

APRIL 2003

2003.04.02: GP-OLD TOWN CITIZENS COMMITTEE INFORMED OF CLOSURE

Information about this from personal conversation with member of GP-Old Town public involvement committee. This person said he got a call one day, come down to the mill at 7:00, and he was then given advance information about the mill closing announcement. This same person said that he got only 1 hour notice for either of the two legislative committee "hearings" held in Augusta about the Resolve that passed the legislature, negating all landfill siting laws in Maine and allowing the Old Town deal to go through. He was not able to get to Augusta on an hour's notice for either of these "public" sessions.

2003.04.03: GOV. BALDACCI MEETS WITH GP OFFICIALS

An April 4, 2003 fax from Ralph Feck (GP) to Baldacci's office, thanking for and reviewing a meeting held "yesterday" with Baldacci.

2003.04.03: MILL CLOSURE ANNOUNCED

Along with announcement of the mill's closing, a memo this day from Lance Boucher to Baldacci, copied to Lee Umphrey, lists Lord and Reynolds as OT officials and Randall and Deschaine as PACE 80 officials.

2003.04.07: MEETING WITH PUBLIC OFFICIALS RE: MILL CLOSING

This included ("invited or attending") Dunlap, Peavey-Haskell, Cathcart, Youngblood, Lord, Reynolds, Cates, McLeod, Plourde, Pinkham, Sirois, Stormann, and "union officials and workers." Topics included enumeration of the efforts underway to give the mill financial incentives to remain open.

2003.04.16: BUREAU OF AIR QUALITY OFFERS EXEMPTIONS TO GP

2003.04.17: "MARATHON" MEETING

A 2003.04.18 note from Mike Barden of Maine Pulp and Paper Foundation, to Sen. Tom Sawyer, including an .xls file <GP_rop_tax_compare> a "graph of GP tax burden. I'll follow up with our other members on whether they have some hard data on other operating costs that inhibit their ability to compete." Among these, Barden suggests: "As you are likely aware, there are several env [sic] programs that are unique to Maine. While these don't necessarily lead to make-or-break management decisions for a mill, they do add incremental costs and 'intangibles' that can tip the balance on corporate

investment decisions. Of particular interest to you: I was recently informed by one of our members that a corporate mill in Europe recently licensed a new landfill. The administrative process from start to finish took less than 60 days and cost ~\$100,000 (US). By contrast, it took GP over 2 years and \$2 million to license their landfill."

[NB This message begins, "I trust you've recovered from the marathon session yesterday." This is probably one of the earlier meetings referenced in Sawyer messages, see 2003.05.05d and 2003.05.06.]

2003.04.17: CASHMAN TO CORRELL MEMO

This notes items "identified by your management team as the problems that need to be addressed." These were both environmental: extending exemptions from air emissions standards, and "Permitting the existing landfill as a commercial landfill ..."

This is the memo that WtP identifies as outlining the "commercial landfill option" that became the essence of the final deal.

2003.04.19: BDN OVERVIEW OF PENOBSCOT MILLS

Story "Success -- and struggles, Six mills see fortunes change" reports the "downward spiral in recent years" for Penobscot River paper mills. Of Old Town, "More than two weeks ago, Georgia-Pacific Corp. in Old Town retired its two tissue machines, putting 300 people out of work. What remains is its pulping operation, but some analysts wonder for how much longer. At least 300 people still have jobs."

2003.04.24: CASELLA SENDS PROPOSAL TO GP

A fax from Cashman to Dave Lennett (DEP) says: "This is the proposal given to G.P by Casella last Thursday. Could you please take a look at this and give me some feed back before our 3:30 meeting with G.P.?" That Thursday would have been 2003.04.24.

The file this came from did not include a proposal from Casella to GP. [NB However, it would likely have been an early draft of the 2003.05.09 NEWSME "Proposal, Georgia-Pacific (Old Town) Landfill" Term Sheet, on which was written "latest".]

Cashman's memo of April 25 says Casella "met with GP officials last night." This must have been when the "proposal" was put forward.

2003.04.25: CASHMAN MEMO TO BALDACCI OUTLINING "GREAT PROGRESS"

This outlines transfer of the biomass boiler, a meeting with GP about the landfill (reporting a meeting between OT and GP the previous night) and a "series of meetings" with SPO and DEP "details of a plan to have the State buy the landfill as an alternative to Casella." Reports that there will be a meeting on "Monday" [Ap. 28; subsequent memos from MacDonald to Cashman and Cashman to Lennett indicate that this was actually Tuesday, Ap. 29] with GP, SPO, DEP "to choose between the landfill options and set in motion the process of closing that deal."

In addition: "Now for the really exciting news. Jim Bostic has been up here from G.P. in Atlanta ramrodding this process, and he talked to Pete Correll today. Pete told him that if everything goes well on Monday (which it will) that we should arrange a time for the Governor and Pete to make a joint announcement late next week that they are opening back up the tissue machine and six converting lines and bringing back 150 workers."

[NB The phrase "as an alternative to Casella" indicates that preliminary conversations were aimed at a direct transaction between Casella and GP.]

2003.04.29A: MACDONALD MEMO OUTLINING LANDFILL OPTIONS

This memo basically outlines a straightforward state ownership of the landfill, guaranteeing capacity to GP at current use for over 30 years, no new permitting, and 1,000,000 tons surplus capacity left over.

This was faxed at 12:01 p.m. to Cashman. Later, a fax stamped 3:07 from Cianbro was forwarded by Cashman to DEP's Lennett for comment "before our 3:30 meeting with GP?"

2003.04.29B: CIANBRO FINANCIAL ANALYSIS OF WOTL

This was faxed 2003.04.29 at 3:07 p.m., from Cianbro Engineering, addressed to Mike Curtis, Jack Cashman and George MacDonald, from Pete Maher and Rick Leonard.

"Per your request we have conducted a financial analysis of the West Old Town Landfill. The purpose of this analysis was to estimate a value for sale by Georgia-Pacific (GP) to the State of Maine. Our analysis estimated a value under 3 scenarios: ..."

Their analysis was based on a 70 ft. vertical increase, a 5.3 million cubic yard capacity, 50,000 tons of mill waste at low tipping fees, 115,000 cubic yards per year of "commercial waste," and state pays for the landfill "through a 20-year revenue bond at a rate of 3.9 percent."

At various assumptions, the "landfill value" is between \$33 and \$43 million.

2003.04.29C: MEETING TO FINALIZE LANDFILL APPROACH

According to Cashman memo of 2003.04.25 looking ahead to this meeting, the outcome of this meeting will allow GP to announce the re-opening of "the tissue machine and six converting lines and bringing back 150 workers."

The meeting was scheduled for 3:30.

There is another memo from Cashman to Lennett (undated, but giving a "proposal given to GP by Cassella [sic] last Thursday..." This was likely an early version of the draft Term Sheet of 2003.05.09. The fax was time stamped 3:07, and Cashman was asking David Lennett to look it over "before our 3:30 meeting."

Handwritten notes "GP Issues (4/29)" state: "Operating landfill --> generate \$10-12 m = Donate to Casella (new par.) Under ex. state laws (SPO/DEP) --> must be owned by state ..."

[NB I'm not sure who wrote this, though see also notes in same hand headed "GP (5/21/03)" -- in both cases there is mistakenly written GN then corrected to GP. This was the same time period that the state was involved in keeping the GNP facilities in Millinocket open. This person was in a meeting that date with "JEB, JC, JL, JCP" and JCP's notes say "cut the cord w/Casella" as do the notes in this hand. On looking at the 5/21 memos, this likely is Jane Lincoln's, the Gov's chief of staff.]

This same handwritten note includes various fragments related to deal arrangements, including: "GP marry operating to deal 1) avoids RFP 2) can structure a better deal -- can do w/in the existing framework"

2003.04.29D: MACDONALD TO CASHMAN, DRAFT BUSINESS PLAN

This e-mail was a followup to the 3:30 meeting.

MacDonald notes that the state would probably have to collect a \$5 per ton fee for disposal, and to avoid this fee might need a license variance.

2003.04.30: INSURANCE FOR GP, SPO

Insurance documents filed with Casella's Proposal show that Georgia Pacific and the State Planning Office are "Certificate Holders" on Casella's liability insurance, \$10,000,000 each and all claims, with \$50,000 deductible, for term 2003.04.30 through 2004.04.30.

[NB These dates may have little significance -- may only be attaching these provisions to the term of their existing policy written for these dates.]