The New River Solid Waste Association Board of Directors met in regular session on January 10, 2013 with the following members present:

Commissioner Mark Hartley, Chairman
Commissioner Eddie Lewis, Vice-Chairman
Commissioner Wayne Smith, Secretary/Treasurer
Commissioner Gordon Crews
Commissioner Morris Dobbs
Commissioner Doyle Thomas

Others present were: Darrell O’Neal, Executive Director
Perry Kent, Assistant Director
Melissa Waters, Chief Finance Officer
Lydia Greene, Office Manager/Admin. Assistant
Will Sexton, Attorney

Commissioner Hartley called the meeting to order which was followed in prayer led by Commissioner Crews and the Pledge of Allegiance.

Commissioner Hartley stated that agenda item #2 is for Election of NRSWA Board Officers for 2013. Commissioner Lewis made a motion to leave the NRSWA officers the same as they currently are. Commissioner Smith seconded the motion. The motion carried unanimously.

Chairman Hartley called for a motion on agenda item #3, approval of the October 2012, November 2012 and December 2012 Expenditures. Commissioner Smith made a motion to approve the October 2012, November 2012 and December 2012 Expenditures. Commissioner Lewis seconded the motion. The motion carried unanimously.

Chairman Hartley called for a motion on agenda item #4, Approval of Regular Board Meeting Minutes of October 11, 2012. Commissioner Lewis made a motion to approve the minutes. Commissioner Thomas seconded the motion. The motion carried unanimously.
Chairman Hartley asked if there were any questions or comments from the public. There were none.

Chairman Hartley called for discussion of agenda item #6, Engineering Updates. Mr. O’Neal asked Mr. Woolsey, Jones Edmunds, to update the board. Mr. Woolsey said that for agenda item A, Flare construction update by Janechek & Associates, that the project is a little off schedule but is still well within the schedule we wanted to be on and that there is no regulatory requirement to have the new flare up and running by a certain date. Mr. Woolsey said that the flare project has been approved as substantially complete at this time and that Janechek & Associates will be given a punchlist of items that will have to be done before it is considered final. Right now it looks like training will be next Monday or Tuesday for New River staff on the new flare system which will also include a startup that will be observed by the engineers to ensure that the specifications in the permit have been met.

Mr. Woolsey said for item B, slope modification / closure projects, the permit is to be submitted to DEP at the end of this month. Mr. Woolsey said that an interesting update that the board may not be aware of is that all permitting in the state of Florida for facilities like New River with a Class I landfill will be centralized in Tallahassee effective January 1st. Mr. Woolsey said that all of our permitting will now go through Tallahassee instead of the local districts. This is being done because DEP wants to see consistency throughout the state for permitting. Commissioner Lewis asked if this was good or bad. Mr. Woolsey said that it is felt this will be good for New River as we already have a good relationship with Tallahassee and have worked with them on a number of projects. Mr. O’Neal added that we have also received permits from Tallahassee in the past, one was for putting whole tires in the landfill for a research and development project. Mr. Woolsey said that several of the DEP staff including the head of engineering, Mr. Tedder, has been to New River and already have a good relationship with the staff and know that this is a good site. Mr. Woolsey said that this recent permit process had actually been started at the Northeast DEP District and that Tallahassee had agreed to let it stay in the district with them looking on as part of the permitting and learning process. This permit will be the last permit that the Northeast District will process for New River and Tallahassee will use it as an opportunity to learn the ropes and for making the transition for taking over permitting.

Mr. Woolsey stated that item C has to do with Phase II new borrow. This project has been discussed several times over the past year or so as
New River needs a borrow on site. Mr. Woolsey said that they are starting to look at all aspects of the project including the permanent road connecting Phase II to the existing property and crossing the creek which will require box culverts as part of the project. Mr. Woolsey said that they have some leftover engineering fees from an initial borrow study that was done so they will use that to move forward on this. When this project gets off the ground, updates will be brought back to the board.

Chairman Hartley asked for discussion of agenda item #7, Presentation of Audit for FY 2011-2012.

Lora Douglas, DDF, presented the Escrow Audit which is required by DEP for closure. The audit is required to show beginning and ending balances for these accounts. Ms. Douglas said that this money is to be spent only for closure projects and that these accounts are based on calculations performed by the engineers for closure costs on a yearly basis. Ms. Douglas said that there is $22,000.00 shown in interest income which doesn’t look like much but that is due to the types of investments allowed for these funds. Interest earnings are based on market fluctuations and of course will go up and down with the market. New River’s Escrow accounts ended the year as fully funded based on calculated requirements for closure funding. New River has switched to the Balance Method instead of the Pay in Method used in the past. Mr. Woolsey added that the Balance Method allows for a little more flexibility and does allow for overfunded amounts to be withdrawn if necessary. Ms. Douglas clarified that these funds are for closure, not long term care. Ms. Douglas added that no deposits were made to the closure account this year due to the change in the method used for calculation and the fact that no additional funds were required at that time. Commissioner Smith asked to clarify Note 2 for Landfill Management Escrow Account which states that we are currently overfunded by $1.7 million for our closure escrow accounts. Ms. Douglas confirmed that is correct and occurred due to the change in the method being used for calculation. Ms. Douglas pointed out that the audit notes that estimated long term care costs needed are calculated as $8 million for Class I, and $1.5 million for Class III, which are not escrowed at this time and will need to be addressed by New River at some time in the future. Ms. Douglas added that New River is not making a lot of interest income at this time but the organization is in compliance with statutory investment requirements.

Ms. Douglas said the audit for the entire organization is to determine that the financial statements are fairly stated, that the organization’s procedures are in place and are documented, and whether there are any
internal control weaknesses or non-compliance issues. Ms. Douglas said that she is happy to report this year there are no comments. New River has corrected previous issues that have come up in the audit and she would like to congratulate the organization and the attorney for coming up with the solutions that have been put in place. Ms. Douglas said that DDF has an unqualified opinion for this audit.

Ms. Douglas said that the Financial Highlights were prepared by Mr. O’Neal and shows current year comments along with future projects that are not yet funded. The balance sheet shows current total assets of $18.5 million and restricted assets of $9 million for closure funds. Ms. Douglas pointed out that New River is in an interesting situation for a government organization of this size in that there is no debt other than for longterm care and closure. Ms. Douglas said that for net assets there are capital assets of $18 million. Of that there are restricted funds of $1.9 million in cash reserves for closure. There is a balance of unrestricted funds of $11 million which is for current operations and cash flow needs, and escrow for depreciation, longterm planning, cell construction and future projects. Ms. Douglas pointed out that the recently completed construction of Cell 6 and other projects were completed without having to borrow any funds and that New River is to be commended for being able to do their own construction projects without the cost of a general contractor.

Ms. Douglas said that operating revenues shows that tipping fees went up from the prior year about $400,000 primarily because the $2.35 surcharge for Alachua County waste was reinstated along with their tonnage going up some. Total Operating Expenses were up from the prior year due to the big change in landfill closure and longterm care costs which is not real cash expenditures but is an accrual calculation because of more landfill capacity and the change in 2011 to the new methodology of calculating longterm care and closure escrow accounts. Ms. Douglas said that investment revenue went up this year, host fees to member counties were $775,000 and total net assets are $31.5 million. Ms. Douglas said that there is no budget to actual statement as this is not required for an enterprise fund.

Ms. Douglas said that a list of the types of investments for New River has been shown. In the past there was a period where there was an investment policy in place but the policy has been dropped due to inconsistencies in the policy and statutes. Right now New River is following Florida Statutes which is not allowing for a lot of interest earnings. Ms. Douglas said that she had mentioned to Mr. O’Neal that we may want to get an advisor to help develop a policy that will allow for more interest earnings. Mr. O’Neal said that he felt this was an excellent recommendation since we
do have a lot of cash and are not earning what we could be earning with the right investments. Mr. O’Neal said he would like to address this in the coming year.

Ms. Douglas said for capital assets there is $944,000 reflecting a depletion of reserves after several big construction projects including Cell 6, the new flare and stormwater construction.

Longterm obligations includes funding of $393,000 for OPEB liability, Other Post Employee Benefits, which is funding for insurance for retirees.

Accrued closure costs are $13.5 million which includes longterm care and closure. For pension plan expenses, retirement costs were cut due to lower rates for pension and due to the 3% cost employees must pay.

Ms. Douglas said that this year’s audit has been noted to state that all prior audit findings have been corrected.

Ms. Douglas stated that this a good audit with nothing found to comment on.

Chairman Hartley called for a motion to approve the escrow and financial audits as presented. Commissioner Smith made a motion to approve the audits as presented. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion of agenda item #8, Lawn Maintenance Contract, request for 5% increase included in original bid with Southern Lawn Care. Mr. O’Neal stated that the proposal submitted in 2011 for lawn services was awarded to Southern Lawn Care, who also was awarded the contract in 2008. There was no increase in prices since 2008 in the bid submitted. When the Southern Lawn Care bid was submitted in 2011, it included a 5% increase in the second and third years of the contract. This wasn’t discussed when the bid was awarded as it was noted on page 2 of the document and was not brought to the attention of the board by himself or by Jason Clemons who was in attendance at the board meeting. Commissioner Lewis asked how much was the increase. Mr. O’Neal said the yearly increase would be about $800.00. Mr. O’Neal added that this equals a 1.6% annual increase over the life of the contract.

Chairman Hartley called for a motion to approve the 5% increase included in the original bid from Southern Lawn Care. Commissioner Smith made a motion to approve the 5% increase. Commissioner Thomas seconded the motion. The motion carried unanimously.
Chairman Hartley asked for discussion of agenda item #9, Discuss Right-of-Way Easement for Clay Electric Cooperative, Inc. Mr. O’Neal said that the Clay Electric power lines run through the original landfill property and at this time is running diagonally across Phase II. Therefore the lines will need to be moved before development of the Phase II landfill can occur. Mr. O’Neal said that what he proposes is providing an easement down the edge of the property on the North and East property lines. Clay Electric would move the lines and tie in at the appropriate point. Clay Electric prepared the right-of-way easement document and our surveyor has provided the legal description. Mr. O’Neal stated that this would require action by the board to grant the easement to Clay Electric and then we would start negotiating with Clay Electric for the actual moving of the power lines and releasing the right-of-way easement of the current location. Commissioner Lewis asked if this is for the landfill’s use. Mr. O’Neal stated that it is the main line that comes into our facility and needs to be moved prior to starting the LGTE project and to be able to move forward with the borrow operation planning for Phase II property.

Chairman Hartley asked for a motion on approving the right-of-way easement for Clay Electric Cooperative to move the existing power lines. Commissioner Lewis made a motion to approve the right-of-way easement. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley asked for discussion for agenda item #10, Discuss Union County piggyback for asphalt job with APAC. Mr. O’Neal said that as part of the development of the new scale and scale house we need to widen the road and add to the existing road to accommodate the approach to the new scale. Union County has recently awarded a bid to APAC for a paving job on CR237 in Union County. Mr. O’Neal said that APAC was contacted to see if they would be willing to piggyback the paving at New River with the Union County bid proposal. APAC was in agreement. Mr. O’Neal said that the bid amount was broken down by unit price to accommodate our paving needs and that the estimated cost came to $12,898.00. Mr. O’Neal stated we need board approval to piggyback with APAC for the asphalt job.

Chairman Hartley called for a motion to approve the piggyback for paving with APAC. Commissioner Smith made a motion to approve the piggyback with APAC for the asphalt job. Commissioner Lewis seconded the motion. The motion carried unanimously.
Chairman Hartley asked for any discussion under agenda item #11, Discuss limerock and sod quotes received for 2013. Mr. O’Neal said that annually we request sod and limerock quotes and that usually all quotes submitted are approved. When we need the material we go to the least expensive and if they are not able to send the material, we go down the list until we are able to get the material. Mr. O’Neal added that sod and limerock are necessary materials for operations and are not an optional purchase depending on weather conditions.

Chairman Hartley called for a motion to approve all limerock and sod quotes received. Commissioner Lewis made a motion to approve all limerock and sod quotes received. Commissioner Smith seconded the motion. The motion carried unanimously.

Chairman Hartley called for any discussion under agenda item #12, LGTE contract – Janechek & Associates. Mr. O’Neal said that status of the LGTE project has come up several times in the last few months. Mr. O’Neal stated that Mr. Janechek is here tonight and that he does have a project to discuss with the board.

Mr. O’Neal asked Mr. Woolsey, Jones Edmunds, to bring the board up to date first. Mr. Woolsey referred to the timeline that had been prepared and distributed to the board. Basically 2 years and 7 months ago we started the process of doing a LGTE project here at New River. An RFP was issued for a LGTE developer to come in and develop a project. For several different reasons we are still without a project. Mr. Woolsey said that there have been a lot of changes in the markets as well as regulatory changes. This has resulted in more time than is normally seen to get a project like this developed. Mr. Woolsey said that about 30 days after the process was started, Janechek & Associates was selected to do the LGTE project. It took about a year to get through contract negotiations and start the project. Mr. Woolsey added that things started to fall apart in several areas including regulatory changes that affected Janechek & Associates’ business model and the market itself for landfill gas also changed drastically over a several month period so nothing was able to move forward. Mr. Woolsey stated that the board was kept updated throughout this time and about 10 months ago the board decided to allow some more time to see if something might still be able to be put together by Janechek & Associates. Mr. Woolsey said that looking at the original contract and timeline, we are approximately 1 year and 3 months behind the initial contract schedule. Mr. Woolsey stated that Mr. Janechek has come up with a proposal he would like to present to the board for a different LGTE project.
Mr. Janechek said that he has been working on this project a long time and that the original project was a plan to produce compressed natural gas (CNG) on site and to pipe that gas into the Florida natural gas transmission line to their facilities in California. Right around the time the contract was signed the state of California outlawed all out of state biogas so the project fell through. Mr. Janechek said at that time other alternatives were looked at and that the utilities in Florida that were buying renewable power when the project had first gone out as an RFP were no longer interested because of the changes in the renewable electricity market. This was primarily due to the recession and also because Florida was no longer considering a renewable energy portfolio standard. Mr. Janechek said this resulted in no market for renewable electricity in the state and that all of the original power companies who were willing to buy renewable energy were no longer buying, in particular GRU due to the biomass plant.

Mr. Janechek said that in the last few months he has found a buyer for a project similar in nature to the originally proposed project. The buyer is a company called Clean Energy Fuels, a subsidiary of Clean Energy, which is a fairly large natural gas distributor. They formed a company to produce and sell compressed natural gas for vehicle fuel. They are currently building fueling stations in Florida as they expect the market for CNG for automobiles to explode. Mr. Janechek stated that Clean Energy has made an offer to purchase all of the CNG produced here at New River for the purpose of selling it at their fueling stations. They are willing to pay a fairly good price for the CNG as they can take advantage of the federal renewable requirements for vehicle fuel. Mr. Janechek stated that a good offer has been made to purchase all the fuel and is very similar to the original project he submitted. Mr. Janechek said he has had discussions with New River about amended the agreement to extend the timeline which includes some very hard milestones to be achieved along with negotiating a final agreement with Clean Energy Fuels to interconnect with the local distribution lines which is feeding the prisons with natural gas. Mr. Janechek said from what he understands right now the line is fairly large and is only about a mile away which is much closer than he originally anticipated. After that issue is resolved, he would need financing, order equipment and begin construction. Mr. Janechek stated that he is working on the timeline right now but feels that in 16 months he could have a project online.

Commissioner Thomas asked about his financing. Mr. Janechek said that he has talked to a financial lender about the possibility of New River being the guarantor for the financing for the first five years of the agreement. This is primarily due to the fact that Clean Energy Fuels has formed a
separate company from the larger entity and the lender is concerned that they do not have a long track record.

Commissioner Lewis said although he would like to see the project done, he is not sure that New River could do that with our citizen’s money. Commissioner Smith asked if he meant that New River would be the co-signer. Mr. Janechek said yes, it would be essentially something like that. Mr. Janechek added that the lender would also be in control of the project. Commissioner Smith said he would not be interested in that and added that we have already spent quite a bit of money on engineering and attorney’s fees for the project.

Commissioner Smith asked Mr. O’Neal if we should re-issue the RFP for the LGTE project. Mr. O’Neal said that we are certainly at that point if that is the board’s decision. Chairman Hartley said that he would like to see the RFP re-issued. Ms. Douglas added that by law, New River can not make this type of investment.

Chairman Hartley called for a motion to re-issue the RFP for the LGTE project. Commissioner Smith made a motion to re-issue the RFP for LGTE. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley asked for any discussion under agenda item #13, Alachua County Issues/Items. Mr. O’Neal said that there was no one from Alachua County present tonight. Commissioner Lewis asked about the contract negotiations. Mr. O’Neal stated that at the October 2012 board meeting, Commissioner Crews led the discussion about the contract with Alachua County. Mr. O’Neal stated that he had received an email from Ms. Palmi that said she would get back with him about setting up a meeting.

Chairman Hartley called for any discussion under agenda item #14, Attorney Issues. Mr. Sexton said that he did not have anything to discuss.

Chairman Hartley called for discussion under agenda item #15, Executive Director Issues. Mr. O’Neal said that the annual Toxic Waste Round-up events had been scheduled and will be held on February 23 in Bradford County, on March 2 in Baker County and on March 9 in Union County.

Mr. O’Neal said that the new scale has been set in place and that the new scale office building will begin soon. The second scale will add many benefits to our operation.
The last item he has is that New River has a newly updated website for the first time in about 8 years which provides a lot of new information about New River. The website has the same address – www.nrswa.org. Mr. O’Neal encouraged the board to take a look at the website and would like to encourage their feedback. He added that we would be taking a picture of the NRSWA commissioners tonight for the new website.

Chairman Hartley asked for any Chairman/Board Issues. Commissioner Lewis said that he had a citizen, Pat Johns, with a burned home that he would like to advise New River about. Mr. O’Neal said that these loads need to be identified at the scale as waived by the Bradford County Commission and the loads will be billed to the county.

Mr. O’Neal said that agenda item #17 was to recognize outgoing board member, Michael Crews. Mr. O’Neal said that he would like to recognize Mr. Crews’ service and stated that he had served on the New River board his entire county commission office term. Mr. O’Neal presented Mr. Crews with a plaque. Mr. Crews said that he always had the county citizen’s best interest at heart and that he enjoyed his service as county commissioner and at New River and that he looks forward to future opportunities to serve. Mr. Crews added that New River was the most professionally run operation that he had ever been a part of and he appreciated the way the board worked together. The board thanked Mr. Crews for his service.

Chairman Hartley asked for any further discussion. There was none. Chairman Hartley called for a motion to adjourn. Commissioner Smith made a motion to adjourn which was seconded by Commissioner Lewis. The meeting was adjourned.