines, and commodities market.

The following graph and tables prepared by Weyerhaeuser, emphasize the increase in demand for recycled paper products. The first depiction is of the continuing and projected rise in world paper and board production. This increase, though not adequate to meet the rising demand, clearly illustrates the ongoing expanded production and use of paper products.

World Paper and Board Production



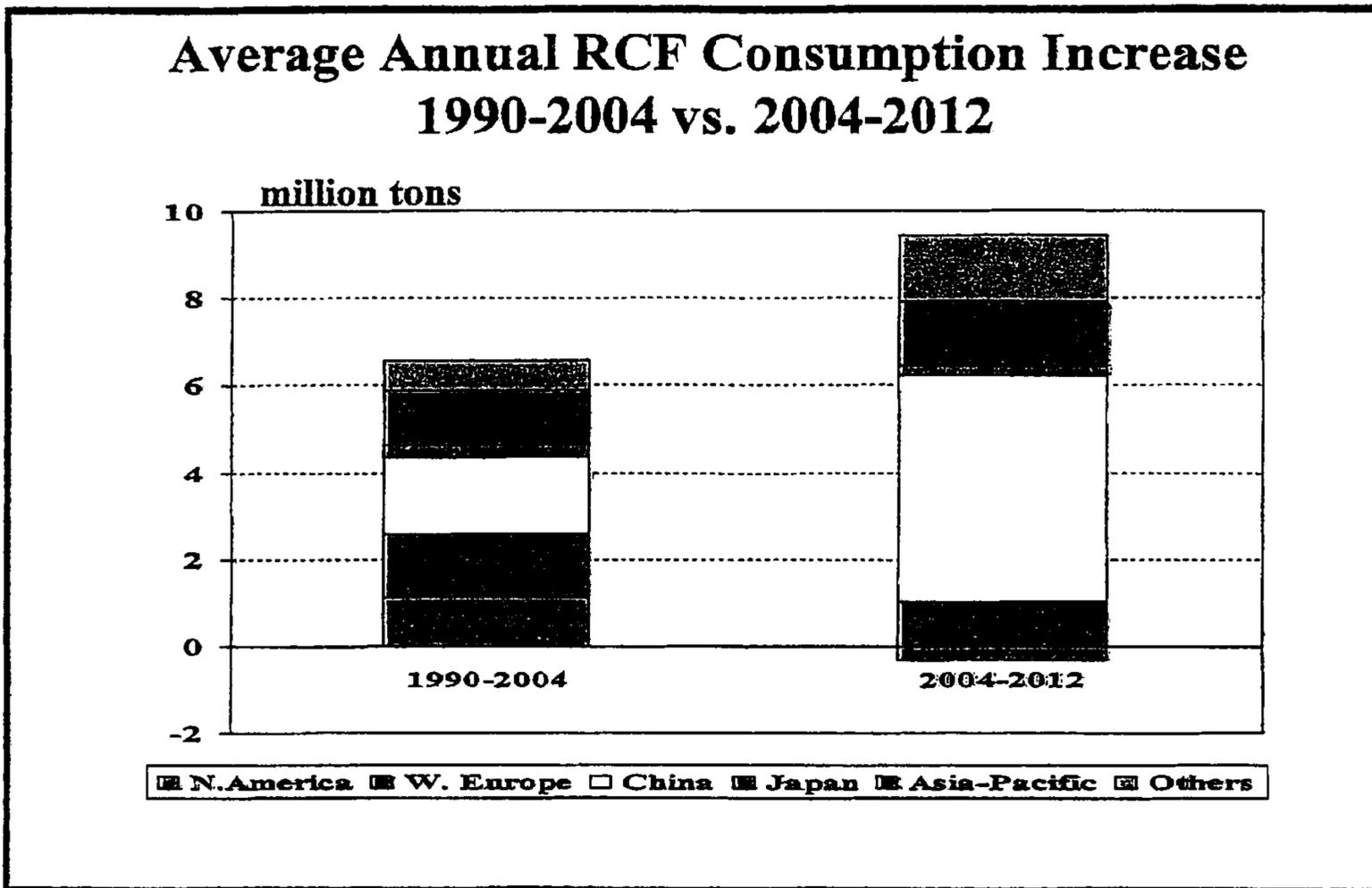
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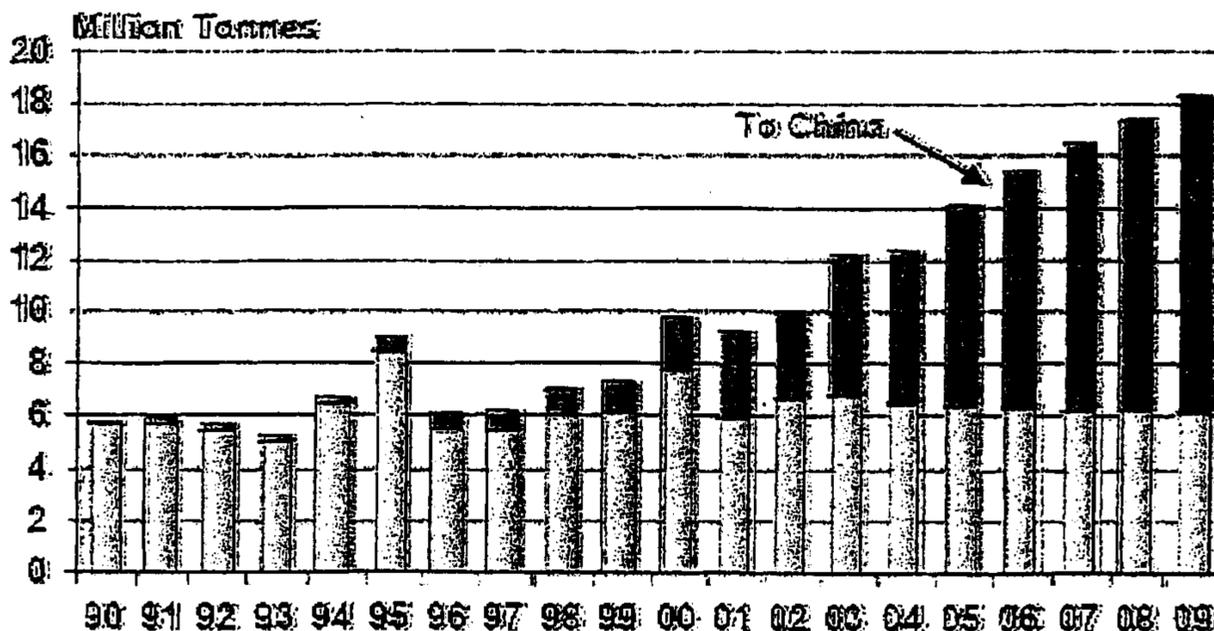
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The second depiction provides information on how fast the annual increase in consumption of recycled/recovered paper has grown over the past 20 years.



The third depiction provides a startling picture of the growth in the export of recycled/recovered paper to China. The rapid growth in China's consumption, from less than one million tons to over 12 million tons over the last decade, is truly impressive.

US Recovered Paper Net Exports: Pressure Continues to Build



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*Footnote: Please see article by Pete Grogan of Weyerhaeuser, entitled "The new, new world order" in the May 2008 issue of the Resource Recycling magazine for more information on world recycling material and demand.

DEMAND FOR VCRS PRODUCT

Regarding the specific market for VCRS product over the next 20 years, Mr. Grogan stated that Weyerhaeuser would buy every piece of recycled paper that VCRS could produce over the next 20 years. Not only does he need the VCRS product to meet his international market demand, but the high quality of the VCRS product makes desirable. The product has a reputation for being well sorted and clean. As a result, Weyerhaeuser will likely use most of the VCRS product in their own paper mill in Longview, Washington, rather than exporting such a high quality product to China. Consequently, both Weyerhaeuser and Smurfit Recycling Company, have assured VCRS that our product will be in high demand far into the future.

Due to the limited capacity of the current VCRS facility, income from selling our materials was limited to \$100,000 in 2007. Using our limited capacity to its maximum potential, we expect to sell \$125,000 worth of materials in 2008. With our new facility, we expect to process 25% of the borough's waste stream of 60,000 tons annually. This will equate to 15,000 tons per year. Nineteen percent of the 25% will be cardboard and paper products and the remaining 6% will be made up of aluminum, plastic, and steel. Using a conservative assumption based on today's prices and stated in 2008 dollars, within 10 years our materials should be generating an income of \$1,425,000 to \$1,900,000. This is a very conservative estimate since it assumes no growth in the borough waste stream. It does however provide a floor for our income expectations in 2018.

MAJOR BUYERS OF RECYCLED MATERIAL/RECOVERED RESOURCES

VCRS is currently working with Weyerhaeuser and Smurfit Recycling Company as our major buyers of the key marketable materials noted above. Cardboard and newspaper account for the majority of our sales and materials income. Our third largest income producer is aluminum followed by mixed paper. We determine whether to sell to Weyerhaeuser or Smurfit Recycling Company depending on which company can give us the best price at a particular time. It should be noted that neither of these companies has been able to obtain enough recycled material to satisfy the growing world market demand. In addition VCRS sells a portion of our newspaper to Thermo-Kool a local company in Anchorage. Thermo-Kool's main product is a cellulose insulation used in new construction and remodeling. The permanent facility will open the door to new market potential in the public schools and government offices. As we continue to grow, VCRS will research other buyers and further expand marketing opportunities.

We have provided a synopsis describing these two major recycling companies, Weyerhaeuser and Smurfit Recycling Company below.

Weyerhaeuser

"Weyerhaeuser Company is one of North America's largest recyclers of recovered office paper, newspapers, and corrugated boxes. With 19 recycling facilities across the United States, nine Weyerhaeuser containerboard mills, and a significant national brokerage system, the company collects, consumes, and markets more than 6 million tons of recovered paper annually. We collect and process this recovered paper at our own plants as well as buy paper from outside sources. The recovered paper is then used by our mills to create new paper products or is sold to other manufacturers in the United States or abroad."

Weyerhaeuser Recycling is a full-service, worldwide business, encompassing three primary areas:

Collection, sorting, and processing of paper from schools, offices, printers, retailers, and manufacturers

- o Purchase of paper from outside sources for use by Weyerhaeuser's nine containerboard mills to create new paper products with recycled content*
- o Sale of recovered paper to outside manufacturers for use in creating new paper products*

www.weyerhaeuser.com/Businesses/Recycling

Smurfit Recycling Company

"Smurfit-Stone is one of the world's largest collectors of recycled paper and non-paper based recovered materials in the world. Annually, we collect and process 6.8 million tons of fiber; 45% of that collected fiber is used in our own mills. Our facilities are outfitted with the most sophisticated technology to collect and recycle such items as newsprint, old corrugated containers, aluminum cans, plastic milk jugs and much, much more. The state-of-the-art equipment provides our facilities to receive and sort co-mingled materials, greatly simplifying the collection process and improving efficiency." www.smurfit.com:8080/content/Products/Recycling/

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Other Potential Buyers

There are thousands of buyers for recycled materials, we expect to deal with 3 to 10 additional buyers in the future. The top three of the most likely we will be dealing with are Amheuser-Busch Recycling Corp. Calbag Metals Company, and Ambient Pacific Recycling. These additional companies will be specialty buyers focused on specific materials such as aluminum, non-ferrous metals, and plastic and thus will give us a better price.

Other Sources of Recycled Commodity Market Information

Trade magazines related to the recycling industry are abundant, covering all the components of a comprehensive recycling program including buying and selling recycled commodities. By continuing to study the markets VCRS plans to steadily expand the items recovered through our recycling program using following a conservative approach to ensure sustainability of the recycling program. A few of these trade magazines are listed below.

1. **Recycling Today** - www.recyclingtoday.com/
2. **Mill Trade Journals Recycling Markets**
Serves the waste paper, paper-stock, plastic and scrap metal recycling industries in North America and contains news and information including average prices paid by large dealers and brokers for paper-stock and trends to guide the successful recycling dealer, mill executive, solid waste and others.
3. **American Metal Market (AMM), Recycling Manager** - www.amm.com/recman Tracks U.S. material prices by grade, for aluminum and steel cans, scrap metals, paper, plastics and glass.
4. **RecycleNet - Recycler's World** - www.recycle.net Established to promote the trade of scrap & waste materials
5. **Resource Recycling** - www.resource-recycling.com

Specific market information is available on the inter-net. For example the spot market prices for many of the commodities we produce are set forth in the charts below for May 19, 2008.

US Municipal Recycling Index				
Spot Market Prices : Monday May 19, 2008				
Grade	LTL*	TL**	Units	Funds
Old News Papers	38.70	103.20	ton	USD
OCC	47.25	126.00	ton	USD
Office Paper	64.12	104.50	ton	USD
PET	0.07	0.20	lbs	USD
HDPE	0.04	0.18	lbs	USD
UBC	0.33	1.03	lbs	USD
Steel Cans	87.15	207.50	ton	USD
Scrap Glass	2.25	4.50	ton	USD

Source : ScrapIndex.com

US Paper Recycling Index				
Spot Market Prices : Monday May 19, 2008				
Grade	LTL*	TL**	Units	Funds
Corrugated Cardboard	47.25	126.00	ton	USD
Old Newsprint	38.70	116.10	ton	USD
BoxBoard	36.29	96.75	ton	USD
Old Magazines	8.71	25.80	ton	USD
Mixed Paper	9.25	28.50	ton	USD
Sorted Office Paper	64.12	104.50	ton	USD
White Ledger	114.00	266.00	ton	USD
White Envelope	135.38	370.50	ton	USD

Source : ScrapIndex.com

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*LTL The LTL prices refer to the over the scale value of miscellaneous quantities of materials. Less than Truck Load quantity refers to weights of less than 40,000 lbs unless otherwise stated.

****TL** TL prices refer to sorted and prepared materials, packaged and ready for shipment in typical Truck Load quantity weights of 40,000 lbs. unless otherwise stipulated.

The Yellow Sheet is one of our major sources for guidance on appropriate paper commodity prices, which is also used by both of our major buyers.

Official Board Markets

THE YELLOW SHEET

Transacted paper stock prices – May 3, 2008

	Mixed Paper (1)	Boxboard Cuttings (4)	News (6)	News (8)	OCC (11)	OCC Export/Port FAS (37)	SOP (37)	Sorted White Ledger (40)
Chicago	88-95 (-5)	90-95 (0)	90-95 (0)	100-110 (0)	100-110 (-10)	132-135 (0)	210-220 (-10)	305-310 (-10)
New England	87-95 (0)	85-90 (0)	85-95 (0)	100-130 (0)	115-135 (-10)		215-225 (-10)	300-310 (-10)
Buffalo	87-95 (0)	85-90 (0)	80-85 (0)	100-110 (-5)	115-125 (-10)		215-225 (-10)	300-310 (-15)
New York	85-90 (-5)	85-90 (0)	90-95 (0)	115-125 (0)	115-135 (-15)	120-125 (-30)	215-225 (-10)	300-310 (-10)
Seawest	90-95 (0)	85-90 (0)	75-80 (0)	110-120 (-5)	110-120 (-5)		205-215 (-10)	305-315 (0)
Southwest	90-100 (-5)	85-90 (0)	75-80 (0)	120-130 (0)	110-120 (-5)		205-215 (-10)	310-320 (0)
Los Angeles	125-135 (-5)	115-125 (-5)	140-150 (0)	145-165 (0)	140-150 (-10)	172-175 (-20)	240-250 (-5)	320-330 (0)
San Francisco	125-135 (-5)	115-125 (-5)	140-150 (0)	145-155 (0)	140-150 (-10)		240-250 (-5)	320-330 (0)
Pacific NW	115-125 (-5)	115-125 (-5)	115-125 (0)	120-130 (-5)	105-115 (-15)		240-250 (-5)	320-330 (0)

	New DLK Cuttings (13)	White News Blanks (24)	Coated Soft White Sharings (28)	Hard White Sharings (30)	Hard White Env. Cuts (34)	CPD (non-impact) (42)	Bluprint Sulfate (47)
East	510-540 (-20)	200-210 (0)	340-350 (0)	395-405 (0)	460-470 (0)	325-335 (0)	400-410 (0)
Midwest	125-135 (-10)	190-200 (0)	330-340 (0)	405-415 (0)	425-435 (-20)	330-340 (0)	390-400 (0)
Southwest	125-135 (-10)	190-200 (0)	330-340 (0)	400-410 (0)	425-435 (-20)	280-290 (0)	360-370 (0)
Southwest	130-140 (-10)	190-200 (0)	330-340 (0)	415-425 (0)	425-435 (-10)	280-290 (0)	360-370 (0)
Los Angeles	145-155 (-10)	225-235 (0)	290-300 (0)	385-395 (0)	410-420 (0)	300-310 (0)	385-395 (0)
San Francisco	145-155 (-10)	225-235 (0)	290-300 (0)	385-395 (0)	410-420 (0)	300-310 (0)	385-395 (0)
Pacific NW	145-155 (-10)	225-235 (0)	290-300 (0)	385-395 (0)	410-420 (0)	300-310 (0)	385-395 (0)

OCC Prices Tumble – May 3, 2008

Although the specific price drops varied from region to region, most domestic board mills are now clearly in a position to eliminate OCC prices. And, no surprise, they're pushing them down. Mills in the New York area and the Pacific Northwest are in the best position to do this, thanks to the continuing difficulty in loading shipping containers. With each passing month it keeps getting worse and worse, so even paper mills and freight charges are hindered. For now, however, paper shipments are getting no respect.

"Our mill has been inundated with OCC and mixed paper in the past, where we stopped loading release numbers for loads," says a mill buyer in the Midwest. "Suppliers have been begging us to take more. We will continue to drop the price because they have nowhere to go."

In the next few weeks a number of mills in the Northeast will be taking scheduled downtime, so don't look for OCC prices to turn around anytime soon. Traditionally, OCC prices are in line and help, so companies should. But this trend could change this summer.

OCC supply in the Southeast is tight. Packers and buyers say they don't have that much OCC in inventory and are getting more calls from waste mills, looking for more.

"Normally you would expect that with the [tight] export container situation causing a backlog of OCC cars in the Midwest and Midwest, southern mill buyers would be pulling cars from out of region to help with their current supply problems," says an OCC supplier in the Southeast. "That is not the case today. The reason is the drop of steel fuel."

In light of the single container situation, what's happening with China's board mills? Some are still getting orders in traditional. Others are taking a "wait and see" attitude (a hesitation in buying OCC) because they don't know if the export situation is getting any better or if they will drop even further. Mill buyers in China always try to buy up, not down. So, they're sitting on their hands.

With shipping rates set to increase over freight yet again this month and no sign that a volatility is going to loosen up soon, look for OCC prices to continue to drop in the South as container has been another supply constraint.

In addition to having dependable buyers, transportation to market is an important component of our sales operation. VCRS has forged a strong relationship with our local Wal*Mart store. Since 1998 Wal*Mart has been a key partner of VCRS providing: space for our recycling events; financial support of our programs; as well as transport of our recyclable materials to our buyers in our early years.

More recently, VCRS signed a freight agreement with the Alaska Litter Prevention and Recycling (ALPAR) organization. This agreement involves transportation partnerships with both TOTE and Horizon Lines. Other key partners continue to be Wal*Mart, United Freight Drivers, and Lynden Transport.

The following pages provide charts depicting: the Recycling Process; 2007 Tonnage of Materials; 2007 Revenue from Material; Tonnage of Material 2001 – 2007; and Revenue of Material 2002 – 2007.

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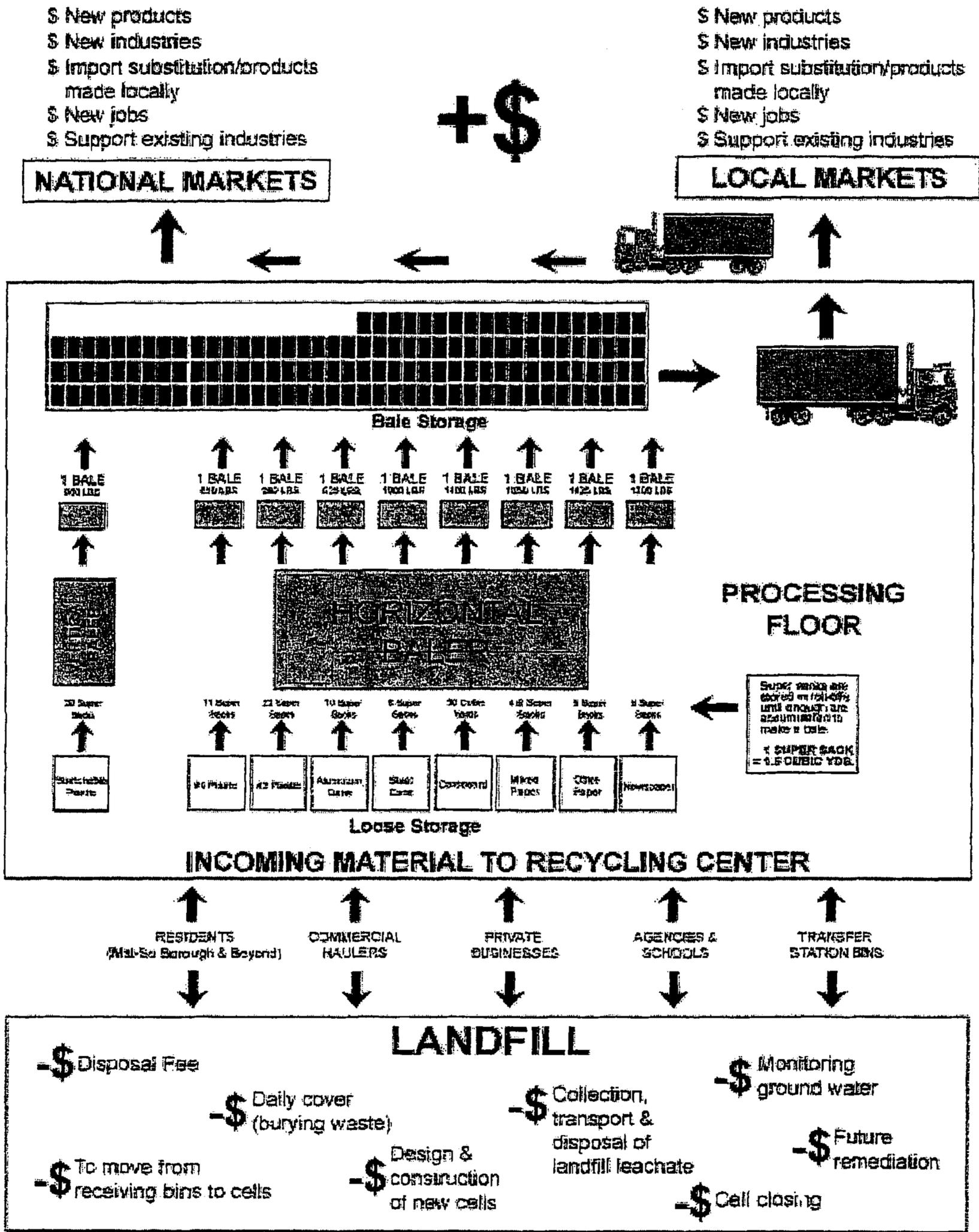
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Recycling Process Flow Chart

Recycling Facility Process Flow



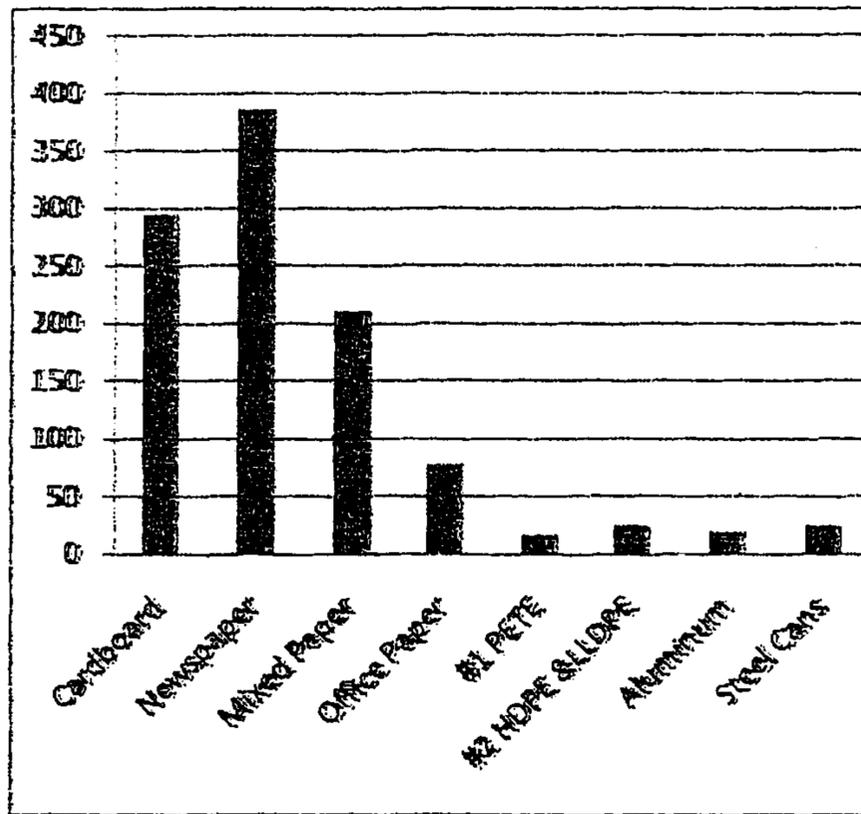
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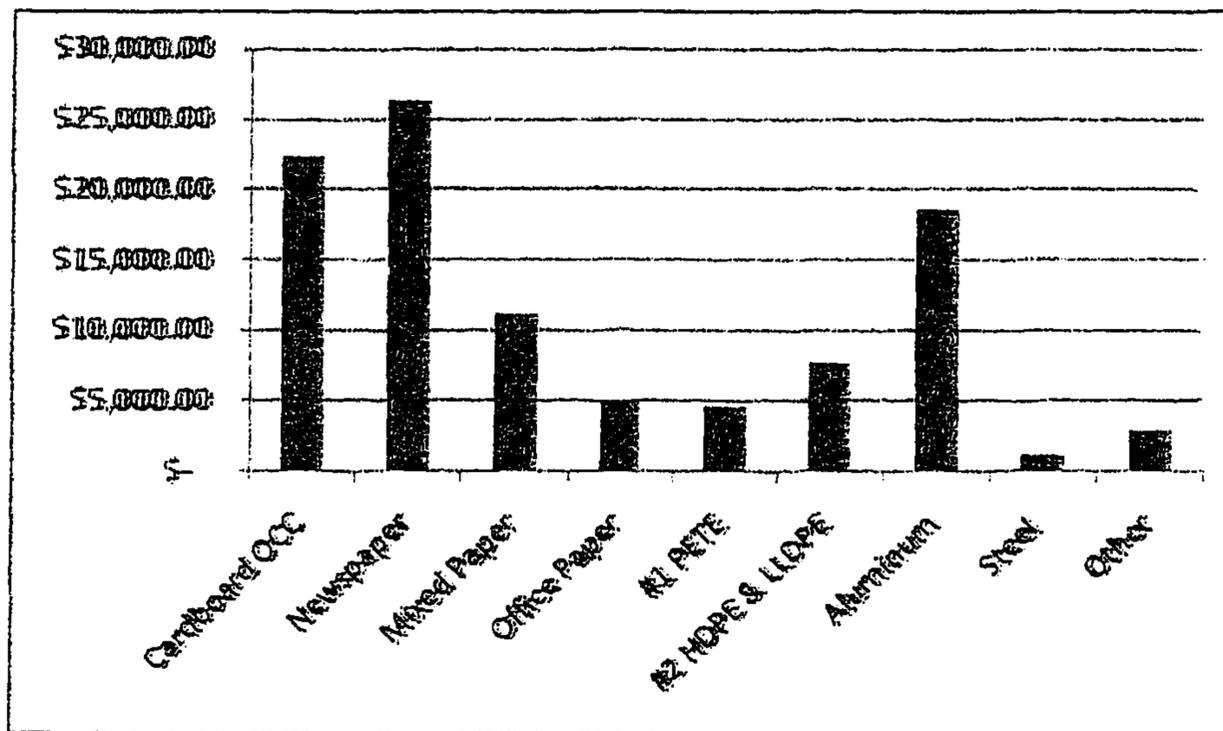
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History of VCRS Recovered Material Charts

2007 Tonnage of Materials



2007 Revenue from Materials



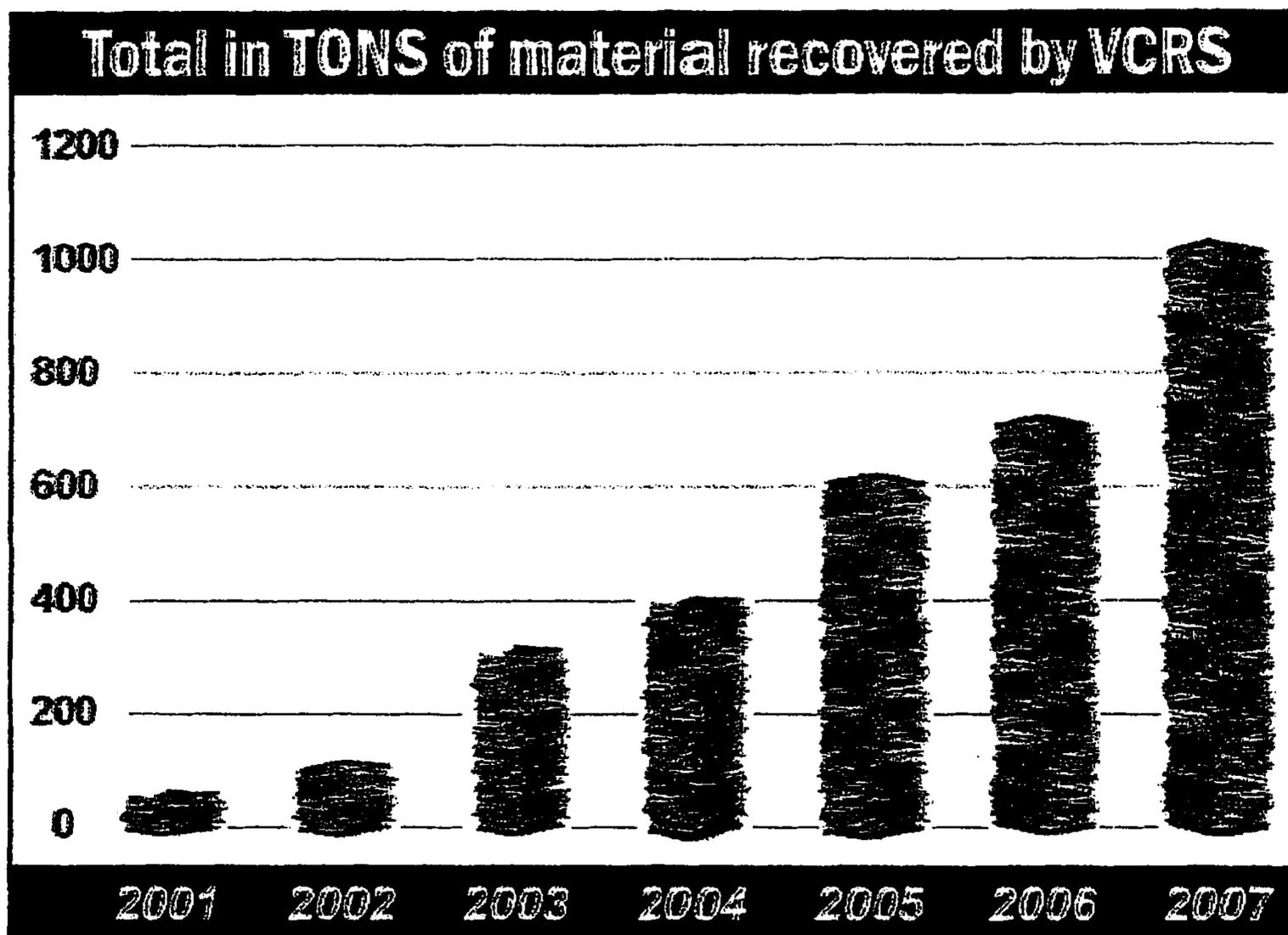
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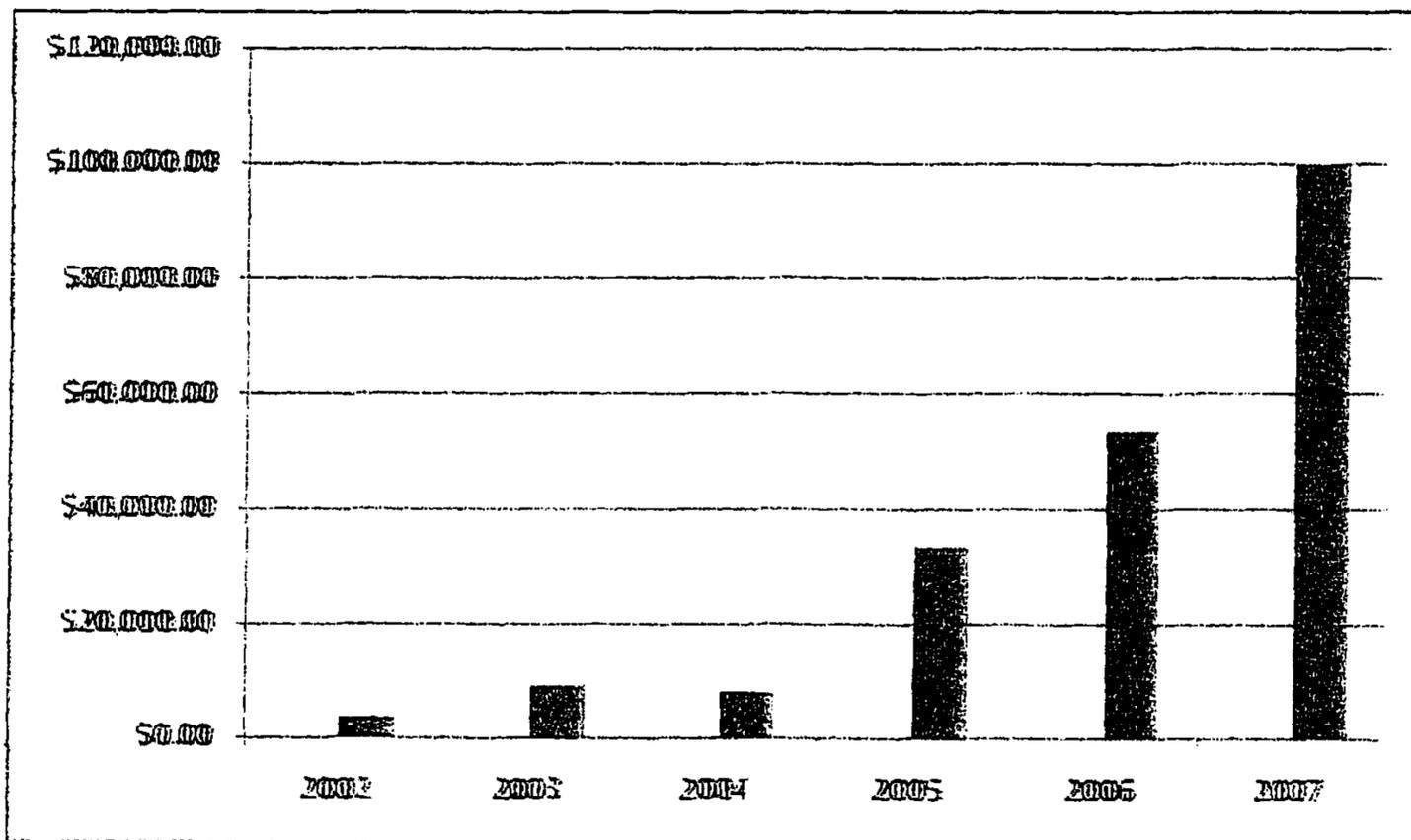
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Material Recovered 2001 - 2007



Revenue from Material 2002 - 2007



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The recycling program has experienced a steady growth rate. The small difference of growth reflected between 2005 and 2006 is explained by the fact that midway through 2005 VCRS discontinued accepting glass. 2006 is the first year where our tonnage reflected the absence of the weight of glass. VCRS does plan to reinstitute the collection of glass at our permanent site. We have seen a steady increase in commercial and residential customers. Commercial customers using our program include the Frontiersman, Mat-Su Regional Hospital, Mat-Su School District Central Kitchen, and MSB Administration Building. This pattern of growth is significant to our future capacity in that it demonstrates a true interest within our community to participate in the recycling center's program. VCRS is in conversation with the both Mat-Su School District and the City of Palmer, two of the biggest waste generators to use the recycling center in their waste management plans as soon as we have the new facility up and operating.

Materials reused or recycled locally

- Egg Cartons: Local poultry farmers
- Light Bulbs: Local crafts business
- Packing Peanuts: UPS Stores in Palmer and Wasilla plus cottage craft businesses
- Plastic and Brown Paper Bags: Local thrift stores
- Bales of HDPE #2: Local building construction
- Bales of LLDPE: Locally used as backdrops for archery ranges
- Newspaper: Thermo-Kool, local business making cellulose insulation, cement emulsifier and various other products

We estimate at 25% diversion, with VCRS' target on paper, we will be recovering:

- | | |
|---|----------------------|
| o Paper (Cardboard, news, mixed, office) | 11,400 tons per year |
| o Other Material (e.g., plastic, aluminum, steel) | 3,600 tons per year |

VCRS is committed to being a leader in the recycling industry by maintaining and operating an efficient recycling center. We are also preparing to keep more goods out of the landfill and generate more revenue in our reuse store. Our product is already considered by the industry to be top grade. Our buyers Weyerhaeuser and Smurfit Recycling Company are attentive to our needs, paying us in a timely manner and paying us top dollar for our bales.

2008 industry estimates of processing cost per bale including equipment, staff and facility operations, are \$40 per ton. In 2007, our average revenue per bale was \$95. Our new facility will allow us to grow, expand our operations, gain new customers, and continue to realize a good return for our materials.

Metals historically bring in higher revenues than the majority of the standard household materials we are currently collecting. The permanent facility will allow VCRS to expand the collection of both ferrous and the most valuable commodity, non-ferrous, metals.

In addition to the sale of commodities, reusable items, recycling aids and products made from recovered resources, VCRS will generate revenue from memberships, private donations, and grants to help support our ongoing education and outreach efforts.

VCRS has attracted a large following of customers, volunteers and supporters. These individuals, private organizations and government agencies support us with donations in the form of goods, materials, time and cash. They sustain VCRS's programs and will facilitate its growth. We plan to expand our family of stakeholders as we generate revenue for capital improvements, construction and initial operating expenses.

The following is a list of current and potential stakeholders who we will ask to support our organization by purchasing our materials and through memberships, donations, events and endowments.

Members

Corporate Sponsors

- British Petroleum
- Conoco Phillips
- Ayeska Pipeline
- Tesoro
- Exxon /Mobil

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INTRODUCTIONS

- Enstar
- ALPAR and their associated corporate members

Local Businesses

- Alaska Waste
- Alaska Regional Hospital
- Spenard Builders Supply
- MVFCU
- MTA
- MEA
- Brown Jug
- Weld Air
- 1st National Bank
- United Rental
- Wells Fargo Bank
- Many, many more

Individuals

Civic Organizations

- Rotary
- Kiwanis
- Lions
- Palmer, Greater Wasilla, and Big Lake Chambers of Commerce

Foundation Grants

- Rasmuson Foundation
- Mat-Su Health Foundation
- Kellogg Foundation
- Alaska Conservation Foundation
- Kresge Foundation
- Murdoch Foundation
- Paul Allen Foundation

Government Agencies

- USDA Rural Development
- US Economic Development Administration
- The Denali Commission
- Matanuska-Susitna Borough
- Alaska Department of Environmental Conservation
- Mat-Su Resource Conservation and Development Council
- US Department of Agriculture, Natural Resource Conservation Service
- US Department of Environmental Protection Agency
- Alaska Department of Commerce, Community, and Economic Development
- Palmer Soil and Water Conservation District
- City of Wasilla
- City of Palmer
- City of Houston
- Alaska Department of Transportation and Public Facilities

Local Tribal Governments/Corporations

- Chickaloon Village
- NANA
- Knik Ahtnu
- Eklutna

Customers

- Revenue generated from the sale of recovered resources dropped off by residents and major waste generators.
- Revenue to be generated by resale store

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Marketing Strategy

The Matanuska-Susitna Borough 2002 Solid Waste Management Plan public participation program reported that most respondents believe that the Borough should maintain a role in promoting recycling. The Borough plan recognized VCRS as the primary entity positioned to fulfill this task. VCRS' marketing strategy focuses on spreading the message that "recycling is good" for the environment and the economy.

Increase Visibility in the Community through a Variety of Tools:

- Product Identification – Logo, Slogan – "Together We're Turning It Around", Promotional Items (t-shirts, shopping bags, etc.)
- Signage – Building, location direction interim on-site signage provides an opportunity to greatly increase our visibility, since it is located on one of the main roads in the core area of the community. Mat-Su Borough will provide signage and information about VCRS at transfer sites and landfill.
- Outreach – Presentations to local civic, religious and service groups, elected officials, governmental agencies, municipalities and other community leaders. Tools include our quarterly newsletter, utility bill stuffers and agency brochures.
- Events – State fair, educational events, open houses at the recycling center
- Direct advertising
- Community Involvement – Block Leader program
- School programs – Our education efforts in the schools and in the community promote recycling by providing curricula to teachers and videos for community use. Educational events within Borough Schools. Field trips at the recycling center
- Direct Mail
- Media – Print, TV, website and radio, earned and paid
- Increasing VCRS' presence on the internet
- Increase the number of links to our website and improve the quality and timeliness of our website.

Partner With Local Collaborators – Our collaborators, the Mat-Su Borough Landfill, Alaska Waste, Talkeetna Refuse, and Green Star will promote use of our program with their customers, both residential and commercial. We have 300 members, an active volunteer base of 450 and a database of over 3,000 supporters.

Target Large Organizations – Approach large companies and employers, such as the Mat-Su Borough School District, Matanuska Electric Association, and Matanuska Telephone Association, to market our recycling program.

Capital Drive – Solicit donations and support for construction of the permanent facility, using a variety of tools, including our logo and slogan – "Raise the Roof for Recycling", celebrity endorsements and a VIP Steering Committee.

Work With Government Officials – Educate government leaders regarding the need and constituent demand for recycling and the potential for economic development and job creation.

Work with the Alaska Zero Waste Action Council (AZWAC) the state-wide group comprised of organizations, municipalities, villages, tribes, agencies and business to promote recycling in communities across Alaska and collaborations across the state.

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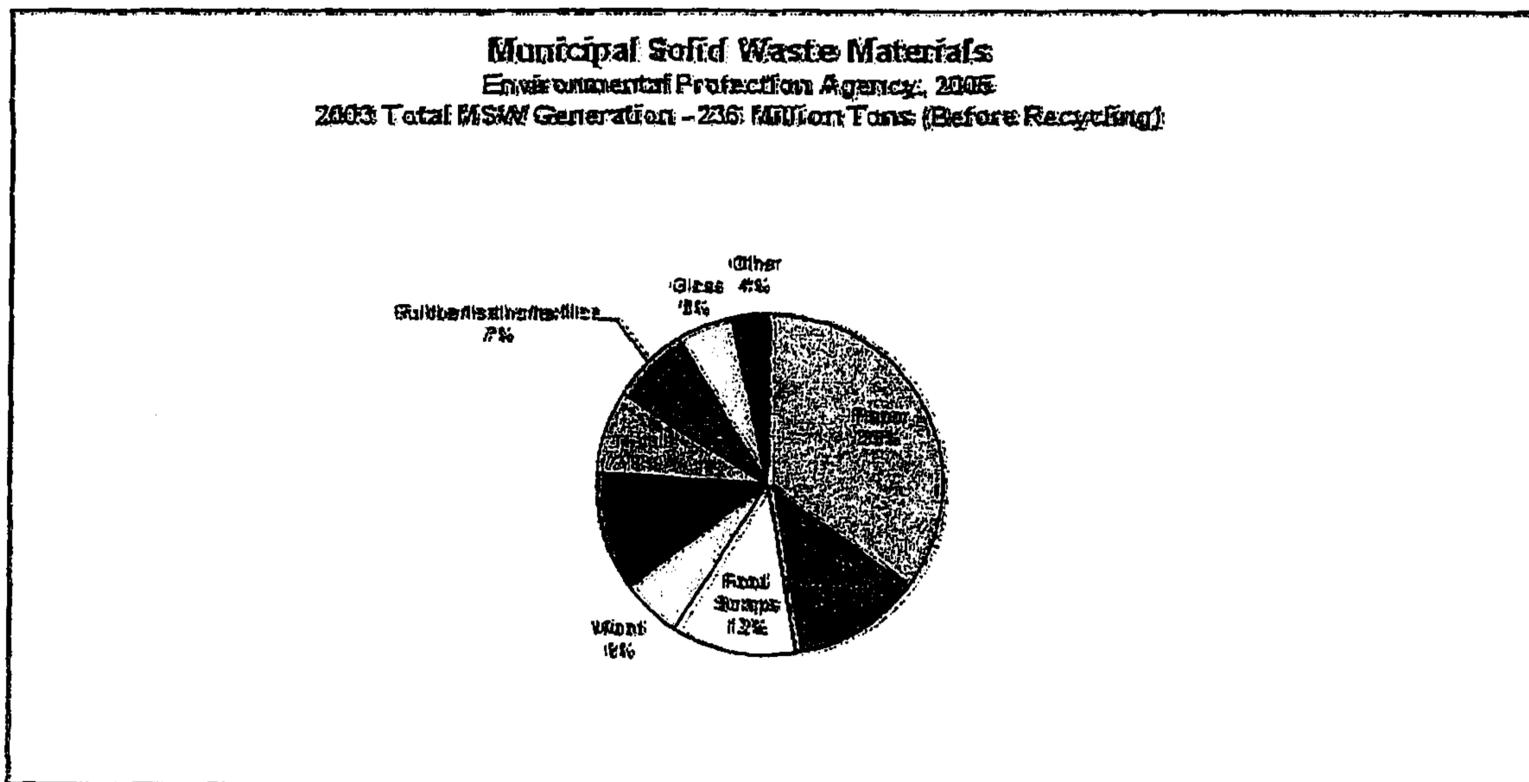
Analysis Of Permanent Facility

VCRS Capacity to Achieve Waste Diversion Goal

Makeup of Matanuska-Susitna Borough (MSB) Waste Stream:

The Matanuska-Susitna Borough used the Environmental Protection Agency standard formula for the make up of Municipal Waste Streams (MWS) in their 2002 Solid Waste Management Plan (SWP). Due to the additional shipping involved in getting merchandise to Alaska, our waste stream is typically heavier on paper from containers and packaging and tends to be lighter on green waste from landscaping and yard waste than EPA's standard formula. According to information found in the Matanuska-Susitna Borough's 2002 Solid Waste Management Plan (SMWP), 36% of the waste stream is cited as paper, and typically the majority of the paper is old corrugated cardboard (OCC). Because this number reflects EPA's standard formula, the percentage of paper products that make up the Matanuska-Susitna Borough's waste stream is likely higher. Realistically, we can set paper at around 38% of the waste stream in Alaska, which better reflects our unique waste stream due to our location from major markets and the increase of packing materials.

From information that we know about our community, and from research available from EPA, we can project that VCRS can recover 50% of the paper in the Matanuska-Susitna Borough's waste-stream. The national recovery rate for paper is 50%, and we should be able to match or better the national recovery rate of 50% for paper in the Mat-Su Valley. VCRS has a strong education and outreach programs and a committed army of volunteers. VCRS also has a strong buy in for paper recycling from our community residents, businesses, and agencies. If VCRS met the national average of 50% paper recovery, this alone would divert 19% of the Borough's waste stream. The remaining 6% of our 25% diversion goal will consist of plastic, aluminum, and steel.



EPA's website says that "Today, this country recycles 32 percent of its waste, a rate that has almost doubled during the past 15 years. While recycling has grown in general, recycling of specific materials has grown even more drastically: 50 percent of all paper, 34 percent of all plastic soft drink bottles, 45 percent of all aluminum beer and soft drink cans, 63 percent of all steel packaging, and 67 percent of all major appliances are now recycled."

In 2007 VCRS recovered, processed, and marketed 1005 tons of resources from the waste stream. This was a 40% increase over the previous year. Our current growth pattern is due to word of mouth and previous outreach efforts alone. We have halted our outreach efforts until we are in the permanent facility and able to handle the increase that will be brought about by advertising. VCRS is working with the Mat-Su School District as well as the City of Palmer to prepare for large scale diversion from their waste through our program at the permanent facility.

The MSB Central landfill waste stream currently averages 60,000 tons annually or 164 tons per day. Twenty-five percent of this total would be 41 tons per day. Our diversion at these weights would be to recover and process 31 tons of paper and 10 tons per day of other materials including ferrous and non-ferrous metals, plastics. A 25% diversion rate

liberally estimated would be 51 Tons per Day by 2013. In addition VCRS plans to recover reusable items from the waste stream including construction materials and other items for resale.

VCRS CURRENT CAPACITY

Material handling capacity

In 2007 VCRS processed 1000 tons. This was a 40% increase over 2006. Handling this natural growth rate is our main focus at our current site.

Equipment

Harris Barracuda Single Stroke Horizontal Baler: 3 to 4 Tons per Hour
Vertical Baler: Used for storing and processing Film/Stretchy Plastic

Outdoor workspace for processing

Cement pad and Asphalt pad = 250 SQ FT

Indoor workspace for processing and storing

PLANT, ROLL OFF Containers, PORTABLE BUILDING (Big Top) used for storage and sheltered area for the drop off of recycling, VAULT, SHED = 8284 SQ FT

NEW RRR&TP CAPACITY

VCRS' primary target at the new facility will be the paper currently going into the landfill. VCRS is confident by aggressively marketing our program to the major waste generators that we will be able to reduce the waste going into the landfill by 19% through paper alone. VCRS plans to capture an additional 6% of the waste stream by expanding its collection of Plastics, Ferrous and Non-ferrous Metals, Glass, & Reusable Materials (*i.e. Construction/Building Materials, Furniture*).

EXISTING EQUIPMENT: This equipment will be moved to and used at the new facility to process material and cover the needs of our recycling operation.

- Harris Barracuda Single Stroke Horizontal Baler averages 3 to 4 Tons Per Hour (Bales all Materials) will initially be used as our main baler at the new facility.
- Vertical Baler: (Stores & Bales Film/Stretchy Plastics)
- Existing portable building (Big Top) will become housing for glass crusher and glass storage
- John Deer Loader, Mitsubishi Forklift, Cyclone Electric Forklift
- Mobile Loading Ramp

FUTURE EQUIPMENT NEEDS

- Drive on Scale
- Glass Crusher
- Harris Badger Two Stroke Horizontal Baler (can process and average of 15 Tons per Hour)
- In-Floor Conveyor facilitating the movement of material into bigger baler

NEW COVERED DRY SPACE FOR PROCESSING AND STORAGE

- 13,440 Square feet DRY AREA for PROCESSING (current facility 4182 sq ft of unconnected area)
- 6,808 Square feet DRY AREA STORAGE (current facility 4102 sq ft of unconnected area)
- Large Door for Trucks to enter and dump material on Plant Floor for processing (current facility no plant floor)
- 3 Loading Docks for Receiving and Shipping Material (current facility one outdoor mobile ramp)
- Elevated area over plant floor for sorting (no capacity for organized sorting at current site)
- **Building is designed to handle tens of thousands of tons of material per year compared to our current capacity of one to maybe two thousand tons per year.**

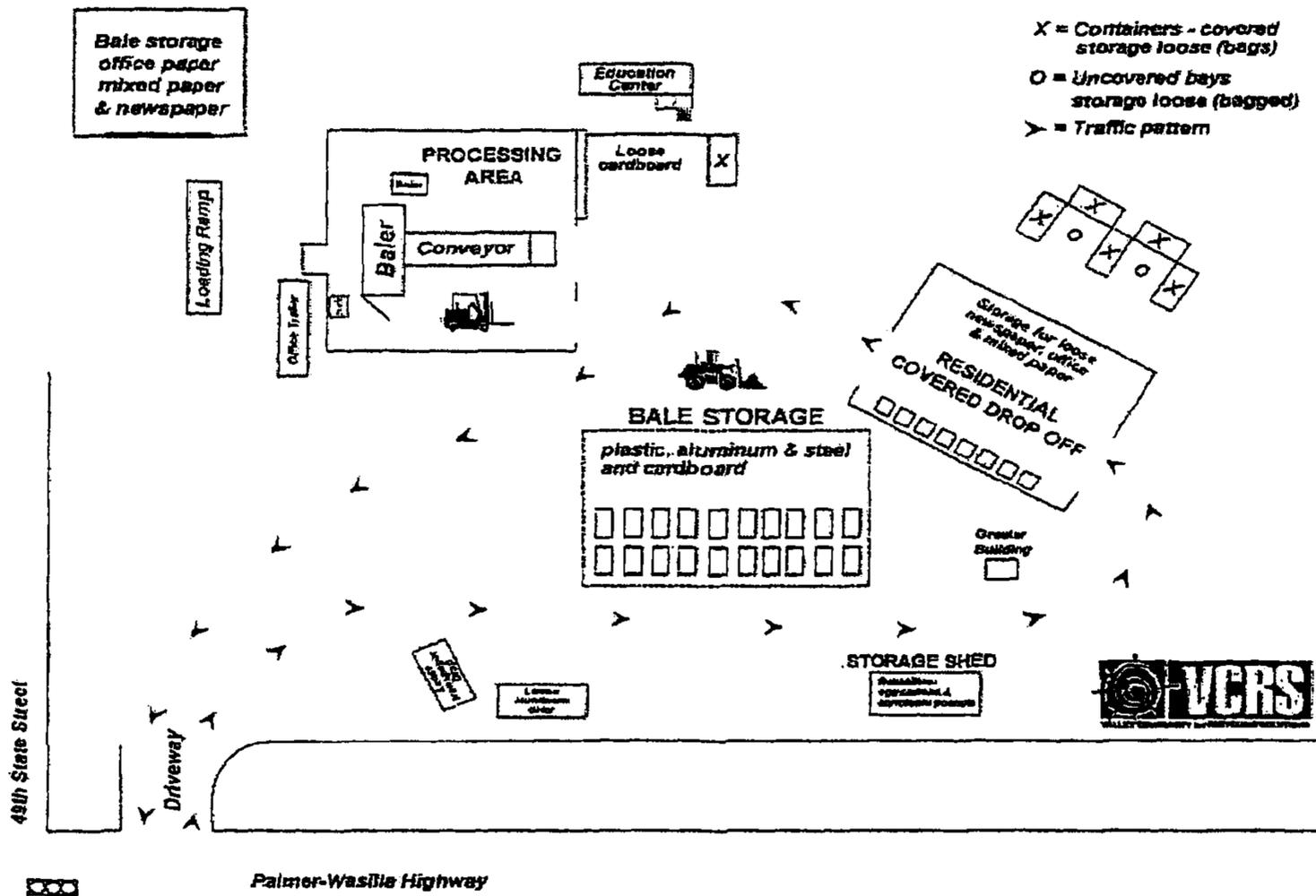
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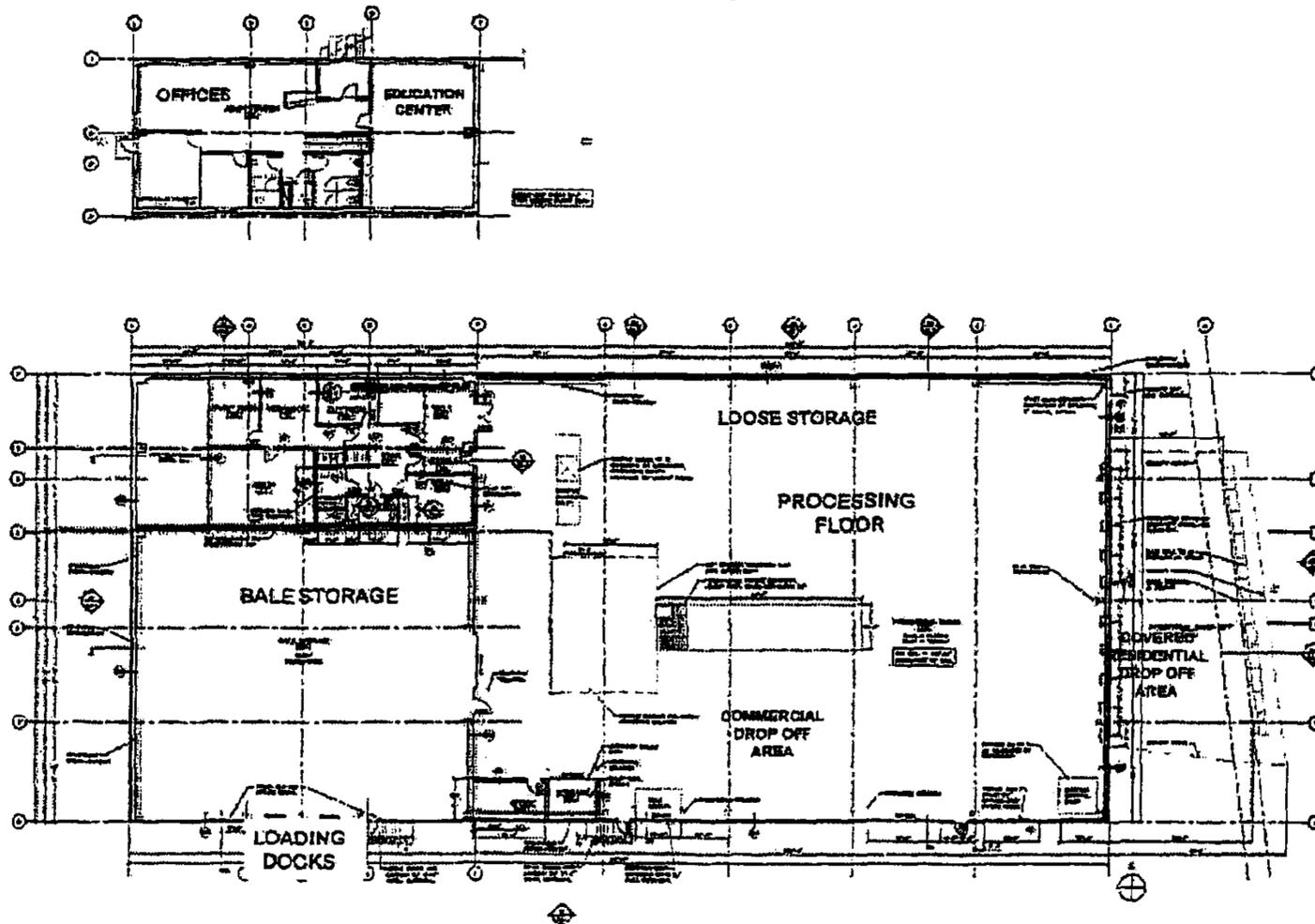
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Comparison of Current Facility Layout to New Facility Layout

CURRENT FACILITY



NEW FACILITY



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Existing Vs. Future Production

It should be noted that the new facility will allow us to process tens of thousands of tons per day as opposed to the current facility which limits our capacity to between one and two thousand tons per year. In actuality, the current facility processed 1,000 tons in 2007 and we expect to be processing over 15,000 tons by 2013.

NEW CUSTOMERS: MAJOR WASTE GENERATORS

Matanuska Susitna Borough

- Department of Public Works, Solid Waste Division:
Recycling bins placed at the MSB transfer stations(8) and Public Dumpster sites(5) to recover key paper products (newspaper, magazines and catalogues).
- Residents and small businesses

Matanuska-Susitna School District (MSSD): *VCRS has been cultivating the district-wide inclusion of recycling in the MSSD waste management program as soon as our capacity increases at the RRR&TP. Currently 10 schools utilize our recycling program as well as the school districts administration building.*

State & Federal Agencies

Utilities: MEA, MTA, ENSTAR

Retail Stores: Department, Grocery, Auto Parts

Restaurants/Bars

Hospitals/Medical Centers

City of Palmer: *Palmer's municipal operated curbside garbage pickup is poised to be the first curbside recycling opportunity to residents in the MSB.*

Alaska Waste

Hotels & Resorts

Industrial Operations/Manufacturers (Printing, Bottling, Other)

PARTNERS

Matanuska Susitna Borough

Public Works Department, Solid Waste Division

Local Waste & Recycling Haulers

Alaska Waste

Talkeetna Refuse

Valley Recycle Pick Up

CAPACITY TO SHIP and SELL MATERIAL

VCRS' Freight Agreement with our partners, Alaska Litter Prevention and Recycling (ALPAR) and our local commercial Shippers, TOTE & HORIZON allows VCRS a reliable, predictable shipping climate for the movement of our materials to market.

VCRS is able to sell to the highest bidder while also nurturing interest within local industry. VCRS currently has two major buyers, Weyerhaeuser and Smurfit Stone Recycling Company. VCRS is developing partnerships with DCCED, Made in Alaska, AMEP, and the Small Business Development Center to encourage local entrepreneurs to utilize the high quality commodities recovered through VCRS as feedstock for locally made products. The main outlet currently for recycled material (newspaper) in Alaska is Thermo-Kool located in Anchorage.

Quality along with quantity is a priority for the success of rural recycling programs and all Alaska recycling programs are considered rural given the distance to the major markets. Over the past ten years with the help of volunteers and extensive education and outreach efforts VCRS has a very high quality material that we deliver to market. Our investment in building a sustainable community along with our rural dynamic reinforces VCRS' commitment to the use of our product here in Alaska.

VCRS' commodity is known in the industry as being consistently of top quality. Because of this reputation we are able to realize top dollar for our product and have access to the most reputable buyers.

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Approx Landfill Deposition rate (tons/day)
(assumes 5% increase per year)

2007	2008	2009	2010	2011	2012
160	168	176	185	194	204

Processing

Working together, 2 balers can produce an average of 19 tons/hr (depending on material) - or 133 tons/7hrs
 To process 51 tons/day by 2012, need to run balers 2.7 hrs/day
 If necessary, single (2-stroke Badger) baler could itself process approx 91 tons in a 7-hr span
 In 2009, current baler could process 42 tons in 7 hrs (24% of 176 tons)

Storage

Ability to store enough bales of each individual material to fill a trailer van to maximize our shipping opportunities.
 Storage area to allow VCRS to have in stock enough bales of any commodity wanted for use by local industry. The start up of new enterprises and the potential for expansion of existing industries will need VCRS to be a partner in getting these resources utilized in Alaska. Innovative businesses wanting to utilize resources recovered through our program will need to be confident in the quality of the commodity we will be supplying as well as confident on the reliability of the availability of the quantity required for their manufacturing process.

Shipping

To ship 51 tons/day by 2014, need to have 2 trucks depart RR RTP per day

Conclusions

VCRS could physically divert 25% of the waste stream in baled recyclable material given the new facility's capacity for storing, processing, and loading for transport.
 With the addition of items captured from the waste that can be reused or composted the potential is even higher.
 For effective diversion, much work be required to increasing the materials coming in to the recycling facility.

Management and Key Personnel

VCRS is committed to maintaining a strong board & staff dedicated to achieving the goals of the organization.

President

Pete Praetorius
 Professor, Matanuska-Susitna College

Vice-President

Guy Barton
 Retired Recycling Plant Manager

Treasurer

Robert Thaggard
 CPA, Alyeska

Secretary

Lee Henrikson
 Faculty, UAA

Officer at Large

Pat Deschamps
 RN, Valley Hospital

- Dewey Taylor
Retired Teacher
- John LeClare
Helicopter Mechanic
- Bonnie Dinkel
Homemaker, Active Member, Alaska & Mat-Su Family & Community Education Council
- Doug Daniels
Manager, Container Division, Alaska Waste

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- Kathleen Barron
Retired Lawyer
- Skip Hrin
Psychologist
Owner, Valley Recycle Pickup
- Kevin Brown
Technician Specialist
- Dave Longtin
Civil Engineer

VCRS operates with a small paid staff utilizing lots of volunteers and community supporters. The paid staff consists of six full-time employees and one part time: Executive Director, Community Outreach Coordinator, Marketing Coordinator, Administrative Assistant, Plant Manager and two Equipment Operators. The commitment of the VCRS staff, volunteers and community supporters is critical to the success of VCRS. Part of the community support VCRS receives is through the Alaska Job Corps, Alaska State Probation Office and the Alaska Labor Force program. Volunteers in need of community service hours are placed at our facility benefiting those in need of community service hours, work experience and skill development. Many civic organizations, church groups and students fulfill their volunteer commitments through our programs as well.

Mollie Boyer: Executive Director. As Executive Director Ms. Boyer maintains the organization's vision while creating opportunities for the fulfillment of VCRS' mission and goals utilizing the organization's strategies. Ms. Boyer was a founding member of the organization and has been committed to the success and longevity of the VCRS recycling program since its conception in 1997. Ms. Boyer coordinated the VCRS non-profit corporation and 501(C)3 tax-exempt status. Ms. Boyer has attended numerous workshops, trainings, and classes on organizational development, fund development, leadership, marketing, nurturing and keeping volunteers offered by the Foraker Group, the Alaska Conservation Foundation, and the Rural Community Assistance Corporation. Ms Boyer has an AA from the University of Hawaii with credits toward an Interdisciplinary Degree in Conflict Resolution with an emphasis on Urban Development.

Mary Lewis: Plant Manager. As Plant Manger, Ms Lewis oversees the plant operations, tracks the incoming and outgoing materials and maintains the equipment for the Recycling Center. Ms Lewis began as a volunteer and was specially trained by the previous plant manager.

John Boyd: Equipment Operator. As Equipment Operator, Ms. Boyd assists the Plant Manager with activities in the recycling plant including the receiving and processing of incoming material. Mr. Boyd is a graduate of the Alaska Job Corps equipment program in Palmer.

Gene Sauer: Equipment Operator. As Equipment Operator, Ms. Sauer assists the Plant Manager with activities in the recycling plant including the receiving and processing of incoming material. Mr. Sauer volunteered for several years before coming onto the staff. Mr. Sauer is retired from the military and the Alaska railroad with an extensive background in operating and maintaining equipment.

Terry Koch: Marketing Coordinator. As Marketing Coordinator, Ms. Koch is in charge of sale of our material and standardizing and creating our marketing and educational materials. Ms. Koch is a graduate of University of Alaska, Anchorage, with a Bachelor of Business Administration in Marketing and a Minor in Art. Ms. Koch brings professionalism to our team. Ms. Koch has volunteered her expertise on the Education Committee and to the board and staff providing graphic design and marketing techniques.

Francine Murphy: Administrative Assistant. As Administrative Assistant, Ms Murphy solicits volunteers and handles both the phones and foot traffic at the recycling office. Ms Murphy came to VCRS through the Alaska Community Work Experience and Job Start program.

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Existing and Projected Collaborators, Partners and Sponsors

AIC Urgent Care	Alaska Waste
Alaska Center for Appropriate Technology	ALPAR
Alaska Center for the Environment	Anchorage Daily News
Alaska Conservation Foundation	Anchorage Regional Composting Facility
Alaska Army National Guard	ARC of Alaska
Alaska State Fair, Inc	Arctic Structures
Alaska Tire Recycling, Inc	A-Two Septic
AYEA	Mat-Su Home Builders Association
Bagels Alaska	Mat-Su Resource Conservation and Development
Bishops Attic	Mat-Su School District (MSSD) Administration
Boy Scouts of America	MSSD Classified Employees Association
Boyer, Bower, Tegeler, CPA's	Valley Bistro
Boys and Girls Club	Murdoch Foundation
British Petroleum	National Recycling Coalition
CH2M Hill	Nugen's Ranch
Chickaloon Native Tribe	Palmer HS Key Club
Church of Latter Day Saints	Palmer Kiwanis
Colony Middle School	Palmer Lions
Colony Middle School Jr ROTC	Palmer UPS Store
Colony HS Key Club	Palmer Rotary
Colony HS Honor Society	Palmer Soil and Water Conservation District
Conoco Phillips	Paul Allen Foundation
Country Financial & Insurance	Polar Supply
Craig Taylor Equipment	Post Net
Denali Commission	Rasmuson Foundation
Ecocycle	Rural Community Assistance Corporation
Eco-Trust	Salvation Army
Elmendorf Air Force Base	Service Oil and Gas
Finger Lake Elementary School	Small Business Development Administration
Food Bank of Alaska	Smurfit-Stone Recycling Company
Foraker Group	Soilmakers
Fred Meyer Foundation	Spenard Builders Supply
Friends of Mat-Su	Subway of Alaska
Frontiersman	Talbot and Associates
GCI	Thermo-Kool of Alaska Inc
Girl Scouts	Trinity Lutheran Church
graphXgirl	Triple D Hatchery
Green Star of Alaska	Thrivent
IBEW 1547	Unity Church
Independent Lift Truck of Alaska, Inc.	United Rentals, Palmer
Junior ROTC	USDA Rural Development
Lutheran Brotherhood	Vagabond Blues Coffeehouse
Lynn Mickleson, MD	Valley Golf Works
Majestic Valley Wilderness Lodge	Valley Hospital
Matanuska Telephone Association	Valley Refuse
Mat-Su Agency Partnership	Wal-Mart
Mat-Su Animal Shelter	Wasilla Chamber of Commerce
Matanuska-Susitna Borough	Wasilla UPS Store
Mat-Su FCE	Wasilla Rotary
Matanuska Valley Federal Credit Union	Young Law Enforcement Explorers

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Financials

2006-07 Profit & Loss

	<u>Jan - Dec 07</u>	<u>Jan - Dec 06</u>
Ordinary Income/Expense		
Income		
40 · UNRESTRICTED DONATIONS	119,761.43	128,739.03
42 · RESTRICTED DONATIONS	10,429.75	54,751.00
43 · NON CASH DONATIONS	8,534.00	0.00
44 · FUNDRAISING EVENTS	15,750.00	42,330.00
46 · SALES	100,286.84	55,139.19
4900 · INTEREST INCOME	<u>1,858.80</u>	<u>946.24</u>
Total Income	256,620.82	281,905.46
Cost of Goods Sold		
50 · COST OF GOODS SOLD	<u>298.57</u>	<u>1,252.92</u>
Total COGS	298.57	1,252.92
Gross Profit	256,322.25	280,652.54
Expense		
60 · ADMINISTRATIVE SUPPORT	132,205.86	50,883.56
66 · PERSONNEL EXPENSES	124,742.04	117,628.70
68 · FUNDRAISING	10,001.35	4,481.86
70 · PROGRAM COSTS	<u>26,656.33</u>	<u>17,739.85</u>
Total Expense	293,605.58	190,733.97
Net Ordinary Income	-37,283.33	89,918.57
Other Income/Expense		
Other Income		
8100 · MISC. INCOME	<u>348.93</u>	<u>399.52</u>
Total Other Income	348.93	399.52
Net Other Income	348.93	399.52
Net Income	<u>36,934.40*</u>	<u>90,318.09*</u>

*The reason the 2007 Profit & Loss column shows a loss is that a significant portion of the 2007 income (\$40,000) arrived early and was recorded as 2006 income. The \$50,000 of net income for 2006 reflects focused fundraising efforts to get the permanent building program started.

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2006-07 BALANCE SHEET COMPARISON

	<u>Dec 31, 07</u>	<u>Dec 31, 06</u>
ASSETS		
Current Assets		
Checking/Savings		
10 UNRESTRICTED CASH	49,841.23	33,482.88
17 · RESTRICTED - Building Fund	<u>4,263.71</u>	<u>69,846.57</u>
Total Checking/Savings	54,104.94	103,329.45
Other Current Assets		
1300 · PAYROLL CLEARING	0.00	34.10
14 · INVENTORY GOODS FOR SALE	<u>272.45</u>	<u>287.45</u>
Total Other Current Assets	<u>272.45</u>	<u>321.55</u>
Total Current Assets	54,377.39	103,651.00
Fixed Assets		
5 Computers	6,833.00	6,833.00
16 · EQUIPMENT	233,505.99	224,480.99
16.3 · LEASEHOLD IMPROVEMENTS	31,957.04	31,712.04
16.5 · VEHICLES	<u>2,840.00</u>	<u>0.00</u>
Total Fixed Assets	<u>275,136.03</u>	<u>263,026.03</u>
TOTAL ASSETS	<u>329,513.42</u>	<u>366,677.03</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
21 · TOTAL PAYROLL LIABILITIES	<u>2,511.45</u>	<u>2,706.51</u>
Total Other Current Liabilities	<u>2,511.45</u>	<u>2,706.51</u>
Total Current Liabilities	<u>2,511.45</u>	<u>2,706.51</u>
Total Liabilities	2,511.45	2,706.51
Equity		
30 · NET ASSETS	363,936.37	363,970.52
3100 · UNRESTRICT (RETAINED EARNINGS)	0.00	-90,318.09
Net Income	<u>-36,934.40</u>	<u>90,318.09</u>
Total Equity	<u>327,001.97</u>	<u>363,970.52</u>
TOTAL LIABILITIES & EQUITY	<u>329,513.42</u>	<u>366,677.03</u>

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2002-05 Profit & Loss

	Jan - Dec 02	Jan - Dec 03	Jan - Dec 04	Jan - Dec 05
Ordinary Income/Expense				
Income				
40 · UNRESTRICTED DONATIONS	21,471.89	25,479.37	47,944.16	88,771.37
41 · SERVICES	0.00	475.00	0.00	-20.00
42 · RESTRICTED DONATIONS	43,942.00	74,393.78	59,314.22	226,768.60
43 · NON CASH DONATIONS	0.00	1,937.00	0.00	875.00
44 · FUNDRAISING EVENTS	0.00	1,729.82	2,115.00	3,674.91
46 · SALES	3,967.65	9,079.96	9,394.69	36,221.76
4900 · INTEREST INCOME	338.22	256.35	333.30	698.21
Total Income	69,719.76	113,351.28	119,101.37	356,989.85
Cost of Goods Sold				
50 · COST OF GOODS SOLD	1,130.00	0.00	1,263.37	2,924.10
Total COGS	1,130.00	0.00	1,263.37	2,924.10
Gross Profit	68,589.76	113,351.28	117,838.00	354,065.75
Expense				
60 · ADMINISTRATIVE SUPPORT	11,086.56	32,046.08	21,980.84	31,530.59
66 · PERSONNEL EXPENSES	46,741.01	57,488.75	63,315.52	83,686.76
68 · FUNDRAISING	8.49	1,668.00	1,380.39	2,558.96
70 · PROGRAM COSTS	5,004.97	10,449.18	31,626.84	14,991.33
Total Expense	62,841.03	101,652.01	118,303.59	132,767.64
Net Ordinary Income	5,748.73	11,699.27	-465.59	221,298.11
Other Income/Expense				
Other Income				
8010 · DONATED ASSETS	0.00	4,000.00	0.00	0.00
8100 · MISC. INCOME	0.00	0.00	0.00	20.82
8200 · ELECTRONICS RECYCLING EVENT	0.00	0.00	24,372.00	0.00
8900 · GAIN ON SALE OF ASSET	0.00	0.00	2,000.00	0.00
Total Other Income	0.00	4,000.00	26,372.00	20.82
Other Expense				
90 · CAPITAL EXPENDITURES	1,007.67	895.19	0.00	0.00
Total Other Expense	1,007.67	895.19	0.00	0.00
Net Other Income	-1,007.67	3,104.81	26,372.00	20.82
Net Income	4,741.06	14,804.08	25,906.41	221,318.93

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2002-03 BALANCE SHEET COMPARISON

	Dec 31, 02	Dec 31, 03	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
10 UNRESTRICTED CASH	10,217.87	27,508.25	17,290.38	169.22%
17 · RESTRICTED CASH	0.00	26.15	26.15	100.0%
Total Checking/Savings	10,217.87	27,534.40	17,316.53	169.47%
Accounts Receivable				
1200 · RECEIVABLE	0.00	20.00	20.00	100.0%
Total Accounts Receivable	0.00	20.00	20.00	100.0%
Other Current Assets				
1350 · DUE FROM EMPLOYEES	0.00	188.09	188.09	100.0%
Total Other Current Assets	0.00	188.09	188.09	100.0%
Total Current Assets	10,217.87	27,742.49	17,524.62	171.51%
Fixed Assets				
16 · EQUIPMENT	2,701.71	0.00	-2,701.71	-100.0%
16.5 · VEHICLES	0.00	0.00	0.00	0.0%
Total Fixed Assets	2,701.71	0.00	-2,701.71	-100.0%
TOTAL ASSETS	12,919.58	27,742.49	14,822.91	114.73%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
21 · TOTAL PAYROLL LIABILITIES	1,330.39	1,349.22	18.83	1.42%
Total Other Current Liabilities	1,330.39	1,349.22	18.83	1.42%
Total Current Liabilities	1,330.39	1,349.22	18.83	1.42%
Total Liabilities	1,330.39	1,349.22	18.83	1.42%
Equity				
30 · NET ASSETS	6,037.80	6,037.80	0.00	0.0%
3100 · UNRESTRICT (RETAINED EARNINGS)	810.33	5,551.39	4,741.06	585.08%
Net Income	4,741.06	14,804.08	10,063.02	212.25%
Total Equity	11,589.19	26,393.27	14,804.08	127.74%
TOTAL LIABILITIES & EQUITY	12,919.58	27,742.49	14,822.91	114.73%

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EXHIBIT B

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2004-05 BALANCE SHEET COMPARISON

	Dec 31, 04	Dec 31, 05	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
10 UNRESTRICTED CASH	36,427.70	28,873.17	-7,554.53	-20.74%
17 · RESTRICTED CASH	4,404.07	16,134.03	11,729.96	266.34%
Total Checking/Savings	40,831.77	45,007.20	4,175.43	10.23%
Accounts Receivable				
1200 · RECEIVABLE	31,022.30	0.00	-31,022.30	-100.0%
Total Accounts Receivable	31,022.30	0.00	-31,022.30	-100.0%
Other Current Assets				
14 · INVENTORY GOODS FOR SALE	1,461.17	1,107.72	-353.45	-24.19%
Total Other Current Assets	1,461.17	1,107.72	-353.45	-24.19%
Total Current Assets	73,315.24	46,114.92	-27,200.32	-37.1%
Fixed Assets				
16 · EQUIPMENT	0.00	199,381.56	199,381.56	100.0%
16.3 · LEASEHOLD IMPROVEMENTS	0.00	30,212.04	30,212.04	100.0%
16.5 · VEHICLES	0.00	0.00	0.00	0.0%
Total Fixed Assets	0.00	229,593.60	229,593.60	100.0%
TOTAL ASSETS	73,315.24	275,708.52	202,393.28	276.06%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
21 · TOTAL PAYROLL LIABILITIES	1,215.56	2,125.29	909.73	74.84%
2300 · Deferred Income	19,800.00	0.00	-19,800.00	-100.0%
Total Other Current Liabilities	21,015.56	2,125.29	-18,890.27	-89.89%
Total Current Liabilities	21,015.56	2,125.29	-18,890.27	-89.89%
Total Liabilities	21,015.56	2,125.29	-18,890.27	-89.89%
Equity				
30 · NET ASSETS	6,037.80	6,002.42	-35.38	-0.59%
3100 · UNRESTRICT (RETAINED EARNINGS)	20,355.47	46,261.88	25,906.41	127.27%
Net Income	25,906.41	221,318.93	195,412.52	754.3%
Total Equity	52,299.68	273,583.23	221,283.55	423.11%
TOTAL LIABILITIES & EQUITY	73,315.24	275,708.52	202,393.28	276.06%

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EXHIBIT B

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VCRS FY08 Approved Operating Budget

REVENUE

Recycling	15,000.00
Operating Grants	95,000.00
Individual Donations	10,000.00
Sponsorships	15,000.00
Membership	15,000.00
Fundraising Events	12,000.00
Sale of Material	125,000.00
Other Sales	3,000.00
Interest Income	1,000.00
Total Income	<u>291,000.00</u>
COG	<u>2,000.00</u>
Gross Profit	289,000.00

EXPENSES

Board Development	1,150.00
Insurance Expense	5,300.00
Rent Expense	22,000.00
Telephone Expense Office	2,500.00
Supplies	2,000.00
Equipment Rental and Maintenance	600.00
Professional Fees	18,000.00
Staff Training	1,200.00
Bank Fees	550.00
Business License Fees	125.00
Dues and Subscriptions	1,200.00
Marketing/Printing	2,000.00
Miscellaneous Expense	2,000.00
Postage	600.00
Printing	250.00
Travel	3,000.00
Salaries and Wages	142,000.00
Recognition Awards	5,000.00
Payroll Taxes	14,200.00
Workers Compensation Insurance	14,200.00
Fundraising	5,000.00
Program Costs	<u>42,600.00</u>
Total Expense	285,475.00

INCOME	289,000.00
EXPENSE	285,475.00

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EXHIBIT B

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Pro Forma: Three Year Projected Operating Budget of Permanent Recycling Facility

	Year One	Year Two	Year Three
<u>Revenue</u>			
Recovered Resources	\$150,000.00	\$200,000.00	\$250,000.00
Store	\$25,000.00	\$40,000.00	\$45,000.00
Memberships	\$15,000.00	\$15,000.00	\$20,000.00
Corporate Sponsors	\$15,000.00	\$15,000.00	\$20,000.00
Donations	\$20,000.00	\$20,000.00	\$25,000.00
Grants	\$100,000.00	\$100,000.00	\$100,000.00
Consultant Services	\$1,000.00	\$3,000.00	\$4,000.00
Total	\$326,000.00	\$393,000.00	\$460,000.00
<u>Expenses</u>			
Personnel Expenses	\$155,000.00	\$180,000.00	\$210,000.00
Payroll Liabilities at 10%	\$15,500.00	\$18,000.00	\$21,000.00
Recognition Awards	\$15,000.00	\$20,000.00	\$25,000.00
Worker Compensation	\$15,500.00	\$18,000.00	\$21,000.00
Insurance	\$8,000.00	\$9,000.00	\$10,000.00
Replacement Construction or Machinery	\$10,000.00	\$15,000.00	\$30,000.00
Utilities	\$15,000.00	\$20,000.00	\$25,000.00
Plant Supplies	\$10,000.00	\$14,000.00	\$18,000.00
Office Supplies	\$5,000.00	\$5,000.00	\$5,000.00
Education & Outreach Programs	\$5,000.00	\$7,000.00	\$8,000.00
Contractual Expenses	\$7,500.00	\$7,500.00	\$7,500.00
Travel & Training	\$5,000.00	\$5,000.00	\$5,000.00
Equipment Maintenance**	\$25,000.00	\$25,000.00	\$25,000.00
Equipment Fuel	\$3,000.00	\$4,000.00	\$5,000.00
Unforeseen building & miscellaneous**	\$10,000.00	\$15,000.00	\$20,000.00
Total	\$309,500.00	\$369,500.00	\$443,500.00

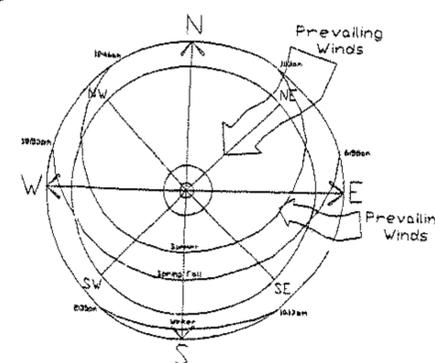
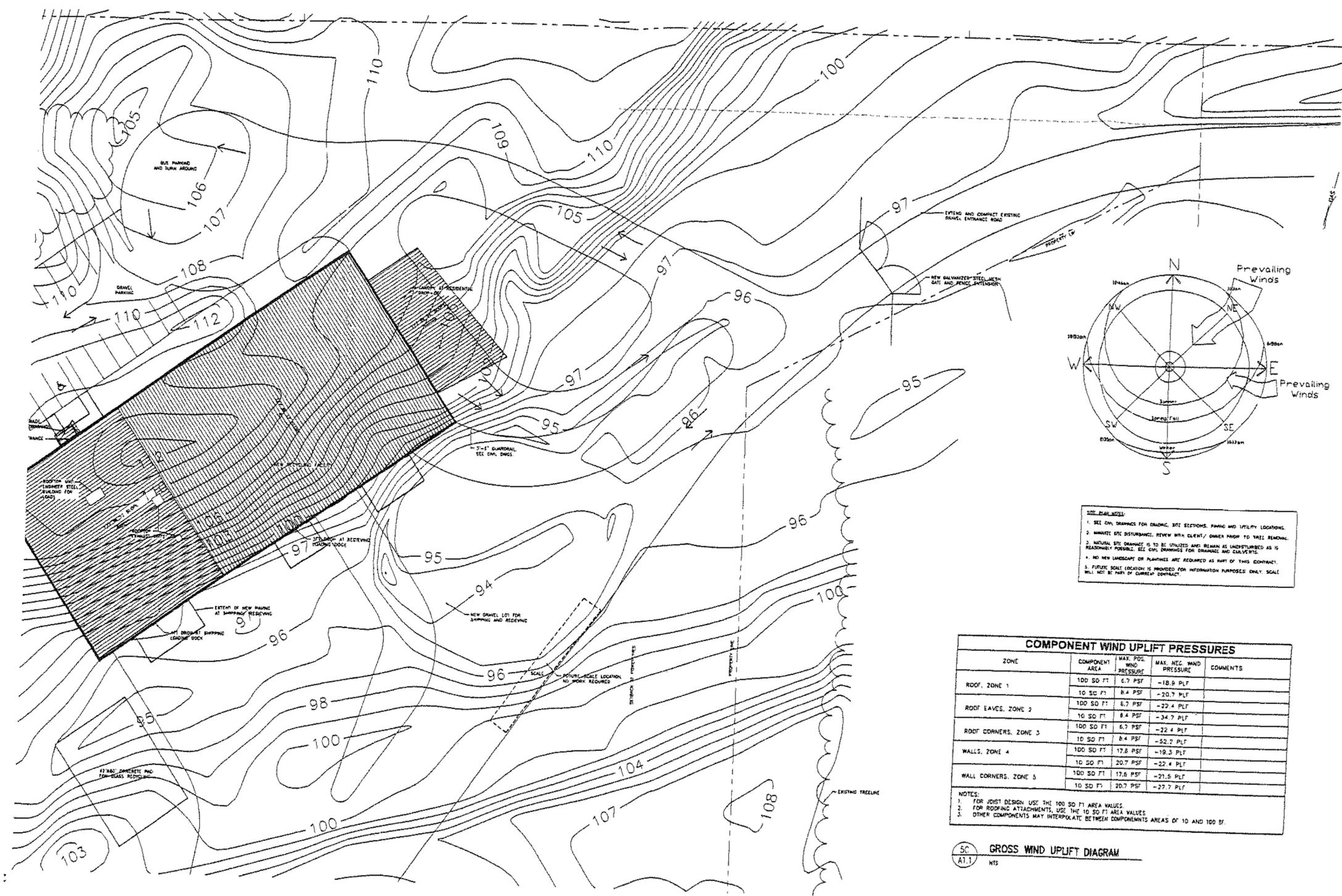
Materials Recovery Rate for Revenue Projections based on the current volume of 160 tons of waste per day going into landfill, our current rate of growth plus the increased capacity of the new facility.

** These expense categories include monies that would provide for needed replacement construction or machinery.

MSB 003430

EXHIBIT B

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~~0708-152~~
 40 of 42₃₇

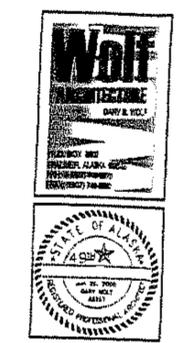


- GENERAL NOTES:**
1. SEE CIVIL DRAWINGS FOR GRADING, ERTI SECTIONS, PAVING AND UTILITY LOCATIONS.
 2. MINIMIZE SITE DISTURBANCE. REVIEW WITH CLIENT/OWNER PRIOR TO TREE REMOVAL.
 3. NATURAL SITE DRAINAGE IS TO BE UTILIZED AND REMAIN AS UNDISTURBED AS IS FEASIBLY POSSIBLE. SEE CIVIL DRAWINGS FOR DRAINAGE AND CALCULATIONS.
 4. NO NEW LANDSCAPING OR PLANTINGS ARE REQUIRED AS PART OF THIS CONTRACT.
 5. FINISHED SCALE LOCATION IS PROVIDED FOR INFORMATION PURPOSES ONLY. SCALE WILL NOT BE PART OF CURRENT CONTRACT.

ZONE	COMPONENT AREA	MAX. POS. WIND PRESSURE	MAX. NEG. WIND PRESSURE	COMMENTS
ROOF, ZONE 1	100 SQ FT	6.7 PSF	-18.9 PLF	
	10 SQ FT	8.4 PSF	-20.7 PLF	
ROOF EAVES, ZONE 2	100 SQ FT	6.7 PSF	-32.4 PLF	
	10 SQ FT	8.4 PSF	-34.7 PLF	
ROOF CORNERS, ZONE 3	100 SQ FT	6.7 PSF	-22.4 PLF	
	10 SQ FT	8.4 PSF	-52.2 PLF	
WALLS, ZONE 4	100 SQ FT	17.6 PSF	-19.3 PLF	
	10 SQ FT	20.7 PSF	-22.4 PLF	
WALL CORNERS, ZONE 5	100 SQ FT	17.6 PSF	-21.5 PLF	
	10 SQ FT	20.7 PSF	-27.7 PLF	

NOTES:
 1. FOR WIND DESIGN USE THE 100 SQ FT AREA VALUES.
 2. FOR ROOFING ATTACHMENTS, USE THE 10 SQ FT AREA VALUES.
 3. OTHER COMPONENTS MAY INTERPOLATE BETWEEN COMPONENTS AREAS OF 10 AND 100 SF.

SC A1.1 GROSS WIND UPLIFT DIAGRAM HTS

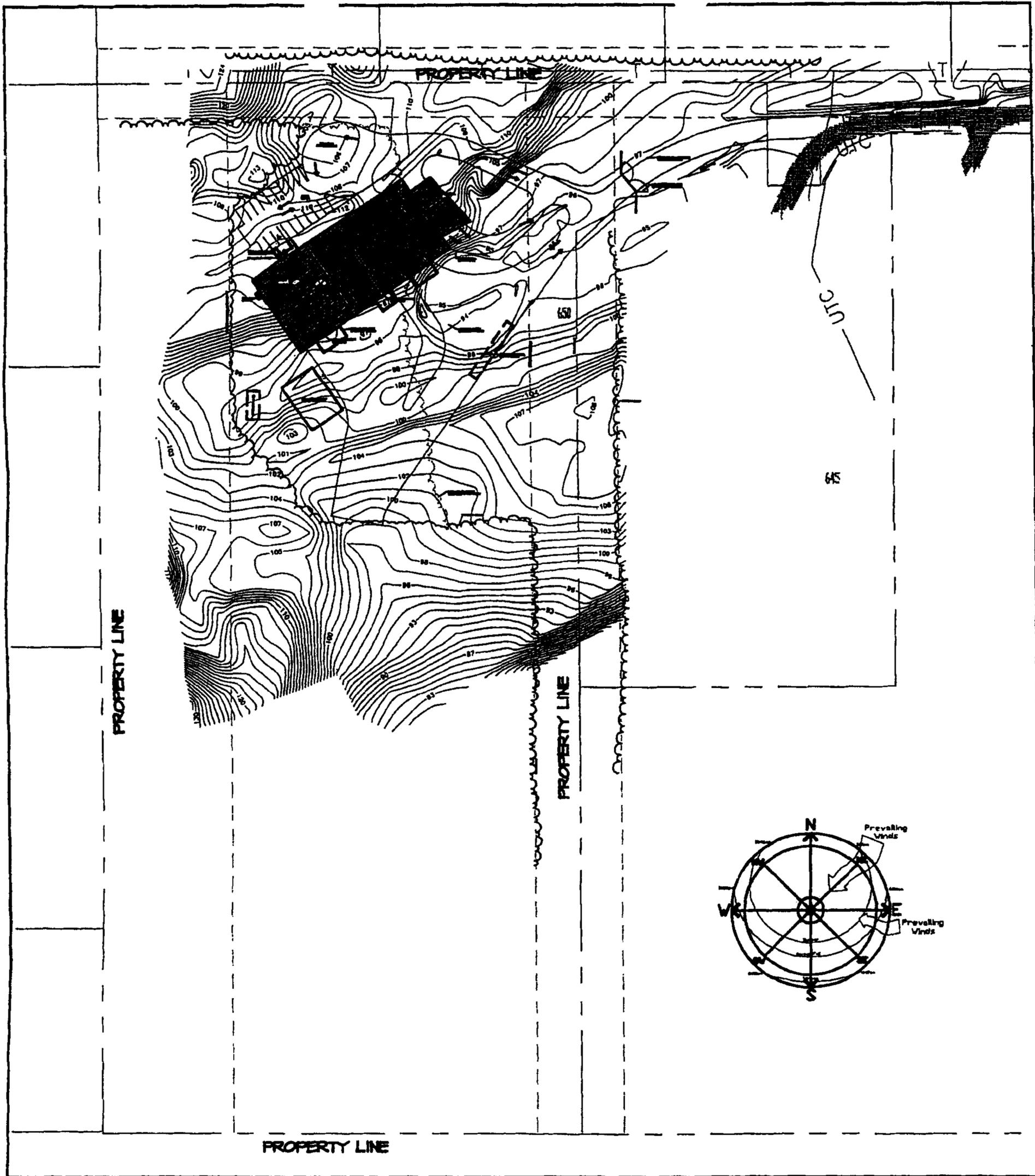


VALLEY COMMUNITY RECYCLING SOLUTIONS
 REGIONAL RESOURCE RECOVERY AND
 TRAINING PARK
 PALMER, ALASKA

DATE	REV
JPC	4/24/08
CSW	0707

MSB00 3430

EXHIBIT B



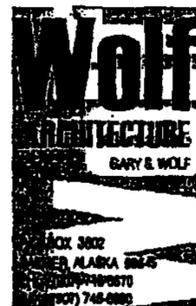
VALLEY COMMUNITY FOR RECYCLING SOLUTIONS
 REGIONAL RESOURCE RECOVERY AND TRAINING PARK

OVERALL SITE PLAN

MSB 003430
 INTRODUCTIONS

EXHIBIT B

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17968-250
 01/20/08-15-273

EXHIBIT C
SCOPE OF SERVICES

It is the intent of the agreement that the services required of VCRS be comprehensive, including but not limited to the specific items herein, in order to construct, operate and maintain the facilities and public programs of recycling and education. The Matanuska-Susitna Borough, as real property owner, requires that maintenance and operation standards be achieved that assure the public purpose is maintained and the best interest of the public in general is served.

GENERAL

Recycling Program:

Operate recycling program on regular scheduled basis.

Education Center:

Offer education programs for students and the public about recycling and reuse on a regular scheduled basis.

Preventative Care and Maintenance:

Patrol grounds and buildings for safety and mechanical problems on a daily basis.
Check the doors, windows, and gate to secure the building(s) and site when locking down for departure at close of operational day.
Replace light bulbs as needed, clean the fixture covers as needed.

Custodial Services:

Clean and disinfect restrooms and kitchen facilities on a daily basis.
Empty garbage in receptacles/containers within building(s) at least 3 times a week.
Wash interior garbage receptacles/containers monthly and more often if needed.
Recycle designated containers within building(s) at least once a week
Vacuum and sweep carpet and flooring areas and clean mats inside building as often as necessary to maintain a clean and tidy appearance.
Treat stains on carpet using carpet cleaner as necessary, clean carpets completely once a year, and more often in high traffic areas if needed. Keep interior windows clean.

Grounds Keeping:

Wash exterior windows in the spring and fall.
Maintain grounds and keep landscaping tidy.
Pick up and dispose of minor wind blown debris on a frequent basis. Major wind blown debris should be picked up and disposed of when observed in daily walkabout.
Wash exterior garbage containers once a month

SPECIFIC

Construction

Major construction projects related to the recycling facilities are expected to occur during the term of this agreement. VCRS will participate in the design, planning and coordination of certain aspects of these projects, and will cooperate with the borough, including its selected contractors, to complete said projects in a timely and professional manner. VCRS will not use the property or operate the recycling center in a manner that obstructs or conflicts with construction projects goals and timelines.

Utilities

All utilities, whether public or private services, that are needed to construct, maintain, repair and operate the site and facility shall be provided, including but not limited to the following:

Septic/Public Sewer Service
Well/Public Water Service
Electrical Service
Communications Services
Natural Gas Service
Propane Service and Storage
Oil Service and Storage
Gasoline/Diesel Service and Storage

Building(s) Structure

Repairs, maintenance, and replacement to walls, floors including coverings, ceilings, roof and roofing, windows including jambs and sashes, doors, major painting (greater than 80 sq ft), sheetrock repairs and replacement, floor coverings and carpet replacement

Heating & Air Conditioning Systems:

Maintain HVAC equipment including boilers, stacks, pumps, fans, storage tanks, air compressors, and air conditioning equipment, expansion tanks, ductwork, diffusers, VFD units, VAV boxes, filters, coils, valves, and associated control devices, sensors, and controllers. Also, the cleaning of diffusers, ceiling grills, or exterior ductwork is required.

Plumbing System:

Major replacement and repairs to broken or frozen pipes and lines, fixtures, faucets, lavatories, shower trees and leads, interior and exterior hose bibs, traps and cleanouts, drywells and roofing drainage equipment, valves, backflow devices, strainers, meters, PRV's and flushometers.

Fire Alarm Equipment:

Servicing, testing, certifications, and repairs to the fire alarm system

Building Fire Suppression System & Equipment

Servicing, testing, certifications, and repairs to all wet pipe and dry pipe fire sprinkler or other suppression system. Certification, testing, and recharging or replacement costs for portable fire extinguishers/kitchen extinguishers.

Electrical and Lighting Systems:

Power distribution equipment, panels, motor control centers, mag starters, disconnects, lighting relays, and all lighting ballasts; Testing and repairs to exit fixtures and emergency light fixtures; provide light bulbs and light tubes for all interior and exterior fixtures.

Outside Building Improvements:

Structural repairs due to heaving, settling, or other ground movement of steps and ramps, fences, retaining walls or other outside improvements not tied to the building.

Equipment and System Monitoring and Checks:

Conduct periodic inspections of all the systems and equipment and maintain a written log of inspection observations and provide prompt notification to the MSB Facilities Maintenance Division of abnormalities, equipment or systems breakdown, failures or malfunctions.

Kitchen:

Upkeep, repairs and maintenance, including periodic cleaning of grease traps, vent hoods and exhaust. Maintain sanitary conditions and public health inspections that may be required based on how the kitchen is utilized by employees, volunteers, and the public during normal operations and special events.

Solid Waste:

All solid waste, not retained as part of the recycling operations, shall be properly disposed of at least weekly at the Central Land Fill. All solid waste, whether part of the recycling operations or not, must be well organized and stored in a manner to prevent/ minimize littering, noxious or nuisance odors to adjacent residents, and prevent attraction as a food source domestic or wild animals.

Snow and Ice Removal:

Snow and ice will be routinely removed and areas sanded on driveways, parking lots, fire lanes, and walkways/paths in order to maintain public access and safety for all using the facility. A cooperative agreement between VCRS, MSB Animal Care and Regulation, and the MSB Central Land Fill will be necessary in order to properly clear and maintain E. Chanlyut Circle until accepted into the local road service area.

Parking Lot, Driveway, Sidewalks and Pathways:

All such areas whether paved or unpaved, shall be maintained in a safe and passable manner, which shall include filling, grading, patching, seal coating, sweeping, or drainage.

Water Well:

Water well (s) shall be maintained and tested to ensure that the well is maintained in accordance with SAO/DEC standard for the level of use generated by the site. This shall include water quality testing and sanitary surveys. A record will be kept and submitted on an annual basis to the Chief of MSB Operations and Maintenance. Any anomalies to the well operations or testing will be reported as soon as possible, but at least within 2 days of notification of event. Any plans to alter or relocate the well(s) must be approved by the MSB, including concurrence from the Chief of MSB Operations and Maintenance.

Septic System:

The septic system shall be pumped at least annually, and will be checked monthly for capacity and otherwise pumped as needed. A record will be kept and submitted on an annual basis to the Chief of MSB Operations and Maintenance. Any anomalies to the septic operations will be reported as soon as possible, but at least within 2 days of an event. Any plans to alter or relocate the septic system (s) must be approved by the MSB, including concurrence from the Chief of MSB Operations and Maintenance.

THE END

**RESERVED
FOR
FUTURE
FEE
SCHEDULE**

NON-CODE ORDINANCE

By: Borough Manager
Introduced: 11/18/08
Public Hearing: 12/02/08
Adopted: 12/02/08

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 08-152**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING VALLEY COMMUNITY FOR RECYCLING SOLUTIONS, INC., (VCRS) FOR A LONG-TERM MANAGEMENT AGREEMENT OF BOROUGH-OWNED REAL PROPERTY DESCRIBED AS LOT 1, TRI-CENTRAL SUBDIVISION, TO BE OPEN TO THE PUBLIC AND USED FOR THE PUBLIC PURPOSE OF A RECYCLING CENTER KNOWN AS THE REGIONAL RESOURCE RECOVERY AND TRAINING PARK, LOCATED IN GATEWAY COMMUNITY COUNCIL AREA (MSB003430).

WHEREAS, the Matanuska-Susitna Borough Assembly has reviewed the final decision and best interest finding for the long-term management by Valley Community for Recycling Solutions, Inc. of the recycling center to be constructed and operated on Lot 1, Tri-Central Subdivision; and

WHEREAS, the land was acquired by the Borough as part of a much larger area to provide a central location for multiple public facilities, including the Central Landfill and the Animal Care and Regulation Shelter, and the land was appropriately classified in 1989 as "Reserve Use" lands; and

WHEREAS, recycling and reuse are important components of the Matanuska-Susitna Borough's long-term public facilities plan for solid waste reduction and landfill operations; and

WHEREAS, Valley Community for Recycling Solutions, Inc., has an impressive 10-year record for providing non-profit recycling services used today by many Borough citizens; and

msB003430

EXHIBIT E

1 of 4

WHEREAS, the initiative and leadership of Valley Community for Recycling Solutions, Inc., is acknowledged for its significant role in helping to seek and secure the funding to construct the recycling center to be located on Lot 1, Tri-Central Subdivision; and

WHEREAS, public notice regarding the long-term management agreement was provided as required by MSB 23.10.050; and

WHEREAS, the Real Property Asset Management Board adopted Resolution 2008-05 (AM) in support of the request.

BE IT ENACTED:

Section 1. Classification. This is a non-code ordinance.

Section 2. Authorization of long-term management agreement. The Matanuska-Susitna Borough Assembly authorizes the Manager to negotiate a long-term management agreement with the Valley Community for Recycling Solutions, Inc., for Lot 1, Tri-Central Subdivision, in order to construct and operate a non-profit recycling center as a public facility, subject to the following requirements:

1. The term of the long-term management agreement shall be 20 years, with provisions of two extensions of ten years, for a total of 40 years and meet the requirements set forth in MSB 23.10.160, and adopted policy and procedures. VCRS will maintain the public purpose and utilize its plan to develop the site over time.

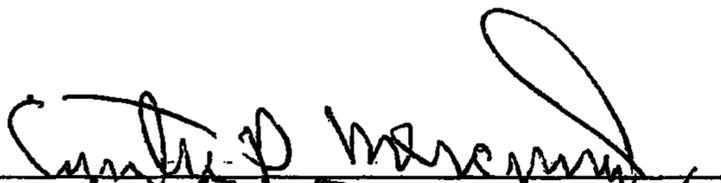
Ownership of the facility will only transfer upon approval of the Matanuska-Susitna Borough Assembly.

2. VCRS will manage the recycling center facility and programs as set forth in its business plan. The Matanuska-Susitna Borough will retain oversight of the project during construction, and for major repairs or modifications. Changes to the business plan and operations that will limit or impair the public use will require concurrence by the Manager. In the event fees become necessary to operate the facility, a fee schedule must be filed and approved by Assembly resolution.
3. VCRS will be responsible for its expenses related to the operations of the site and will set up and maintain reserve funds adequate for major repairs, replacement, alterations, and maintenance to maintain structural integrity and operational components.
4. VCRS will be responsible for insurance for the site and facility. Insurance shall be required to be in a minimum amount of five million dollars per occurrence for general liability and two million dollars per occurrence for pollution.
5. In the event VCRS ceases to exist as an Alaska non-profit corporation or VCRS ceases to use the land for the approved public purpose of a recycling center, the real

property improvements and the components necessary to operate the site will automatically revert or transfer to the Matanuska-Susitna Borough.

Section 4. Effective date. Ordinance Serial No. 08-152 shall take effect upon adoption of the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this 2 day of December, 2008.


CURTIS D. MENARES, Borough Mayor

ATTEST:


Lonnie McKechnie, CMC, Borough Clerk

(SEAL)

PASSED UNANIMOUSLY: Houston, Church, Ewing, Bettine, Wells, and Kluberton