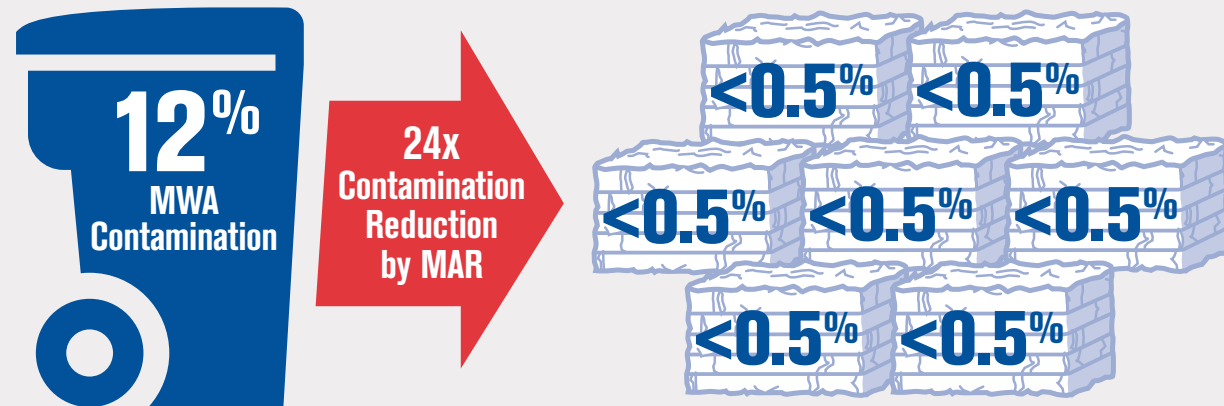


With MAR's existing MRF equipment, we successfully sort and sell MWA's deliveries with 12% contamination to meet the new, more rigid industry standard of less than 0.5% contamination.



## MAR has proven itself as a valuable MWA partner and a survivor in the world's recycling market.

### MAR MRF by the numbers...

- 40** Years in business
- 200** Combined years staff industry experience
- 165** Customers
- 7,000,000** Overall tons handled since 1979
- 5,760** Truckloads shipped to end-users since 2015
- 27** Years under contract with MWA
- 0** Times defaulted on MWA contract
- 72,067** MWA tons handled
- 17,626** MWA deliveries received
- 0** MWA delivered rejected



MAR was featured as the cover story on the June 2018 Recycling Today for its innovation and outstanding reputation among US MRFs.



## Why a new public MRF in the Des Moines Metro doesn't make sense (or cents)

*MWA's feasibility study fails to address the major shifts in the world of recycling. Contamination rates are at all-time highs, while market values have never been lower, with no anticipation of rebounding.*

MWA's feasibility study does not focus on the poor ROI for the new MRF investment.

MWA MRF Best-Case Scenario	Net Loss \$3-4 million/yr
MAR Worst-Case Scenario *Guaranteed by Contract*	Net Loss of \$420,000/yr
MAR Best-Case Scenario *Guaranteed by Contract*	No Charge PLUS payback for recyclables

Source: MAR/MWA contract and MWA feasibility study

MWA's feasibility study does not address that the new MRF's cost to run would be unreasonably high and economically impractical when compared with MAR's current contract.

	MAR (Existing)	MWA (Proposed)
Guaranteed Processing Cost	Yes	No
Experienced Operating & Marketing Staff	Yes	No
Capital Cost	\$0	\$23-32 million
Operating costs per ton	\$26-42/ton	\$78-171/ton
Average mileage for haulers to facility	1.3 miles	15.9 miles
Glass as recyclable	Yes	No

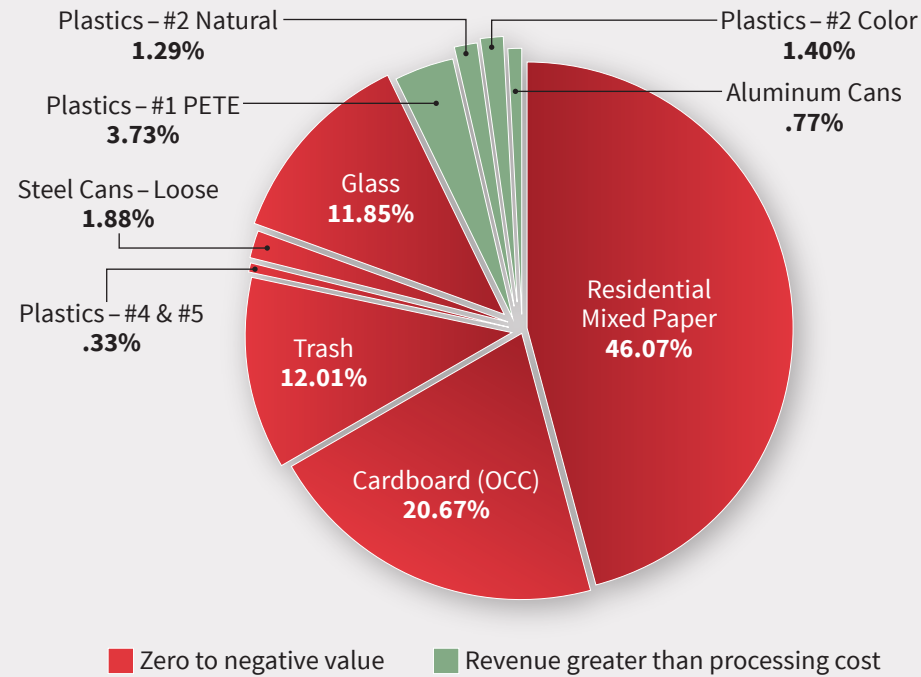
MAR as a private contractor is a lower cost solution. We are centrally located, upgrade our facility with our own funds, and have drastically lower operating costs.

Read More

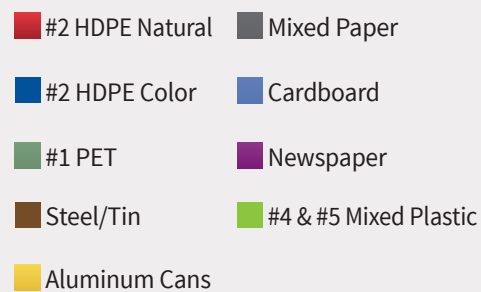
## Market values have never been lower, with rebound unlikely

Nearly **93%** of incoming materials have zero to negative value after processing cost.

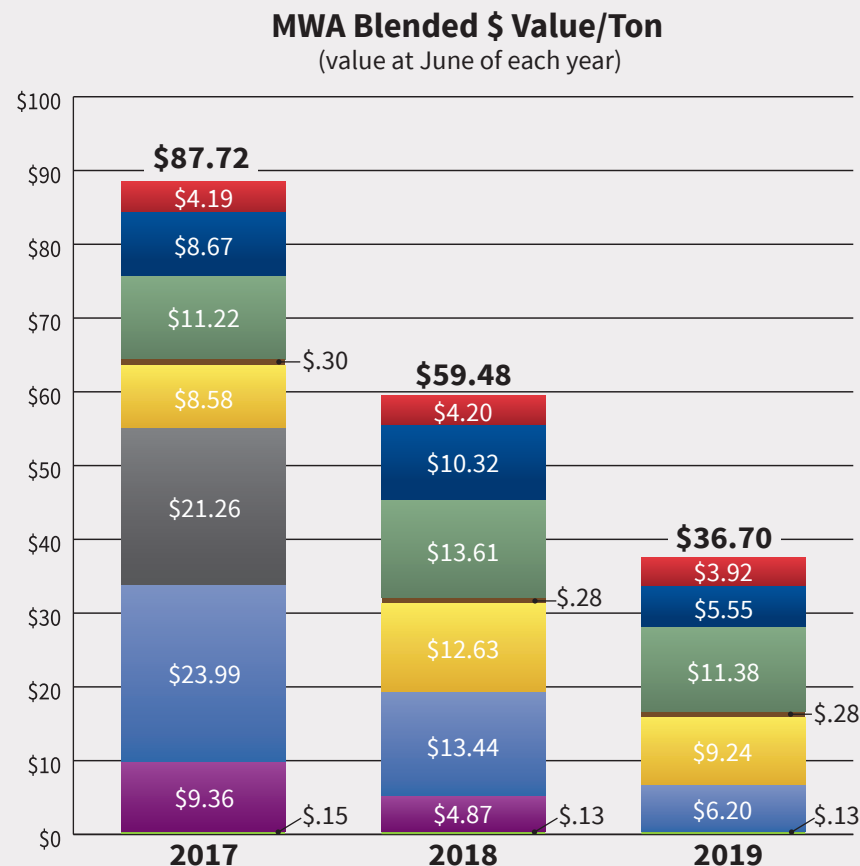
Only **7%** of recyclables have revenue greater than the processing cost.



Since 2017, the per ton value of MWA materials has **decreased nearly 60%**.



**Note:** Glass, gable top/aseptic cartons, and residue (trash) are not shown in this graph since they have no value. Also, mixed paper (2018 & 2019) and newspaper (2019) are not shown as they have no value in the years indicated in parentheses.



## MWA's feasibility study lists "high-risk concerns" associated with the existing MAR contract that are unfounded and misrepresent the facts.

MWA justified their MRF feasibility study because of "challenges in the recycling industry and concerns of the sustainability of our current processing arrangement." They listed these specific high-risk concerns associated with the existing MAR contract:

### 1. Volatility of business conditions

**FACT:** MAR & MWA just negotiated another 3-year contract with guaranteed pricing through November 2021 and extensions until November 2024. We have successfully negotiated contracts since 1992.

### 2. Business relationships

**FACT:** This concern stems from recent negotiations where MAR tried to make the contract fair to both parties. MWA contamination increased from 5% in 2015 to 12% in 2018 with no change reflected in contract pricing.

### 3. Ability to meet future market conditions

**FACT:** MAR has been in the recycling business since 1979, successfully selling commodities and

adapting to changing markets. We are for-profit and will do what it takes to stay in business.

**FACT:** MWA has less than 6 months of experience selling cardboard to end-users.

### 4. Quality of recyclables

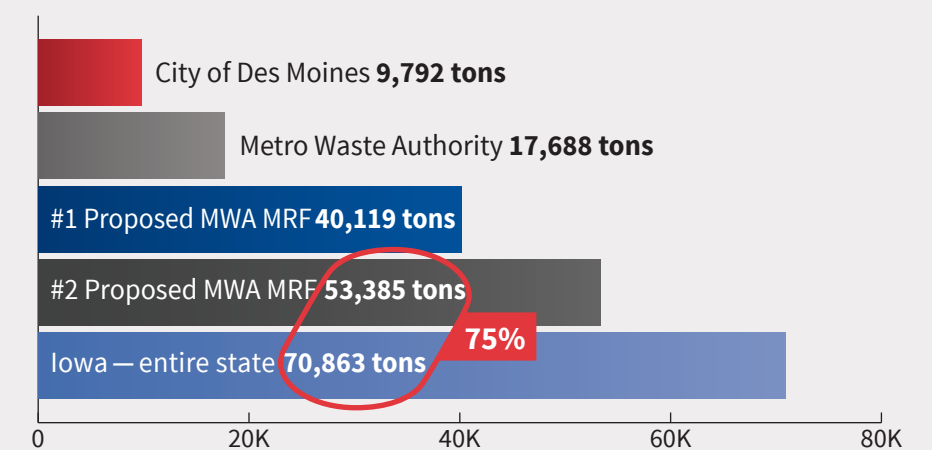
**FACT:** MAR has shipped over 5,760 truckloads of processed recyclables to end-users over the past 4 years with only 1 mill rejection.

**FACT:** We've never rejected any of the 17,626 MWA loads delivered to our facility. Even with increasing contamination, MAR still effectively processes and sells commodities.

**FACT:** Two industry experts, hired by MWA, attended the audit process and had no recommendations to improve quality.

## MWA's feasibility study has major flaws in total tons available, making their best-case scenarios unattainable.

The proposed MWA MRF assumes they will automatically receive 57% of all single stream recycling in the state of Iowa. If their higher — 53,385 tons — scenario is used, it would require 75% of all Iowa single stream to be delivered to MWA's new processing facility. This is not feasible as nearly all these tons are under existing contracts and are being processed by other existing MRFs in the state.



**Note:** Annual tonnage for the City of DSM and MWA multiply June 2019 figures times 12. The source for Iowa's annual recycling tonnage is the DNR 2017 Hub and Spoke Report plus 15,000 annual tons from Scott County MRF.