

NEW RIVER SOLID WASTE ASSOCIATION
REGULAR BOARD MEETING MINUTES
April 11, 2013

The New River Solid Waste Association Board of Directors met in regular session on April 11, 2013 with the following members present:

Commissioner Mark Hartley, Chairman
Commissioner Eddie Lewis, Vice-Chairman
Commissioner Wayne Smith, Secretary/Treasurer
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

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

Chairman Hartley called for a motion on agenda item #2, approval of the January, February and March 2013 Expenditures. Commissioner Lewis made a motion to approve the January, February and March 2013 Expenditures. Commissioner Smith seconded the motion. The motion carried unanimously.

Chairman Hartley called for a motion on agenda item #3, Approval of Regular Board Meeting Minutes of January 10, 2013 and Special Called Board Meeting Minutes of February 5, 2013. Commissioner Smith 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 #5, Engineering Updates. Mr. O'Neal asked Mr. Woolsey, Jones Edmunds, to update the board. Mr. Woolsey said that agenda item A, Work Order #50 –

LGTE Services, includes engineer expenses for detailed due diligence for review of the proposals for the LGTE project that was recently bid out and received and which will be discussed later in this meeting. This work order also covers working with the company selected by the board as the LGTE developer, and providing assistance with contract negotiations, along with the engineering review that will be required for this project. Mr. Woolsey said that Work Order #50 is for \$69,500 and takes into consideration that the process may linger on which is not anticipated. Mr. O'Neal added that this amount is well below the budgeted amount of \$200,000 for the full implementation of this project and is an amount not to exceed. Mr. O'Neal said that in addition to the engineering work order we have received a cost not to exceed of \$50,000 from the contract attorneys, Mintz Levin, who will represent New River in review and development of the LGTE contract. Mr. O'Neal asked the board to approve both of these expenses separately.

Chairman Hartley called for a motion to approve Engineering Work Order #50 for LGTE Services for an amount not to exceed of \$69,500. Commissioner Lewis made a motion to approve Work Order #50 for an amount not to exceed \$69,500. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley asked for a motion to approve the LGTE attorney expenses for the LGTE contract review and negotiation for an amount not to exceed \$50,000. Commissioner Smith made a motion to approve attorney services for contract review and negotiation for an amount not to exceed \$50,000. Commissioner Thomas seconded the motion. The motion carried unanimously.

Mr. Woolsey said Item B is to update slope modification/closure projects. Mr. Woolsey said that he had good news to report. New River has achieved another first in that this major modification to our permit was approved by DEP within the initial 30 day process without any requests for additional information. Mr. Woolsey said that sometimes the permitting process can go on for 14 months. Mr. O'Neal said that this achievement will reduce our costs and that within 60 days we should have the permit modification and we can begin to move forward. Mr. Woolsey added that this was the first major permit project after permitting was moved to Tallahassee and that the engineers felt this was a more efficient process. Chairman Hartley asked what date would the permit be issued. Mr. Woolsey said the permit would be dated 60 days from April 2nd which is the date the permit modification was approved by DEP.

Mr. Woolsey stated that Item C is an update on the Flare Construction Project. Mr. Woolsey said that on April 2nd a letter which had been prepared in conjunction with Attorney Brown's office was sent to Janecek & Associates on behalf of New River stating that he had until April 14th to respond and complete the final punch list for this project. Mr. Woolsey said that Mr. Janecek had come to New River last week and had completed some of the items on the final list, however, it does not appear that everything was completed. A walk through by the engineers, the electrician and New River staff has been scheduled for Monday, April 15th. Mr. Woolsey added that the flare is operational and that New River is in compliance but that we need to make sure we get what we paid for and what was designed. Chairman Hartley asked if we had paid Janecek already. Mr. O'Neal said that we are holding a balance on the money owed to Janecek & Associates. Mr. Woolsey said that 10% has been retained and that the project could be completed with that amount if necessary.

Chairman Hartley asked for discussion of agenda item 6, Discuss Bid Proposals received for RFP #13-01 LGTE Project. Mr. O'Neal stated that the RFP had been issued for New River's LGTE Project and that although there was a lot of interest and that a good number of potential bidders attended the pre-bid meeting held here, we only received 4 submittals. The four submittals have been summarized and distributed to the board for discussion along with full copies of each submittal. Mr. O'Neal added that only one submittal is what he considers to be an actual proposal and that is from LES, Landfill Energy Systems, as they already have power purchase agreements in place. The other submittals are ideas with nothing concrete behind them. Mr. O'Neal asked Mr. Woolsey to discuss the summary sheet prepared by Jones Edmunds and the submittals received. Mr. Woolsey said the 4 project submittals were all over the place which is what was expected. The first thing that the engineers did was to normalize them for comparison. Mr. Woolsey said that a second round of questions were issued to each company to get everybody on the same playing field and to make sure all the assumptions were the same which has to be done for this type of project. Mr. Woolsey said that as Mr. O'Neal has stated there is one submittal that rises to the top as they are not just hoping to be able to pull off a project, they have demonstrated that they have power purchase agreements in place and which are secured with excess capacity so that they can sell the power they will be generated. Mr. Woolsey said that company is Landfill Energy Systems, LES. LES has developed LGTE projects at Trail Ridge Landfill in Duval County, in addition to landfills in Brevard County and Sarasota

County which means they have established power purchase agreements already in place with a place to sell New River's power. The other companies are assuming they will find a place to sell our energy which will be a challenge in this economy and climate. Mr. Woolsey said that there are big if's with the other submittals as we would be hoping they could pull something off. Commissioner Lewis added that would put us right back where we started. Mr. Woolsey said that there was an interesting submittal which is considered the #2 submittal from Florida Energy Partners and shows the ability to generate lots of revenue. The problem with their model is that it is based on New River fronting all the money or borrowing the money for the project so they would have no financial stake in the project. Mr. Woolsey added that FEP has also made some assumptions that Jones Edmunds is not comfortable with which has to do with the amount of power that can be produced on day one and also the ability to sell the power at the amount shown in their submittal. These factors may become problematic later in the process and the risk to New River is very high. Mr. O'Neal added that this project submittal contains an extra engine that the others did not.

Commissioner Smith asked about the average revenue per year shown in the LES proposal, is this new revenue for New River. Mr. O'Neal said that is correct as we are currently flaring our gas but added that there will be some additional costs in the project and that we are currently spending \$75,000 to \$100,000 per year to meet Title V requirements. When we enter into a LGTE contract there will be performance standards for quality and quantity of the gas. Mr. O'Neal stated that the submittal from Energyneering shows a revenue which would not even meet the costs associated with this type of project. Commissioner Smith asked is there a possibility that the additional revenue less the expenses for the project could come back to the member counties. Mr. O'Neal said that would be a decision of the board. Commissioner Lewis said that he would want to wait to make sure the project was a success and that the additional revenue was actually being received. Commissioner Smith said that he agreed but that after a year or so he would like to see how much additional revenue from the LGTE project may be able to come back to the member counties. Commissioner Smith asked what the capital cost of the project and equipment is expected to be. Mr. Woolsey said about \$5 million is a good estimate but that depends on the submittal and how the companies plan to do the project. Commissioner Smith asked if the companies would be required to pay ad valorem taxes. Mr. O'Neal said that the LES proposal indicates they expect to pay an estimated \$1.3 million in taxes back to Union County. Commissioner Smith

said that if the project was for \$5 million, the property appraiser would probably assess it at 80% or \$4 million, which means that the amount back to Union County would be around \$400,000, not including the school board. Commissioner Smith asked the attorney if there was any way to put an MSTU or MSBU, impact fee or franchise or something on the gas itself so that the member counties could split those revenues. Mr. Sexton replied that he feels it is correct that the \$400,000 that goes to Union County for this project may not be split up by the member counties but that there might be a way to creatively tax the gas generated for revenue sharing. Commissioner Smith said since the gas isn't being used in the member counties he would like the attorney to look into this how this could be done. Commissioner Smith also asked what happens in the event the project doesn't work out. Mr. O'Neal said that he hopes the contract will state if the company isn't able to perform the property becomes New River's. Commissioner Lewis asked what the advantage is in 15 versus 20 year contract terms. Mr. Woolsey said that a little more revenue is shown for a 20 year term but feels that legal opinion would recommend a 15 year term since there are too many variables in a long term contract. Commissioner Smith added that if revenues fall below projections there should be a way to get out of the contract and that if the board agrees the attorney should look into an impact fee or something so that the revenues could help all 3 counties.

Commissioner Thomas asked if LES already has projects in place. Mr. Woolsey stated that LES has a project at Trail Ridge Landfill in Duval County which is a successful project and is also close by. Commissioner Smith asked how long to get the project going. Mr. Woolsey said the contract would take approximately 30-45 days and soon after the contract is signed the project would start. Mr. Kent added that LES has actually built a LGTE plant in about 8 months. Commissioner Smith asked where would the LGTE plant be located. Mr. Woolsey said that the plant would be located behind the new flare site and that this site has already been prepared. Mr. Kent said that everything has been done that needs to be done for this project including Clay Electric moving the power lines. Mr. Woolsey said that Caterpillar generators would be put onsite which will be tapped into and feed the lines already in place. Commissioner Thomas asked about noise levels from the generators. Mr. Woolsey said that the noise suppression is good enough on this equipment that they can be put in neighborhoods and that these will be inside buildings, so there is definitely no problems with the noise. Mr. Woolsey added that if anyone wanted to see existing plant at Trail Ridge they would be happy to show us around. Mr. Kent said that he has toured the LGTE plant at Trail Ridge and it is a very nice site. Mr.

Woolsey added that the terms of the LES proposal still needs to be negotiated and that we may get even better terms than what is shown and also that the gas being generated here at New River already exceeds the amounts used in the proposal. The excess gas generated may be used in future projects by LES for other revenue streams. Mr. Kent said that we may be able to do a vehicle fueling station and that additional generators can be added as the gas generation grows. Mr. Woolsey said that LES will also pay New River a royalty for our gas which none of the other submittals included.

Mr. Woolsey said that there was one submittal that had not yet been discussed which was the DTE Biomass submittal which is counting on piping our gas to the prisons. DTE was asked for some sort of letter of intent from DOC which could not be produced. DTE indicated that if they were selected they would begin trying to negotiate to get this put in place with DOC. Mr. O'Neal said that DTE could not actually negotiate with DOC and would that this would require an RFP to be issued by DOC, meaning anyone could end up with the project.

Chairman Hartley asked for the engineer's and staff's recommendation. Mr. Woolsey said that if asked for his recommendation today, he would say that of the submittals received, the LES proposal is a sure bet. Mr. O'Neal added that staff agrees and that if the board agrees, we could start contract negotiations with Landfill Energy Systems.

Chairman Hartley asked for a motion from the board to start contract negotiations with LES and report back to the board. Commissioner Smith made a motion to enter into contract negotiations with LES for the LGTE project. Commissioner Lewis seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion of agenda item 7, Discuss Annual HHW Toxic Roundup Events. Mr. O'Neal said that New River sponsors these events each year in the member counties. A summary of this year's events has been prepared which shows that Bradford County was up a little with 24,452 pounds collected, Baker County was down a bit at 9,309 pounds which may be due to bad weather that day, and Union County collected 8,077 pounds. Mr. O'Neal added that this is hazardous material collected from citizens that would otherwise end up in the landfill.

Chairman Hartley asked for discussion of agenda item 8, Discuss Order/Purchase of 826 Compactor for FY 2013/2014. Mr. O'Neal said that we have not yet begun this year's budget yet but that our compactor is

approaching the number of hours for trade-in. Mr. O'Neal added that the compactor sells the space. Mr. Kent said that it will take 6 months to build the compactor after it is ordered which is the reason it is on the agenda now and that this purchase is based on state contract.

Chairman Hartley called for a motion to order the new compactor for purchase in FY 2013-2014. Commissioner Smith made a motion to order the new compactor for purchase in 2013-2014. Commissioner Dobbs seconded the motion. The motion carried unanimously.

Mr. John Duncan thanked New River from Ringpower and the employees for the continued business and relationship.

Chairman Hartley asked for discussion under agenda item 9, Discuss Need for NRSWA Investment Policy. Mr. O'Neal said that as the auditors pointed out we are not making much interest on our accounts. Mr. O'Neal said that our auditors had recommended we look into having a consultant to develop an investment policy specific to New River that would allow us to make more interest income while keeping us in compliance with statutory regulations. After an investment policy specific to New River has been developed, we could then issue an RFP to invite investing firms or money managers to make presentations for us to select from. Mr. O'Neal said that he has some names of companies and would like to see if the board is interested in getting costs for the development of an investment policy for New River. Mr. O'Neal said that it may be possible to make up some of our escrow account's deficiencies with interest earnings as right now we are making some interest income but not much. Mr. Sexton said to be clear, the first step is to develop a policy that will determine how New River can invest their funds. Then a proposal will be requested from companies that will actually take care of investing our funds.

Chairman Hartley asked for a motion to meet with financial advisors to discuss developing an investment policy for New River. Commissioner Smith made a motion to proceed with contacting companies to develop an investment policy for New River. Commissioner Dobbs seconded the motion. The motion carried unanimously.

Chairman Hartley asked for any discussion under agenda item 10, Discuss Contract with UF Department of Environmental Sciences for FY 2013-2014. Mr. O'Neal said that this annual contract helps New River with the bioreactor and other issues that come up during the year. The amount is \$55,000 and is what we budgeted for and is something we have been doing for quite a while.

Chairman Hartley asked for a motion to approve the contract with UF for \$55,000. Commissioner Lewis made a motion to approve the contract. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley called for any discussion under agenda item 11, Alachua County updates/issues. Ms. Palmi said that she did not have a lot to report. The county and the city are currently in discussion with WCA who is their curbside vendor and Alachua County has asked WCA for a 5 year contract extension. WCA will be converting their fleet to a CNG fleet and plans to purchase CNG from GRU and are discussing bringing all commercial waste back to the Alachua County transfer station which in turn will come to New River. This is an advantage to Alachua County to get that waste back. Mr. O'Neal added this means contractual flow control. Ms. Palmi agreed. Mr. O'Neal asked if Alachua County is proceeding with the dirty MRF. Ms. Palmi said that there were RFPs out to analyze whether it is cost effective and to also analyze feasibility of organic technologies.

Chairman Hartley asked for any discussion under agenda item #12, Attorney Issues/items. Mr. Sexton had nothing further.

Chairman Hartley asked for any discussion under agenda item #13, Executive Director Issues. Mr. O'Neal said he would like to report how smoothly the relocation of our power lines with Clay Electric went. They were great to work with and New River felt no impact during the project.

Chairman Hartley asked for any discussion under agenda item #14, Chairman/Board Issues. Commissioner Smith asked if an additional plastic container could be placed at the Providence site. New River can contact SP Recycling with this request. Commissioner Smith asked if Ms. Palmi had any pull with GRU as he would like for them to donate 29 acres located in Union County which is currently for sale for a recreational facility.

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