

NEW RIVER SOLID WASTE ASSOCIATION
REGULAR BOARD MEETING MINUTES
December 12, 2013

The New River Solid Waste Association Board of Directors met in regular session on December 12, 2013 with the following members present:

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

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

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

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

Chairman Hartley called for a motion on agenda item #3, Approval of the Regular Board Meeting Minutes for September 12, 2013 and the Special Called Meeting Minutes for October 3, 2013. Commissioner Lewis made a motion to approve the minutes for September 12, 2013 and October 3, 2013. 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, stated he had a couple of brief updates. We have been discussing for the past several meetings

Agenda Item #5A, Slope Modification/Closure Project. Mr. Woolsey said that as the board is aware, months ago we received the permit for slope modification and work has begun on this project. As for the Closure portion of the project, we have been discussing with the board looking into alternative closure options rather than typical closure methods which could save money and provide more air space. Right now this is in DEP's hands and a meeting has been requested with the DEP staff in Tallahassee to further discuss alternative closure methods. Commissioner Lewis asked what we were trying to accomplish. Mr. Woolsey said that we are looking into moving away from typical Closure which requires a lot of soil be placed on top of the landfill and use an exposed geomembrane closure method which is what was used on top of the bioreactor or closure turf. What we do will be based on DEP requirements and the overall costs. In either case, we will have to get special DEP approval for an alternative closure method as it will require a variance from the rule, which should not present a problem. In the meantime, the Class III landfill material continues to be moved to Class I in order to be able to use the area where Class III is currently located as future Class I landfill space. Mr. Woolsey stated that they are also in the process of putting together the bid documents to hire a licensed asbestos abatement contractor to remove the asbestos from the Class III site.

Commissioner Lewis asked if we are trying to get away from placing all the soil on top for closure and if we are comparing prices to see which is the best way to do. Mr. Woolsey said that is what we are looking into and that if we can get away from traditional closure, we can eliminate the 2 foot soil layer around the entire landfill which will allow for more waste to be placed in Class I. This will not only be a reduction in the expense for closure but will also allow for more waste to be placed on the entire Class I area. Commissioner Cossey asked if that would also eliminate having to place as much soil for daily cover. Mr. Kent said that we do have a tarp that is used but that an alternate closure method would not eliminate the soil requirements for intermediate and daily cover.

Mr. Woolsey for Agenda Item #5B, this is a standard annual work order for Permit Compliance Monitoring which includes groundwater monitoring, landfill gas monitoring and all environmental monitoring associated with the landfill and required by the permit. Work Order #54 is in the amount \$59,600.00.

Chairman Hartley called for a motion on Engineering Work Order #54 in the amount of \$59,600.00. Commissioner Lewis made a motion to

approve Work Order #54 as presented. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion of Agenda Item #6, Discuss LES Proposed Contract. Mr. Kent stated that we have negotiated two LES contract options which have been distributed tonight for board review. One is a Royalty Option the other is a Guaranteed Payment Option. Mr. Kent stated that the Guaranteed Payment Option starts with a \$100,000 payment up front from LES in 2013 which was a provision in the contract. In 2014 there will be no payments to NRSWA. The payments through 2034 are shown which ends up to be \$133,754 average payment per year for 1200 scfm's which is about half of the gas that we produce. Commissioner Thomas asked when we would receive the first payment. Mr. Kent explained that the first year's payment would be \$100,000 and that LES would not pay NRSWA anything in 2014 in order to recover that initial up front payment. In 2015 we would receive \$26,928. Commissioner Lewis asked about the plan for the additional gas that we produce. Mr. Kent said that until the set amount of gas for the contract had been determined, we were unable to look into options for the additional gas produced. Mr. Kent said that as discussed with the board previously, we are looking into a fueling station or another type of gas project, which can still be done. Mr. Kent added that both of these contract options are for 20 year contracts with LES as they would not agree to a 15 year contract which was what NRSWA wanted.

Mr. Kent said the Royalty Option would be a percentage that would be paid to NRSWA. Mr. Kent stated that staff had some concerns about the assumptions made on the Royalty Option particularly regarding the kwh measurement specified. Mr. Kent said that this is assuming that LES is correct in their statements and if not, the prices shown could be quite different. Mr. Woolsey added that there is an additional assumption with a percent revenue deal which has to do with the Power Purchase Agreement that LES has. Their current PPA only goes through 2026 and after that, their PPAs will have to be renegotiated. That means that New River will receive 8% of some unknown number at that point. Mr. Woolsey said that the Royalty Option plan shows what LES believes higher pricing will happen. This option only shows true numbers for the first 8 years of the contract, after that there is no certainty to what NRSWA will receive. This will be a large risk for NRSWA which comes down to how much risk NRSWA is willing to take. Mr. Woolsey said that the Guaranteed Option is a set amount of revenue, no matter how much gas LES is able to sell.

Commissioner Lewis asked if the Guaranteed Option is staff's recommendation. Mr. Kent said that it was. Commissioner Tallman said that he had reviewed prior board minutes and saw that there was a cost to NRSWA for producing this gas which was about \$130,000 a year. Commissioner Tallman asked if this gas payment was after the yearly expense to produce the gas for the project. Mr. Kent said that our expenses were not taken into consideration with the revenue amounts shown. At this point just our expenses would be covered by this project. Mr. Kent added that we are not currently spending quite this much but in the future we will have to in order to meet the gas collection required.

Commissioner Thomas asked about the Guaranteed Option and if we have more gas than LES uses, is there any option in the contract for us to sell the additional gas to another buyer? Mr. Kent said that we did offer all of our gas to LES but they were only interested in a portion of what we produce. Mr. Woolsey said that the contract includes an option for NRSWA to sell gas to another buyer without locking into a rate now for all of our gas, as energy rates tend to go up over time. Mr. Woolsey said that LES will be getting about half of the gas that the landfill will eventually produce in Phase I alone. Commissioner Cossey asked if it would cost more to collect the additional gas. Mr. Woolsey said no more than what is required by regulation. Mr. Kent added that when he said an annual expense of \$130,000, this will be for a more aggressive gas collection project than we are currently doing. Mr. Kent said that an additional gas project could turn out to be mostly profit unless the project requires us to do extensive cleaning of the gas before it is sold, which could be an additional expense depending on the project.

Chairman Hartley asked if we were open to LES wanting to come back to renegotiate for any additional gas produced by NRSWA in the future. Mr. Kent said that LES has asked for first refusal of any additional gas that NRSWA may have. Mr. Woolsey said that this was not in the contract, but that we have agreed to discuss it with them.

Commissioner Crews asked if the price of gas tends to go historically higher, why would we want to take a fixed rate? Mr. Woolsey said that was an excellent point and it basically boils down to how much risk NRSWA is willing to take. With a Royalty Option, the risk goes up and would mean that NRSWA would be somewhat going into business with LES. Chairman Hartley said that the profits would go up also and that we aren't making anything on our gas now. Mr. Kent said that if LES were to sign a new PPA in the future and the price is higher, NRSWA would make a bigger profit. He added that with the Guaranteed Option, we are ready with a contract and can move forward now.

Commissioner Thomas asked if it would be 2016 before we receive any revenue. Mr. Kent said that the first year would be \$100,000, the next year nothing, with a payment of \$26,928 in 2015. Mr. Kent stated that we were hoping for a lot more money and have looked at the contract a lot of different ways. The Clay Electric wheeling charges hurt us as nobody was expecting those charges to be that high. Mr. Kent said that it comes down to whether the board wanted to take a chance on the risk on the Royalty Option and or take the Guaranteed Option which will be a known payment and that the difference in the two options is about \$400,000 over the life of the contract. Mr. Woolsey said that we had tried to get creative with LES so that New River would see upsides when they do, but that LES has drawn a line in the sand and these are the only two contract options. Mr. Kent added that with the Royalty Option, if the price goes up so will our revenue, but by the same token, if prices go down our revenue will go down also.

Commissioner Thomas asked how long we had to make a decision on the contract. Mr. Kent said there was no time frame for making a decision. Chairman Hartley said he thought the company would get some sort of tax break for getting this done before the end of the year. Mr. Kent said he had understood that also but that LES has not made this an issue. Mr. Woolsey said the board should feel comfortable in making their decision without worrying about the time it takes as LES has not made a deadline for a decision a part of this contract.

Mr. Kent said that as mentioned by Commissioner Thomas previously that we may need to look at signing a contract that at least covers our costs, and this contract does cover our expenses, but that is about all it will cover. Commissioner Crews asked about our cost for the gas, is this whether we sell it to somebody or we do what we are currently doing. Mr. Kent said that we are required by Title V to collect the gas generated by the landfill whether we flare it or sell it to somebody and there is a cost associated with collecting our gas. Mr. Kent said that if we get more aggressive with our gas collection, the expense will go up and that the \$130,000 is for a more aggressive gas collection system. Mr. Woolsey stated that the landfill is at the size now gas collection infrastructure will be required to collect our gas whether it is flared or sold for a beneficial use and the cost is fixed for that level of gas collection.

Commissioner Tallman said that it had been mentioned that Sarasota County is getting a better deal than we are getting from LES. Mr. Woolsey said that it is basically due to economy of scale and that the gas plant at that site is much larger along with the higher wheeling charges that will be charged by Clay Electric. Mr. Kent added that the high wheeling charges were unexpected and greatly affected our annual revenue. Commissioner

Lewis asked what a wheeling charge was. Mr. Kent said that this was the charge for renting the electric company's lines to move the power or a tariff. Chairman Hartley asked how much would we make if we sold our gas to someone other than LES. Mr. Woolsey said that if NRSWA contracts with any company that finances the project and buys the gas, these are the kinds of revenue numbers that can be expected. Where NRSWA is going to see drastically bigger revenue numbers is when NRSWA becomes a partner and builds the gas plant themselves or finances the project, which would essentially cut out the middle man and then the majority of the profits would come to NRSWA. Mr. Kent said that this was what the proposal included for the #2 ranked LGTE RFP submitted by FEP and that the board had previously indicated they would not be interested in financing a gas project.

Commissioner Lewis asked how much it would cost for NRSWA to finance a gas project. Mr. Woolsey said it would depend on how the project was structured. FEP's proposal was very creative and that there were 2 ways it could be done. The first was for NRSWA to put up all the money, which is in the \$8 million range, or for NRSWA to finance that amount. Mr. Woolsey said that there are big differences in the amount of money that could be made and the vast difference is the amount of risk in this type of project. Commissioner Lewis asked if the biggest risk would be the price of gas going down. Mr. Kent said that the biggest risk in this situation is that the company would not be able to do what they say they can and we end up with a gas plant that we have to figure out how to operate. Commissioner Cossey said that she would like to suggest looking at the figures from the FEP proposal. Mr. Kent said that we do have the original proposal from FEP that could be shared with the board at the next meeting if that is the desire of the board. Mr. Kent asked Mr. Wade, Board Attorney, if a decision to no longer negotiate with the #1 ranked proposal from LES would have to be made before looking into the #2 proposal from FEP. Mr. Wade said that he would need to see the resolution or RFP for the selection of the LES proposal and that the proposal would most likely need to be rejected before entering into a new RFP process. Commissioner Cossey said that we might not be rejecting LES' proposal. Chairman Hartley said he didn't think the intent was to reject the LES proposal right now and asked if we could take a look at the #2 ranked proposal from FEP or the other proposals. Mr. Wade said that there was no deadline for making a decision and that the board could form a committee to look at the other proposals before accepting the proposal from the #1 ranked company. Mr. Kent said that he felt like we should not have any discussions or negotiations with another company but that we should be able to take another look at the proposals submitted at this time if directed by board to do so. Chairman Hartley agreed and asked if

this could be ready for discussion by the next board meeting. Mr. Wade said that going back to review the material in the other proposals submitted at the same time would not be a problem. Mr. Wade added that the current proposal from the number #1 ranked firm is different enough from their original proposal that it might be a good idea to take another look at the other proposals submitted for the LGTE project. Commissioner Crews asked if it would be appropriate to table this and ask staff to look at the other proposals for comparison and be ready for discussion at the next board meeting. Mr. Beer with FEP said he would like to recommend a workshop for questions and an in-depth review of their proposal. Chairman Hartley said he felt it could not be done with the board since the board chose the #1 ranked proposal. Mr. Woolsey said that the original RFP stated that if negotiations with the #1 ranked proposal were unsuccessful then we were able to negotiate with the #2 ranked firm.

Chairman Hartley called for a motion to table discussion of the proposed contract from LES and refer to staff for further evaluation of the other ranked proposals. Commissioner Cossey made a motion to table discussion of the proposed contract received from LES and refer to staff. Commissioner Crews seconded the motion. The motion carried unanimously.

Chairman Hartley asked for discussion of Agenda Item #7, Discuss Out-of-Region Contracts for Less than 100 TPD at \$32.00 per Ton Plus $\frac{3}{4}$ CPI. Mr. Kent stated NRSWA has received several calls from waste haulers looking to bring waste to New River on a smaller scale with the idea of doing this for 5 years or less. Mr. Kent said that right now staff doesn't have the authority to establish those contracts. Mr. Kent said that if the board would allow staff to approve these types of contracts, they could be done without having to wait for a board meeting and would be brought to the board when they have been established. Mr. Kent said that Mr. O'Neal had discussed with Mr. Wade so that he would be familiar with what we are looking to do. Commissioner Lewis said he felt it was a good idea.

Chairman Hartley called for a motion to allow staff to negotiate out-of-region contracts for less than 100 TPD at \$32.00 per ton with $\frac{3}{4}$ CPI. Commissioner Lewis made a motion to allow staff to negotiate contracts for out-of-region waste. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion under agenda item #8, Discuss Request for Staff to Attend Union County Commission Meeting (Wayne Smith). Mr. Kent said that his understanding was that Commissioner Smith

had contacted Mr. O'Neal yesterday to request this agenda item be deferred until a later time. Commissioner Cossey asked if she could go ahead and address this agenda item. Commissioner Cossey stated that she did not see any good coming from Mr. O'Neal's attendance of the Union County Commission meetings and would prefer that he does not attend. Commissioner Tallman added that he would agree that there is no benefit to NRSWA nor would it be fair to Mr. O'Neal for him to attend their meetings. Commissioner Lewis said that he would agree. Commissioner Cossey said that Union County is represented on this board and that if anything is needed it could come from the Commissioners on this board. Commissioner Cossey asked if a motion and vote were needed. Chairman Hartley said he did not think a motion was needed. Commissioner Tallman said he would like it to be in the form of a motion. Commissioner Thomas said if it was put to a vote it could cause some controversy and that Commissioner Smith could ask questions as a private citizen. Mr. Wade said that there would be no requirement for a motion. The board was in agreement.

Chairman Hartley asked for discussion for agenda item #9, Discuss Budget Amendments. Mrs. Waters, Finance Officer, explained the document prepared and distributed to the board for budget amendments and are from the audit year ending 2012. Mrs. Waters stated what is shown are actual Unrestricted Net Assets carried over at the beginning of the fiscal year. Previously we were not showing these amounts in the budget line items but we are now due to comments made regarding these budget amounts. Mrs. Waters said that what is being requested is an amendment to the 2014 budget. The amount of \$187,657 shown represents 3 Engineering Work Orders that were approved for the fiscal year ending 09-2013 for projects that were not complete and need to be carried over into the current fiscal year ending 09-2014. Commissioner Lewis asked if we were just moving that amount from 2013 to 2014. Mrs. Waters replied yes, that is what we are showing and are shown as coming out of the Operating Cash Account from the previous year. Mrs. Waters said that the \$300,000 that was distributed to the counties is also shown and as coming out of the Cell Construction Escrow Account. These two amounts are shown as Budget Amendment #1 for a total of \$487,657, which comes out of Unrestricted Net Assets Carryover.

Chairman Hartley called for motion on the Budget Amendment for a total of \$487,657 for carryover of \$187,657 for 3 engineering work orders and for \$300,000 for distribution to member counties. Commissioner Lewis made a motion to approve the Budget Amendment of \$487,657 as presented.

Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion under agenda item #10, Discuss Status of Investment Policy. Mr. Kent said that Mr. O'Neal had discussed this with Mr. Wade who will update the board. Mr. Wade said that in regards to the investment policy the State has a law that says what we are allowed to do with our excess funds or funds that are not being used for operations. Mr. Wade stated that we have a couple of choices. One is to use the State's plan which is what we are doing now which provides us with a very restricted list of low risk, low return type investments. Even though these are considered low risk investments, NRSWA actually shows a loss in the current fiscal year. Mr. Wade stated that secondly we are allowed under State law to design our own investment plan. This can be done by resolution that states the types of plans and risks allowed which will provide NRSWA with a lot more flexibility. Mr. Wade said that Mr. O'Neal suggested that we would benefit from designing our own investment policy rather than take the narrowly defined choices that the State offers. NRSWA would have control of the plan and decide what types of investments to use. Mr. Wade said that if we do that, we would probably want to hire a money manager or authorize someone to handle the investments internally by policy. Commissioner Thomas said he would prefer the board be consulted before the investments are made. Mr. Wade said that would be up to the board and that the overall financial plan would state the types of investments that would be used and the percentages that could be invested in them. Mr. Wade added that the design of the initial Investment Policy is something that should be done carefully with the advice of a money manager that understands these things. Mr. Wade said that he had a discussion with a former NRSWA auditor and believes that we did have a similar investment policy in place in the past but that the policy wasn't completely followed and wasn't tailored to fit NRSWA's needs. As a result of advice from the auditors the policy was taken out of use. Commissioner Crews asked about the amount that we were down this year in our investments. Mr. Wade said this was something he learned at the last meeting and was due to the restricted types of investments allowed by the State. Mrs. Waters said that the losses shown take into account investment account expenses of around \$2200 per month for some of our accounts. Commissioner Thomas asked Mrs. Waters if the board could get a list of our current investments. Mrs. Waters said that basically what we have is CDs and money market accounts with Capital City and CSB earning around .05%, the other investment accounts are with TD Bank which are bought and sold for NRSWA and

incurs the monthly fees. Commissioner Thomas asked if the accounts with TD Bank are the ones that are costing \$2200 per month in fees. Commissioner Crews added that means we are making nothing and it's costing us \$2200 a month. Mrs. Waters said that it is market based and goes up and down but that she did not have an average. Commissioner Crews said it would be good to know what that is. Mr. Wade said that these are really losses on paper as it is not an actual loss until a sale takes place. Mr. Kent said this is because of the restricted types of accounts we can invest in and that years go we making good money on our investments and we were told we were out of compliance. Mr. Kent said this is the reason we need an investment policy. Commissioner Lewis asked when the CDs we currently have mature. Mrs. Waters said our CDs have 14 day terms due to the low interest rates. Commissioner Crews asked to see the trends of our investments. Mrs. Waters suggested we look at getting a money manager as she does not feel this would be a good job for her as she doesn't feel she is an investment person. Commissioner Thomas asked if a money manager would charge a percentage or a fixed amount. Mr. Kent said that those that we have talked to want a fixed amount. Mrs. Waters added that we have actually done pretty well with TD Bank until the last few years. Mr. Kent said that we need someone who is familiar with county organizations and that we have gotten copies of other organization's investment policies to use as a guide in developing one for NRSWA. Commissioner Lewis said it didn't make sense for DEP to restrict our investments since it would help everyone to be able to make more money. Mr. Wade said our investment policy could be as simple as allowing certain funds and certain percentages be invested, it doesn't have to be risky. Mr. Kent said that this was basically an update for the board and that no action is needed at this time.

Chairman Hartley asked for discussion under agenda item #11, Discuss Purchase of a New Pickup Truck. Mr. Kent said that Mr. O'Neal's company truck has 98,000 miles on it and that we need a truck in the back. We would like to move his truck to the back and replace it with a new pickup under State Contract. Commissioner Lewis asked if the money had been budgeted for. Mr. Kent said that purchase of a welding machine had been budgeted for this year at \$60,000 but it is not going to be needed this year. This was for a HDPE self-propelled welding machine that is typically rented but will be need on site when we enter into a contract for LGTE. Mr. Kent said that the pickup truck will be not to exceed \$30,000 and will match state contract price. Chairman Hartley said he agreed it would be better to keep the pickup we have and move it to the back since we know what we have. Commissioner Lewis asked if the money would be taken from the

money budgeted for the welder that we do not plan to purchase this year. Mr. Kent said that was correct.

Chairman Hartley called for a motion to purchase a new pickup truck for an amount not to exceed \$30,000. Commissioner Lewis made a motion to purchase a new pickup truck under State Contract. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion for agenda item #12, Discuss Reduction of Tipping Fee Rate for Contaminated Soil that is Approved for Daily Cover. Mr. Kent stated that we have received calls from a contractor who has brought some contaminated soil to us in the past. The contractor advised that DEP has reduced the amount they pay contractors for clean up of soil from contaminated sites. Mr. Kent said that we would like to ask the board to reduce the amount for accepting contaminated soil here at New River to \$20 per ton provided it can be used for daily cover as we are currently paying around \$4 per ton for soil material to use for daily cover. This will reduce our expenses that we pay for dirt and the contractor would pay to be able to bring the soil to New River. Commissioner Cossey asked what happens if we can't use it for cover. Mr. Kent said that in that case it would be subject to the regular tipping fee. Mr. Kent added that this material is going to other landfills now and we would like to be able to offer the contractors a competitive price for them to bring it here if we can use the material.

Chairman Hartley called for a motion to charge \$20 a ton for contaminated soil provided it can be used for daily cover. Commissioner Cossey made a motion to charge \$20 a ton for contaminated soil approved for daily cover. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley asked if there was anything for discussion under agenda item #13, Alachua County Updates/Issues. Ms. Palmi introduced Susan Wilson, Supervisor of their Fiscal Staff who came to the meeting tonight. Ms. Palmi said that all is going well and that the waste has gone up a little bit.

Chairman Hartley asked for any discussion under agenda item #14, Attorney Issues/Items. Mr. Wade said he didn't have anything further for discussion.

Chairman Hartley called for discussion under agenda item #15, Executive Director Issues. There was nothing further for discussion.

Chairman Hartley asked for any discussion under agenda item #16, Chairman/Board Issues. Commissioner Cossey said she was glad to be back. Commissioner Tallman added it was nice to meet everyone.

Chairman Hartley called for a motion to adjourn. Commissioner Thomas made a motion to adjourn which was seconded by Commissioner Cossey. The meeting was adjourned.