

NEW RIVER SOLID WASTE ASSOCIATION
WORKSHOP MINUTES

April 1, 2014

The New River Solid Waste Association Board of Directors met for a workshop on April 1, 2014 with the following members present:

Commissioner Mark Hartley, Chairman
Commissioner Karen Cossey, Vice-Chairman
Commissioner Doyle Thomas, Secretary/Treasurer
Commissioner Gordon Crews
Commissioner Eddie Lewis
Commissioner Jimmy Tallman

Others present were: Darrell O'Neal, Executive Director
Perry Kent, Assistant Director
Melissa Waters, Chief Finance Officer
Lydia Greene, Office Manager/Admin. Asst.
Russell Wade, Attorney

Chairman Hartley called the workshop to order.

Chairman Hartley asked for discussion of agenda item #1, Review Draft Investment Policy, Russell Wade, Attorney. Mr. Wade presented the draft Investment Policy and discussed the legal requirements contained in the draft policy along with highlighting the areas that will require Board decisions. Mr. Wade said that the draft Investment Policy was developed with input from other policies that had been obtained from City of Jacksonville Beach, Southwest Florida Water Management District, Palm Beach County Solid Waste and South Florida Regional Transit. Mr. Wade said that copies of these and other investment policies had been obtained and could be reviewed by the Board, if desired.

After lengthy discussion, the Board agreed they need to request input from an Investment Advisor/Money Manager before they determine how to specify options and limits to be included in the Investment Policy. The Board was in agreement that the Investment Advisor/Money Manager would preferably work on a commission basis, not on a fee basis, as there would be more incentive for them to make our investments make money for New

River. The Board requested Mr. O'Neal try to find an Investment Advisor/Money Manager to come to next week's board meeting on April 10, 2014 to explain the Board's options and limits in regards to the Investment Policy. Mr. O'Neal said that he would work on getting someone here for the April 10, 2014 board meeting. He also stated that he thought Mr. Wade did a good job developing a draft investment policy. Chairman Hartley asked for the Draft Investment Policy to be on the agenda at the next board meeting for further discussion after the Board has heard from an Investment Advisor/Money Manager.

Chairman Hartley called for discussion of agenda item #2, Update on LGTE Project, FEP. Mr. Beer, FEP, stated that they have spoken to a public investor owned utility company with the highest energy prices in the state who is willing to offer capacity payments now and in the future. This is a standard offer contract and we simply have to apply for it. Mr. Beer said that right now under the current configuration that FEP has been working with New River staff it looks like a 10%-12% return on our investment. Mr. Beer added that FEP is still working with OUC and Reedy Creek and that hopefully they can improve on the investment but that right now we have a pretty solid project financially, based on the standard offer contract available and would be a 15 year contract. Mr. O'Neal said that as staff had discussed with Mr. Beer, FEP may still be able to find a better deal and that this may not be the best case scenario for New River. Mr. Beer said that is correct and that when dealing with other public entities, they do not always move quickly. Mr. Beer said that he is hopeful that sometime this week offers from other utilities will be forthcoming. Mr. Beer explained that the offers would start with a verbal agreement from the utility which would be followed by a Memorandum of Understanding or Letter of Intent. When issued, the LOI or MOU would be subject to their board's approval. Mr. Beer said that if he does get an LOI or MOU from one of these utilities, it could be May before it becomes official. This would be the actual document used to develop the PPA which should go pretty quickly. Mr. O'Neal said that Mr. Beer is not referring to financing anything and that we do not know right now how much cash we will need to invest. Mr. Beer said that the numbers he is using are conservative construction values and he is fairly confident that actual costs will be below the numbers he is using. Commissioner Thomas asked if this was with New River building the project. Mr. O'Neal said that we would enter into a contract with FEP for a design/build project. New River would then make the decision to finance the project wholly or partially. New River would then enter into the

contractual agreement with FEP based on the PPA. The PPA would provide for the utility to pay New River directly for the electricity generated. Chairman Hartley asked if they would purchase all of the gas. Mr. Beer said that yes, the utility wants all of the gas and is usually one of the requirements for the PPA.

Mr. O'Neal said he wanted LGTE to be part of every board meeting if possible and thanked Mr. Beer for coming. Chairman Hartley said he does not want us to lose momentum on this project or lose out on any offers. Mr. Beer said that the standard offer contract from Duke is available to us and that we could move forward on the LGTE project based on that and there would always be an opportunity to go to a different PPA. Mr. Beer added that a lot of deals are done this way and start out with the standard offer contract knowing that is the fall back position while continuing to move forward on other deals. By the time the switch is ready to produce power, there could be better deals available. Commissioner Thomas asked Mr. Beer how long before the project would be completed and revenues would start being received. Mr. Beer said that he would guess 15 months and that would include permitting and building the plant. Commissioner Cossey said she is ready to see the building begin.

Chairman Hartley closed the workshop.