

NEW RIVER SOLID WASTE ASSOCIATION
REGULAR BOARD MEETING MINUTES
August 14, 2014

The New River Solid Waste Association Board of Directors met in regular session on August 14, 2014 with the following members present:

Commissioner Mark Hartley, Chairman
Commissioner Karen Cossey, Vice-Chairman
Commissioner Doyle Thomas, Secretary/Treasurer
Commissioner Gordon Crews
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.
 Russ Wade, Board Attorney

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

Chairman Hartley asked Mr. O’Neal to introduce the CAT guests in attendance tonight. Mr. O’Neal introduced Mark Welch and Brian Jackson with Caterpillar, Inc. and explained that New River had been contacted about doing a weeklong compaction test with CAT’s new prototype compactor in order to compare it to the compactors we are currently operating. Mr. Welch told the board that the government is requiring everyone to go to Tier 4 using diesel emission fluid in order to clean up the exhaust and that CAT wanted to test the new compactor model with the new features. Mr. Welch said that the new compactors would have a substantial price increase due to the fact that a lot of money had been invested in its development. Mr. Welch said that he had searched for a location in North America with the right amount of tonnage in order to validate the test and found New River. Mr. Welch stated that with the cooperation of Mr. O’Neal, Mr. Kent, and his staff, the project was carried out flawlessly. He said that that he could not thank New River enough for everything this week and that only New River’s participation made the study possible. Mr. Welch said that the study met almost all of their expectations and the data will be

provided to New River when it becomes available. Mr. O'Neal asked about the compaction survey data. Mr. Welch said that information would come to New River from the survey company and that preliminary numbers show the new compactor to be 17.7% better in tons per gallon with less fuel burned overall. Mr. Welch stated he would like to add that he has done this for over 16 years, has traveled to 45 countries and without exaggeration has been to well over 200 landfills around the world and New River is a top-notch, top-shelf operation and everyone here should be extremely proud of this landfill. Mr. Welch added that the staff is excellent, the site is spotless and has more of a high tech run landfill than he thinks he has ever seen, and we should take all this from one of the few guys you'll ever meet who has been around the world and loves to talk trash.

Mr. Welch introduced Brian Jackson, Caterpillar Inc., who said that the compaction study team consisted of 6 additional CAT people who were also onsite and helped make this project happen. This included one scientist who was stationed in the scale house all week who worked with New River's scale operators to determine how to direct each load to the two different working locations while tracking tonnage for each site. Mr. Jackson said that he would like to add that this is a beautiful landfill, if you can call a landfill beautiful. Mr. Welch added that CAT is ahead of the competitors in the development of this new generation of equipment that is now being required by the government.

Mr. O'Neal said that we will be featured in the article about this compaction study project that is being written by RingPower, Inc. and that this is all really good press for New River. Commissioner Thomas asked when the new compactor would be available for purchase. Mr. Welch said it would probably be available starting this November. Mr. Kent advised the board that this would be the type of compactor that we will be purchasing next time we buy a new compactor.

Mr. O'Neal thanked Mr. Welch and Mr. Jackson for speaking to the board tonight.

Chairman Hartley called for a motion on Agenda item #2, approval of the May, June and July 2014 Expenditures. Commissioner Thomas made a motion to approve the May, June and July 2014 Expenditures. Commissioner Crews seconded the motion. The motion carried unanimously.

Chairman Hartley called for a motion on agenda item #3, Approval of the Finance Committee Meeting Minutes of May 8, 2014 and the Regular Board Meeting Minutes of May 8, 2014. Commissioner Crews made a motion to approve the minutes for the Finance Committee Meeting Minutes of May 8, 2014 and the Regular Board Meeting Minutes of May 8, 2014. 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. Woolsey, Jones Edmunds, said that for Agenda Item 5A, Excavating Class III: Progress Report, he wanted to provide some information on what has been accomplished to date. The Class III landfill is being moved to Class I to make room for the future Class I Cell and a survey was recently completed of the entire site which is required to be done annually. This was compared to the survey that was done prior to the start of this project which confirms that over 50% of the Class III waste has been moved to date which equates to about 110 thousand cubic yards of Class III material that has been excavated. Mr. O'Neal said so far everything has gone smoothly and that about 600 tons per day of additional waste during the same hours of operation. Mr. O'Neal added this has resulted in an increase in repair expenses due to increased operations of about 40%. Mr. Kent added that we are running our spare truck for this project which is more work and tougher work for all of our equipment and increases maintenance and other repairs. Mr. O'Neal stated we are also doing this with no new equipment or any additional staff.

Mr. Woolsey said for agenda item 5B, Closure Project: Exposed Geomembrane (EGC) Permitting, we have been discussing using an alternative closure method specifically an exposed geomembrane cover. Mr. Woolsey said that New River is currently permitted to close a portion of our Class I landfill with a traditional closure method which requires a lot of soil and sod as cover, in an effort to save money and airspace, EGC has been pursued as a preferable method of closure. Jones Edmunds has been meeting with New River staff and some top manufacturers of geomembranes, specifically GSE, along with FDEP and the testing labs that actually wrote the rules for DEP. Mr. Woolsey stated that everyone agrees that EGC is feasible for this site. Mr. O'Neal added that EGC has never

been permitted in Florida for final closure so we are getting a little out on the edge once again, but it does have the potential to save New River a lot of money considering the amount of soil required for traditional closure which is 2 foot over the entire 80 acre site and then sod over that. Mr. O'Neal said that with conventional closure any tears or rips go undetected since everything is covered and this is another reason he is interested in pursuing the EGC. Mr. Woolsey said EGC is certainly feasible as the technology is there and we are working with FDEP on it's use since this will be the first final closure permit using EGC and that Jones Edmunds' goal is to submit the application to DEP the first week of September. Hopefully FDEP will approve EGC for use in final closure, which will be followed by discussions about the specific type of material to be used and then bidding out for the EGC.

Mr. Woolsey said for agenda item 5C, Bridge Project: Self Build, Item 1, at the last board meeting the bids received to complete the entire project were brought to the board and that the bids submitted were much higher than the budgeted amount. Mr. Woolsey stated at that time the board's decision was for New River to do self-construction of this project and to break out only certain portions of the project for bids. The first item put out for bid was for the box culverts. Only one bid was submitted which also included an alternate to the bid which included doing the wing walls and the cast in place concrete work which is another big part of the work on this project. Mr. Woolsey said the bid received for IFB 14-03 for just the box culverts was for \$53,120, the alternate bid to complete the concrete walls and footers was for an additional \$122,520 for a total of \$175,640 for the majority of the project. Mr. O'Neal said he would like to suggest trying to negotiate with the company on the alternative bid to see exactly what that would cover and be able to make a recommendation to the board, instead of just awarding the bid for the box culverts. Mr. Woolsey said that the initial review looks good but he would like to make sure they understand our project. Mr. O'Neal said that if the board is in agreement he would like to postpone awarding the bid until the next board meeting. The board agreed.

Mr. Woolsey said that Item 2 is bidding out concrete skilled labor and that one of the elements of this project is the concrete paving of the flat driving surfaces and some additional concrete projects throughout the year. The recommendation is to bid out concrete services on an annual basis. Mr. O'Neal added that we do that with other services and we know that other concrete projects will be needed this year. Mr. O'Neal said it would require

board action to issue the bid and that the bid would not include materials as New River would make those purchases.

Chairman Hartley called for a motion to issue a bid for annual concrete skilled labor. Commissioner Thomas made a motion to bid out concrete skilled labor on an annual basis. Commissioner Cossey seconded the motion. The motion carried unanimously.

Mr. Woolsey said for agenda item 5D, Discuss Moving Funds from Cell 7 Escrow to Closure Account, DEP's regulations includes rules for when a landfill stops accepting waste like our Class III has, which states that if it is inactive it must be fully funded for closure. Mr. Woolsey said that we knew this was coming and applying for a variance from that rule had been discussed previously with the board. During subsequent discussions with DEP, and in order to save New River some money, one of the things that could be done was to temporarily move some of the funds from the Cell 7 Escrow account into the Class III Closure Escrow Account so that it is fully funded. Mr. Woolsey said that this would be a temporary move and as soon as Class III has been fully relocated and has been certified as complete, those funds can be moved back into the Cell 7 Escrow Account and DEP has confirmed this is acceptable. Mr. O'Neal asked Ms. Waters if these funds are available for transfer. Ms. Waters advised that all the funds are in money market accounts at Capital City Bank and would be a transfer from one account to the other at the same rate. Mr. O'Neal said this would save New River money and would require board approval of a Budget Amendment. The budget amendment #3 will show moving \$2 million from Cell Construction Escrow to Class III Closure Escrow.

Chairman Hartley called for a motion to move \$2 million from Cell Construction Escrow to Closure Escrow. Commissioner Thomas made a motion to move \$2 million from Cell Construction Escrow to Closure Escrow and shown as Budget Amendment #3. Commissioner Tallman seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion of Agenda Item #6, LGTE Project Update, Alan Beer, FEP. Mr. Beer, FEP, said that he has provided a LGTE project schedule for the board. Mr. Beer said he realizes everyone is ready to get the project going and revenue coming in. The project schedule shows the timeline for legal review, approvals by this board, FDEP, and the public service commission along with the technical portion of the LGTE project. Mr. Beer said that he has been working with staff and the attorney on completing the PPA with Duke Energy and he is glad to say that for both

FEP and New River's all the required technical information has been provided and now all that remains is to finalize the terms and conditions between the attorney and Duke Energy. Mr. Beer stated he hopes to have the agreement in principle ready by the next board meeting which will need to be voted on by the New River board. Mr. O'Neal added that it will be the terms of the PPA that will be presented to our board, not the execution of the PPA until the contract with FEP is signed. Mr. Beer said that the PPA with Duke Energy will not add time to this project and review by the Public Service Commission will be at the discretion of Duke Energy and will cover review of any affects to rate payers. Mr. Beer said that the project schedule shows we expect to move dirt the first quarter of 2015 with substantial completion of the plant by the end of 2015. While the testing is being done, the plant will be generating revenue and by February 2016 the plant should be substantially up and running and producing revenue which will be paid monthly to New River by Duke Energy. Mr. O'Neal said he would like to add that FEP has done a lot of work and has spent a lot of time on this project without a contract or any payment and would like Mr. Beer to know that it speaks a lot for him and for FEP.

Chairman Hartley asked for discussion of Agenda Item #7, DOC Release of Lease for Farming Practices. Discuss Resolution to Allow PRIDE to Continue Using Property of Pasturing Their Cattle. Mr. O'Neal stated that in order for New River to gain access to the area for the new borrow in our Phase II site, DOC had been contacted for a release of the property lease for farming practices for about 15 acres needed for the bridge and gaining access to the new borrow. DOC has indicated that they no longer wanted the property for farming practices and would be willing to release the lease. Mr. Wade added that the release had been forwarded to the DOC Secretary Mr. Crews for signature and has not been returned. Mr. O'Neal said that PRIDE has learned of the release and said that they currently have cattle on the property and have contracts for leasing the property for the cattle. PRIDE has said they would like to have a resolution allowing them to use the portion of the property that we are not expanding to right now. Mr. O'Neal asked Mr. Wade to update the board. Mr. Wade said he had spoken with a PRIDE representative and the issue is a matter of liability and that a lease would be needed to address that issue. Mr. Wade said that PRIDE is also considered to be a sovereign governmental entity which makes it a little tricky but that a rudimentary lease could be prepared with shorter notice times. Mr. O'Neal said he would like the lease to include a 90 day notice in

addition to language that included access for other necessary New River activities on the property without having to ask for permission to enter. Mr. Kent added that PRIDE has been a good neighbor to New River and keeps the property mowed and fenced and their cattle has not been a problem. Mr. O'Neal added that PRIDE has been very cooperative in regards to New River's expansion to that property. Mr. O'Neal said since we are waiting on the signature for the release, he would like to bring this back to the board at our next board meeting.

Chairman Hartley called for discussion of Agenda Item #8, Investment Policy Update. Mr. O'Neal said that Mr. Bryant was in attendance tonight and Mr. Wade has a draft Investment Policy for review. Mr. Bryant said that he, Mr. Wade and Mr. O'Neal had met several times since the last board meeting and they have been working on the master policy which will set the upper and lower boundaries of the investment policy. Due to New River's different types of funds and timeframes and needs for those funds, the investments that are appropriate for each account is different. Mr. Bryant said the master policy would cover legalities and set parameters for the boundaries to work within and then within each account, the specific allocations appropriate to that fund would be set. Mr. Bryant said they have reviewed what other organizations are doing and who are also dealing with issues similar to New River's like inflation and low yields. Mr. O'Neal said he learned at Rotary that Santa Fe College's scholarship program lost the matching funds from the State and in order to keep the program solvent, they have had to revise their investment policy in order to make more on their investments which now includes equities. Mr. O'Neal said Santa Fe College is under the same types of statutes and audit requirements as New River and he has asked for a copy of their investment policy for review. Mr. Bryant said that a first step for the board may be to decide if equities would be included. Mr. Wade said that equities would be for long-term investments and could be noted as unrealized losses by the auditors. Mr. Wade discussed issues for the board to consider if equities are part of the investment policy and that if equities are not included, at least look at loosening up the policy to allow more interest making options. Mr. Wade said that this draft is similar to the previous version and includes specific needs for the different accounts as a guideline. Commissioner Hartley asked about our auditor's opinions. Mr. O'Neal said that first they would report on whether or not the policy was followed, then they would report on our assets and investments on an annual basis and the balance on

paper which may show unrealized losses at the time of the audit. Mr. O'Neal added that right now New River's investments are all making very little interest income. Commissioner Crews asked if we decide not to invest in equities, can we get where we need to be? Mr. Bryant said that at current rates it would require a lot more money to be invested in order to reach the goals. Mr. O'Neal added that we can't accomplish the goals at our current tipping fees and would need more volume of waste for economy of scale or to raise the tipping rates, or both. Mr. O'Neal said that there are lots of variables right now, primarily whether we will have a new contract with Alachua County and the cost of the LGTE project. Mr. Bryant said he would recommend New River consider managed accounts instead of individual investors or individual securities. Mr. O'Neal asked about the cost of managed portfolios. Mr. Bryant said for individual accounts it ranges from 1%-1.35% per year and covers all costs and feels for an organization, we could get those costs down considerably. Mr. O'Neal said if the policy is adopted, it could always be amended later. Mr. Wade said that we may need to consider waiting on a decision on the LGTE investment. Mr. O'Neal added that nothing would be done without board approval. Commissioner Cossey said she was thinking that New River may end up paying more in interest if the money for the LGTE project was borrowed rather than using our own money. Mr. O'Neal said that he would like to suggest issuing an RFP for financing our LGTE project after it is built. Commissioner Cossey said she felt we may need to table the decision on the investment policy until we know more about the LGTE project. Mr. Bryant added that the managed portfolios are very flexible and allows for funds to be moved or withdrawn quickly. Chairman Hartley asked what our next step should be. Mr. O'Neal said that the board could adopt the investment policy, postpone it, or table it and right now we do not have an investment policy and it is up to the board and if adopted now, we could still wait for details on the LGTE project before investing in any equities. Commissioner Crews said he feels the prudent thing to do right now is to wait to see how much money we have to invest. Commissioner Crews asked if we end up using a managed account then do we really need to hire a money manager also. Mr. O'Neal said that is an excellent point and he would suggest including language that covers both options. Mr. Wade said that a key point is somebody needs to pick the funds that we invest in. Commissioner Cossey suggested we table the investment policy right now. Commissioner Crews said other than the money manager he has no problems with the draft investment policy.

Chairman Hartley asked for discussion of Agenda Item #9, Asbestos Relocation Project: Bid Results. Mr. O'Neal said at the last board meeting we had discussed the segregated asbestos disposal area in Class III. As Class III waste is removed, we will also need to move the asbestos and relocate it into Class I. The board approved the bid to relocate the asbestos which resulted in one bid submitted. Mr. O'Neal said the bid price was for \$149,250 from Cross Construction Services which is three times the budgeted amount for this project. Mr. O'Neal said that he would recommend rejecting the bid and looking into a new plan.

Chairman Hartley called for a motion to reject the bid submitted from Cross Construction Services for the Asbestos Relocation Project. Commissioner Tallman made a motion to reject the bid. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley asked for any discussion under Agenda Item #10, Reducing Sludge Disposal Rate for City of Starke – Remove County Surcharge of \$14/Ton. Mr. O'Neal said after speaking with Mr. Thompson who had requested this be put on the agenda, he would like to defer this request as Mr. Thompson is now considering other options that will mean less cost for the City of Starke and which does not include disposal at New River.

Chairman Hartley called for any discussion under Agenda Item #11, Alachua County Issues/Items. Ms. Palmi said that they have purchased three new trailers which are a little lighter and can hold more packed garbage. Ms. Palmi said an interesting thing happened at the transfer station three weeks ago, a GRU light pole had taken a direct lightning hit and when it fell, uprooted a water main, took out the scales, the computers and phones. The good news was that since it hit the GRU pole, it did not cost them a lot for repairs. Ms. Palmi said that things are running smoothly, other than WCA having some issues which may have something to do with less waste this week.

Chairman Hartley asked for any discussion under Agenda Item #12, Attorney Issues/Items. Mr. Wade said he did not have anything further for discussion at this time.

Chairman Hartley called for any discussion under Agenda Item #13, Executive Director Issues/Items. Mr. O'Neal said he wanted to pass out some pictures to update the board on the scale house damage by a garbage truck a couple of months ago. The damage also bent the I beams, some of which was up to 7" out of square, and those beams runs right through the building. Jones Edmunds helped by having their structural engineer report what he could see without removing the siding and deconstructing the building. Mr. O'Neal said Union Lasteel has come up with a proposal to cut out the steel I beams and move the support beams to the outside of the building at a cost of approximately \$27,000.00. The proposal for the repair was submitted to the driver's insurance company and we are waiting to hear back from them.

Mr. O'Neal said he would also like to suggest we have a recognition for a long-term member of the board, Mr. Dobbs, who is planning to retire and not seek re-election. The board was in agreement.

Chairman Hartley called for any discussion under Agenda Item #14, Board/Chairman Issues/Items. The board members had nothing further for discussion.

Chairman Hartley asked for any further discussion. There were no further items for discussion. Chairman Hartley called for a motion to adjourn. Commissioner Cossey made a motion to adjourn which was seconded by Commissioner Thomas. The meeting was adjourned.