

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE A RECYCLING BUSINESS DEVELOPMENT GRANT WITH MURSEN ENVIRONMENTAL, INC. ) RESOLUTION NO. 98-2732 ) Introduced by Mike Burton, Executive Officer

WHEREAS, The long-term success of Metro's recycling effort depends on strong markets for secondary materials; and

WHEREAS, Mursen Environmental, Inc. has made application for a Recycling Business Development Grant pursuant to the application requirements of that program; and

WHEREAS, An independent evaluation committee composed of experts in business finance and lending, business management, economic development, and solid waste and recycling, evaluated this grant application and recommended approval; and

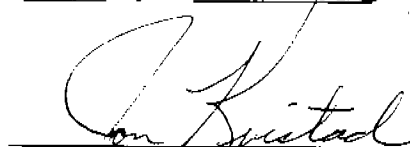
WHEREAS, The Council finds that approving this grant will support regional recycling goals within the restrictions established by the Recycling Business Development Program; and

WHEREAS, The resolution was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now therefore,


BE IT RESOLVED,

That the Metro Council authorizes the Executive Officer to enter into a multi-year grant contract with Mursen Environmental, Inc, under the terms and conditions specified in Exhibit A attached to this resolution.

ADOPTED by the Metro Council this 10<sup>th</sup> day of December, 1998.

  
Jon Kvistad, Presiding Officer

Approved as to Form:

  
Daniel B. Cooper, General Counsel

### GRANT CONTRACT

THIS GRANT CONTRACT is by and between Metro, a metropolitan service district organized under the laws of the State of Oregon and the 1992 Metro Charter, located at 600 Northeast Grand Avenue, Portland, Oregon 97232-2736, and Mursen Environmental, Inc., whose address is 3802 S.W. Huber, Portland, OR 97219, hereinafter referred to as "Mursen."

#### RECITALS

1. Metro is authorized under the 1992 Metro Charter to exercise the function of disposal of solid waste and other solid waste functions as required by the state.
2. Metro is obligated under the Regional Solid Waste Management Plan, adopted as a functional plan by Metro Council and accepted by DEQ in 1995, to increase the number and quantity of materials that are recycled in the District.
3. Since 1994, through its Recycling Business Development Grant Program, Metro has helped to develop demand for recyclable materials by providing funding to businesses that develop new technologies designed to increase recycling in the District.
4. Mursen Environmental, Inc., an S corporation formed in 1998, is developing a device (hereinafter, "Device") that will divert food solids from the liquid and solid waste disposal systems of restaurants, and containerize these food solids at the site for collection and recovery.
5. Recovery of food solids will help to stimulate the local recycling industry, reduce the tonnage sent to landfills, reduce the load placed on sewage treatment plants, and ultimately increase recycling in the Metro region.
6. Mursen has developed preliminary designs for the Device, investigated the market for the Device, developed a design for a prototype based on feedback from the market research, and has completed a patent search. Mursen has applied for a Recycling Business Development Grant to perform further research, development, engineering, testing, documentation, and to create a working prototype of the Device. The end result will be an Underwriter's Laboratories, Inc. (UL) certified, patentable and marketable version of the Device.
7. Mursen intends to use grant funds to perform the following tasks, which are necessary to achieve its objectives. The good-faith dollar estimates have been provided by an independent engineering firm, and represent the direct costs\* to Mursen of completing the indicated tasks:
  - a) Conduct pressure tests\*\* .....\$2,900
  - b) Design a computer model using data from (a) above .....\$26,000
  - c) Produce working prototype.....\$17,000
  - d) Debug and redesign prototype .....\$14,000
  - e) Evaluate prototype in operating situations.....\$3,200

f) Upgrade prototype per findings from (e) above.....	\$8,500
g) Field test re-designed prototype.....	\$4,900
h) Final design changes, engineering & documentation from field trials .....	\$2,500
i) Fabrication (engineering oversight).....	\$1,000
<b>GRAND TOTAL .....</b>	<b>\$80,000</b>

\* Mursen will pay for other costs related to these tasks, such as patent fees.

\*\* To determine the centrifugal force required to separate water from food solids.

8. Specific objectives of Mursen during the term of this Agreement are to:

- a. Develop a marketable version of the Device; and
- b. Obtain Underwriter's Laboratories, Inc. (UL) certification of the Device; and
- c. Apply for a patent on the Device; and
- d. Install at least 24 Devices in restaurants within the Portland metropolitan area.

Now, therefore, in recognition of the mutual interests of the parties and based upon the terms and conditions herein, it is mutually agreed that Metro shall provide funding to be utilized by Mursen to perform further research, development, engineering, testing, documentation, and to create a working prototype of the Device that will divert food solids from the liquid and solid waste disposal systems of restaurants, and containerize these food solids at the site for collection and recovery.

**AGREEMENT**

- 1. Provision of Metro Funding. Metro hereby provides funding to Mursen in the sum of eighty thousand and 00/100 (\$80,000) for development of a working prototype of the Device and delivery of reports, and for such additional purposes as set forth herein.
- 2. Term of Agreement. This Agreement shall be effective on the last signature date below, and shall remain in effect through February 28, 2000, unless earlier extended or terminated in conformance with this Agreement. The length of this grant extends beyond the current fiscal year. Therefore, it is subject to future appropriations by the Metro Council to fund its provisions and may be cancelled by Metro upon a 30-calendar-day written notice to Mursen in the event that Metro Council fails to provide future funding.
- 3. Responsibilities of Mursen.
  - a. Mursen shall procure all work necessary to perform research, development, engineering, testing, documentation, and to create and market-test a working prototype of the Device with funds from this grant.
  - b. Mursen shall demonstrate working prototypes of the Device to Metro staff and elected officials at reasonable times and by the request of the Metro Project Manager. Mursen shall not be required to provide demonstrations that could reveal trade secrets or compromise Mursen's ability to patent the Device.

- c. Mursen agrees that any information and working Devices procured pursuant to this Agreement will be the exclusive property of Mursen Environmental, Inc., and shall not be conveyed to another person without prior notification to Metro.

4. Reporting Requirements.

- a. The review of Mursen reports by Metro staff including the Metro Project Manager shall be governed by the confidentiality protections described in paragraph 5.b of this Agreement.
- b. At the conclusion of each project phase, as represented by paragraphs 7(a) through 7(i) of the Recitals, Mursen shall prepare progress reports. Progress reports shall consist of a narrative description or journal of program activities, summary findings, barriers encountered, and strategies to overcome barriers. These reports shall be reviewed with the Metro Project Manager and Mursen shall deliver a written summary to Metro within 20 business days after each phase is substantially completed. Mursen shall not be required to include in the summary reports any information that could compromise Mursen's ability to patent the Device.
- c. Mursen shall prepare and deliver a final report that documents the activities procured pursuant to this Agreement. Said report shall describe the findings and conclusions of the research. This report shall be reviewed with the Metro Project Manager and Mursen shall deliver a written summary to Metro within 45 business days after the final phase of the project (paragraph 7(i) of the Recitals). Mursen shall not be required to include in the final report any information that could compromise Mursen's ability to patent the Device.
- d. Within 45 business days after the final phase of the project (paragraph 7(j) of the Recital), Mursen shall either:
  - i) Deliver to Metro a copy of the audited financial report for Mursen Environmental, Inc. if available and prepared for distribution to the public; or
  - ii) Allow Metro staff to examine Mursen Environmental, Inc. financial reports that shall:
    - A) Include the balance sheet, income statement, and statement of changes in financial position (cash flow statement) for Mursen Environmental, Inc., and
    - B) Be prepared in accordance with generally accepted accounting principles (GAAP), including appropriate documentation, and
    - C) Include a separate explanation for all significant changes.
- e. Mursen shall notify Metro immediately of any event, or pending event of which the Mursen becomes aware, that in Mursen's knowledge would materially affect or impair the operation of the Facility or the profitability of Mursen Environmental, Inc., including but not limited to regulatory infractions, lawsuits, claims, liens, patent infringements, defaults, foreclosures, or material changes in contracts, warranties or leases.

5. Responsibilities of Metro.

- a. Metro shall review the reports and notifications required by Paragraph 4 of this Agreement, and within ten (10) business days of receipt of each report or notification,

Metro shall approve the report or notification, or request additional information. If Metro does not act within ten (10) business days, the report or notification shall be approved.

- b. Metro will take all reasonable precautions, including but not limited to preparation and execution of confidentiality agreement(s), necessary to protect from disclosure any proprietary information, trade secrets, and other information considered confidential by Mursen.

In particular, the Metro Project Manager shall sign a confidentiality agreement with Mursen prior to being given access to confidential information regarding the Device that, if made public, could jeopardize the patentability of the Device.

6. Release of Metro Funds.

- a. Subsequent to signing of this Agreement by both parties, Metro agrees to release \$28,900 of the funds to Mursen within thirty (30) days of receipt of an invoice for "Advance on Grant" from Mursen Environmental, Inc.
- b. Release of the remainder of the grant funds shall be based on Mursen invoices, and on the following terms and conditions:
  - i. Invoices will be considered only for the costs of the activities cited in the Recitals to this Agreement. Each invoice must be accompanied by invoice(s), billing statement(s), work order(s) or other documentation of the expenditures listed in the invoice.
  - ii. Invoices shall not be submitted more frequently than once per month, and shall be sent to the attention of the project manager identified as the Metro contact for this Agreement.
  - iii. The reporting obligations required of Mursen in Paragraph 4 of this Agreement must have been timely received and approved by Metro before invoices will be considered for payment approval.
  - iv. The Metro project manager shall review each invoice, and shall approve the invoice or request additional information within three (3) business days of receipt of each invoice. If Metro does not act within three (3) days, the invoice shall be considered approved.
  - v. Metro shall make payment within 30 days of approving Mursen's invoice.
- c. Metro shall have the right to withhold from any reimbursements due Mursen such sums as necessary, in Metro's sole opinion, if Mursen does not comply with all terms of this Agreement. All sums withheld by Metro under this Article shall become the property of Metro and Mursen shall have no right to such sums to the extent that Mursen has breached this Agreement.

7. Obligation to Repay.

- a. Upon termination of this Agreement, Mursen shall convey to Metro a promissory note in an amount not to exceed the total disbursements by Metro to Mursen under this Agreement, on the following terms and conditions:

- i. Terms. Said promissory note shall provide for quarterly payments (one payment every three months), but shall not provide for interest. Quarterly payments shall be an amount equal one hundred dollars (\$100) for each Device over fifteen (15) Devices booked during the quarter. No payment shall be required for quarters in which no sales of Devices are booked. Monthly payments shall be due 30 days after the last day of each quarter in which a payment obligation has been incurred.
  - ii. Commencement of Payments. Payment obligations shall begin to accrue the month following the earlier of: (A) the sale of four hundred (400) Devices, or (B) when more than fifty percent (50%) of sales revenue during the previous three months is generated from Devices that are installed at locations outside Clackamas, Multnomah or Washington counties in Oregon.
- b) Until said promissory note is satisfied:
  - i. Mursen shall allow Mursen Environmental, Inc. financial reports to be examined annually by the Metro Project Manager or his designee.

Metro shall provide Mursen with thirty (30) days notice of intent to examine financial records.
  - ii. Mursen Environmental, Inc. financial reports shall reflect the revenue from sales of Devices, footnoted to document the number of Devices booked, ancillary revenue-producing sales (such as service contracts), and the unit sales price of each Device.
  - iii. Mursen Environmental, Inc. financial reports shall be prepared in accordance with generally accepted accounting principles (GAAP).
8. Disclosures. By signing this contract, Mursen represents that there are no undisclosed events, or undisclosed pending events of which the Mursen has become aware, of the nature described in Section 4.e of this Agreement.
9. Insurance. Mursen shall purchase and maintain at Mursen's expense, the following types of insurance, covering the Mursen, its employees, and agents:
  - a. Broad form comprehensive general liability insurance covering bodily injury and property damage, with automatic coverage for premises, operations, and product liability. The policy must be endorsed with contractual liability coverage; and
  - b. Automobile bodily injury and property damage liability insurance.

Insurance coverage shall be a minimum of \$500,000 per occurrence. If coverage is written with an annual aggregate limit, the aggregate limit shall not be less than \$1,000,000. Metro, its elected officials, departments, employees, and agents shall be named as ADDITIONAL INSUREDS. Notice of any material change or policy cancellation shall be provided to Metro 30 days prior to the change or cancellation. Mursen, its subcontractors, if any, and all employers working under this Agreement that are subject employers under the Oregon Workers' Compensation Law shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all their subject workers. Mursen shall provide Metro with certification of Workers' Compensation insurance including employer's liability. If Mursen has no employees and will perform the work without the assistance of others, a

certificate to that effect may be provided to Metro, in lieu of the certificate showing current Workers' Compensation.

10. Indemnification and Release. Upon the receipt of any funds from Metro, Mursen hereby agrees to indemnify and hold harmless and defend Metro, its elected officials, officers, agents, and employees from any and all claims, demands, damages, actions, losses, and expenses (including all attorney's fees at trial or upon appeal), arising out of or in any way connected with Mursen's performance of this Agreement. Mursen is an independent contractor and assumes full responsibility for the performance of the program and the content of its work and performance of Mursen's labor, and assumes full responsibility for all liability for bodily injury or physical damage to person or property arising out of or related to this Agreement. Mursen is solely responsible for paying Mursen's subcontractors. Nothing in this Agreement shall create any contractual relationship between any subcontractor and Metro.
11. No Waiver. By making this agreement, the parties acknowledge and agree that Metro does not admit any liability or violation of law, and that nothing in this Agreement shall affect any right of contribution, indemnification, or cost recovery which Metro may now or in the future have against any third party. By making this Agreement, the parties also acknowledge and agree that Mursen does not waive any claim, cause of action or enforcement authority it may have as to any party other than Metro.
12. Termination. Metro may terminate this Agreement upon giving Mursen seven (7) days' written notice. In the event of termination, Mursen shall be entitled to payment for work performed to the date of termination. Upon termination, Metro shall not be liable for indirect or consequential damages whatsoever. Termination of this agreement by Metro will not in any way waive any claim or any recovery of remedies Metro may have against Mursen. Metro's failure to object to any breach of this Agreement shall not constitute a waiver of Metro's right to object to an additional breach or to require strict performance of the Agreement.
13. Public Contracts. Mursen shall comply with all applicable provisions of ORS Chapters 187 and 279 and all other conditions and terms necessary to be inserted into public contracts in the state of Oregon, as if such provisions were a part of ORS 187.010.020 and 279.31.430
14. Situs of Agreement. The situs of this agreement is Portland, Oregon, and any litigation thereto shall be governed by the State of Oregon and conducted in the Circuit Court of Multnomah County.
15. Non-Transferability. This Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstances, be assigned or transferred by either party without the expressed written consent of both parties.

16. Contacts. The manager of this grant for Metro shall be the person named below, until such time as the Executive Officer may name a replacement. Coordination of this Agreement will be conducted by, and all notices shall be delivered to, the following designated Project Managers:

For Mursen:

Kristi Hansen, Vice President  
Mursen Environmental, Inc.  
3802 S.W. Huber  
Portland, OR 97219  
(503) 977-9929  
(503) 452-9522 FAX

For Metro:

Meg Lynch  
Metro  
600 NE Grand Ave.  
Portland, OR 97232  
(503) 797-1671  
(503) 797-1795 FAX

17. Extension. Metro may, at its sole discretion and upon written notice to Mursen, extend the term of this contract for a period of 12 months. During such extended term, all terms and conditions of this contract will continue in full force and effect. No additional funds will be provided in the event of a contract extension, except by Metro's discretion.

18. Entire Agreement. Notwithstanding and succeeding any prior agreements or practices, this Agreement represents the entire agreement between the parties and may be expressly modified only by written instrument signed by both parties.

In witness whereof, the parties have executed this Agreement on the dates hereinafter indicated as follows.

Jeffrey A. Murray

METRO

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Print Name and Title

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Date

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**EXECUTIVE SUMMARY  
RESOLUTION NO. 98-2732**

**AUTHORIZING THE EXECUTIVE OFFICER  
TO EXECUTE A RECYCLING BUSINESS DEVELOPMENT GRANT  
WITH MURSEN ENVIRONMENTAL, INC.**

**PROPOSED ACTION**

Authorizes the Executive Officer to enter into a multi-year grant contract with Mursen Environmental, Inc., to develop a device that will enhance the ability to divert, collect, and recover organic waste from small-volume commercial generators.

**WHY NECESSARY**

- Food waste accounts for about 27 percent of the commercial waste stream generated in the region, and to meet Metro region recovery goals, RSWMP targets 41,700 tons of commercial food waste for recovery. This is an aggressive target, based on the marginal cost-effectiveness of diverting and recovering food waste.
- Through the grant funds, Mursen Environmental, Inc., will develop a technology that allows cost-effective collection of food waste from small-volume generators and has the potential to divert an additional 23,000 tons of food waste annually.
- On the basis of Metro's interest and commitment to this venture, this grant will leverage commitments of private capital for the balance of the necessary investment.

**ISSUES/CONCERNS**

- No significant issues or concerns. Mursen is not targeting materials for which privately-developed recycling markets already exist. Metro's funds will be used to leverage private investment; therefore, this grant does not compete with or substitute for private capital. Mursen has no direct competitors, and a patent search reveals that it is developing a new and patentable technology.
- Without development of this technology, it is unlikely that food waste can be recovered from small-volume commercial generators.

**BUDGET/FINANCIAL IMPACTS**

- Awarding the grant would cost Metro \$80,000 in FY 1998-99.
- Although the adopted FY 98-99 Metro budget does not include a specific line item appropriation for Recycling Business Development Grants, the Budget Narrative does refer to the possibility of grant awards during FY 1998-99.
- The Department has sufficient Materials & Services appropriations within the Solid Waste Revenue Fund's Operating Account to fund this grant.
- The grant agreement contains provisions for repayment based on performance, so there is likelihood that these funds will be returned for re-granting in the future.

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 98-2732, FOR THE PURPOSE OF AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE A RECYCLING BUSINESS DEVELOPMENT GRANT WITH MURSEN ENVIRONMENTAL, INC.

November 17, 1998

Presented by: Bruce Warner  
Douglas Anderson

#### I. Summary and Recommendation

Approval of Resolution No. 98-2732 would authorize the Executive Officer to execute a Recycling Business Development Grant agreement with Mursen Environmental, Inc. in the amount of \$80,000.

Mursen is developing a device that will divert food solids from the liquid and solid waste disposal systems of restaurants, and containerize these food solids at the site for collection and recovery. Mursen has developed a preliminary design, performed a patent search, done market research, and written a business plan that they have shared with Metro. Metro's grant funds will go toward developing a working prototype of the device for field testing and obtaining a patent. Mursen has also lined up a number of private investors who, on the basis of Metro's interest and commitment to this project, have committed to provide the balance of funding for the business.

The grant is justified by the three primary parameters of the Recycling Business Development Program: it addresses development of demand for recyclable materials, it provides the funding necessary to leverage private investment, and if successful will result in recycling of wastes that otherwise would have been landfilled.

The grant agreement with Mursen contains a "moral obligation to repay" that is triggered by performance. Like a grant, Metro shares some of the risk that this venture might not succeed. But unlike a "pure" grant, funds are repaid if the venture is successful. The intent of this provision is to make these grant monies available again for future applicants.

The Executive Officer recommends approval of Resolution No. 98-2732

#### II. Background

##### A. Reason for the Resolution

The grant agreement that is authorized by this Resolution stems from an application for a Recycling Business Development Grant submitted to the Regional Environmental Management Department by Mursen Environmental, Inc.

##### B. Recycling Business Development Program

The Recycling Business Development Program was established in 1994 to support regional recycling goals. This program fosters *demand* for recyclable materials by

supporting the development of end-uses for recyclable materials. In contrast, most waste reduction programs are designed to increase the **supply** of recyclable materials. The distinction makes Metro's Recycling Business Development Program unique in the state.

Since 1994, the program has helped to fund specific initiatives that expand demand for recyclable materials. Among the acceptable uses of funds are: establishment or expansion of businesses that utilize recyclable materials generated in the Metro area, assistance to businesses that are substituting recycled for virgin content in their products, and development of new technologies that permit recycling of materials that are currently landfilled.

Grants are awarded only if they are likely to increase the regional recycling rate, and if they meet certain conditions and constraints, including:

- The grant does not compete with or substitute for private capital.
- The grant funds are needed to bridge the gap between private investment and the investment necessary to make the business happen.
- The grant does not target materials for which private markets already exist.
- The applicant demonstrates that the business can ultimately operate without the public subsidy.

In evaluating applications, REM's Waste Reduction Division convenes an independent evaluation committee to advise Metro on grant applications. The committee is chaired by the REM Waste Reduction manager, and includes outside experts in business finance and lending, business management, economic development, solid waste and recycling; as well as a Metro Council Analyst. The committee may recommend approval, denial, or approval with conditions.

This committee has evaluated Mursen's grant application, and recommended approval. The grant agreement authorized by this Resolution reflects the committee's specific recommendations and conditions.

### **C. The Applicant's Request and Analysis**

Mursen Environmental, Inc. is researching and developing a technology to consolidate and dewater food waste generated by restaurants, thereby allowing this material to be diverted from the solid waste and sewer systems and collected for organics recovery. The company requests up to \$80,000 to research, test, document, produce, and field-test a working prototype.

Waste composition studies in the Metro region indicate that nearly 27 percent of the commercial waste stream is composed of food waste. Very little of this waste is recovered at present. Furthermore, studies by Metro's Waste Reduction Division indicate that it is not cost-effective to recover food waste from small generators (such as restaurants) with current technology. Mursen's technology targets these problematic generators with a solution that is likely to provide for cost-effective diversion, temporary storage, and collection.

Consistent with Metro's Regional Solid Waste Management Plan goals on recycling and resource conservation, recovery of this material will help stimulate the local recycling industry, reduce the tonnage sent to landfill, reduce the load on sewage treatment plants and, ultimately, increase recycling in the Metro region.

Among the waste reduction practices recommended in the Regional Solid Waste Management Plan is the collection and off-site recovery of source-separated food from businesses. This recommended practice alone accounts for 41,700 tons of waste reduced by the year 2000. The Plan assumed that this tonnage could be obtained from large-volume generators. If the Mursen technology is successful with small-volume generators, even more food waste could be recovered. The applicant estimates that their technology has the potential to divert as much as 23,000 tons per year in the Metro region within five years of commercialization.

The company's principals, management and legal counsel each have many years of experience in the solid waste and recycling industries. Based primarily on Metro's interest and commitment, Mursen has lined up a number of private investors that have committed to provide additional funding at more than a 2-to-1 ratio over the Metro grant.

Mursen has applied for this grant because it has exhausted its own internal resources on preliminary design, patent searches, extensive market research, development of a business plan, and other related expenses. Mursen has applied to Metro for funds to take the next steps: engineer, build, field-test, and patent a working prototype of the device. Mursen's additional investors stand ready to fund the business from this stage.

In staff's opinion, Mursen's venture is likely to be successful because (1) it provides significant potential savings on sewer and waste disposal costs by the target users (2) it is designed to substitute for existing equipment—little or no change in operation is required by the user to achieve the cost savings; and (3) any potentially competing equipment requires add-ons that take additional space, has significantly higher initial investment, and requires changes in operation to utilize. Staff concludes that making this grant to Mursen would not result in compete with existing technologies or materials markets of any significant size.

In conclusion, staff finds that the Mursen proposal is fully eligible for consideration of a Recycling Business Development Grant, that the Mursen proposal is consistent with the objectives of the program and meets all of the conditions and constraints on the use of the funds, and that the proposal is likely to succeed. REM's independent evaluation committee has concurred with these findings and recommends approval. For these reasons, staff recommends granting a Recycling Business Development Grant in the requested amount of \$80,000 to Mursen Environmental, Inc.

### **III. Budget Impact**

Awarding this grant to Mursen Environmental, Inc. would result in expenditures of \$80,000 during FY 1998—99. Although the adopted FY 1998—99 Metro budget does not include specific appropriations for Recycling Business Development Grants, the FY 1998—99 REM Budget Narrative made reference to the possibility of grant awards during FY 1998—99. The Department has determined that it has sufficient Materials &

Services appropriations within the Solid Waste Revenue Fund's Operating Account to fund this grant.

Upon termination, the grant agreement stipulates that Mursen will convey to Metro a promissory note in the amount of the funds granted to Mursen. Under this arrangement, Metro will be remunerated in future years for the funds disbursed during FY 1998—99. The timing and level of repayment of the promissory note can only be estimated at this time, as repayment depends on the business performance of Mursen Environmental, Inc. Under the terms of the promissory note—and if Mursen meets its business plan as submitted to Metro—payments can be expected to begin during 2002, and average approximately \$2,000 per month. This would indicate that the note would be satisfied between 3 and 3½ years after the conditions to begin repayment are triggered.