

NEW RIVER SOLID WASTE ASSOCIATION
REGULAR BOARD MEETING MINUTES
May 8, 2014

The New River Solid Waste Association Board of Directors met in regular session on May 8, 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.
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 called for a motion on Agenda item #2, approval of the April 2014 Expenditures. Commissioner Lewis made a motion to approve the April 2014 Expenditures. Commissioner Thomas 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 April 10, 2014. Commissioner Thomas made a motion to approve the minutes for April 10, 2014. Commissioner Cossey 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, IFB 14-01 Phase II Borrow Pit Access Construction – Bid Opening, bids were opened on April 29th at 2:00 p.m. All bids were higher than anticipated and over the amount that had been budgeted for the project. Mr. Woolsey said their recommendation would be to reject all bids and review the project and project scope to find ways to cut costs to be able to complete the project within budget. Mr. O’Neal asked the difference in the budgeted amount and the bid amounts. Mr. Woolsey said that the project had a budget amount of \$250,000 and the low bid received was \$390,100. Mr. Woolsey added the spread for all the bids received was approximately 47% difference from high to low bids. Commissioner Lewis asked if the project would be rebid. Mr. O’Neal said that rebidding the project would require a motion from the board.

Chairman Hartley called for a motion to rebid the project. Commissioner Thomas made a motion to rebid Phase II Borrow Pit Access Construction Project. Commissioner Cossey seconded the motion. The motion carried unanimously.

Mr. O’Neal added that the project would be reassessed and a recommendation for the board will be provided for this project at our next board meeting.

Chairman Hartley asked for discussion for Agenda Item 5 B,¹Engineering Other. Mr. Woolsey said that there is a Work Order #55 he would like to present to the board that provides for keeping the Class III landfill removal project going, removal of asbestos from the Class III site and continuing to work with DEP on allowing New River to use exposed geomembrane cover for closure. Mr. Woolsey said the work order is required so that engineering work on this project could continue through the rest of this fiscal year. The total amount budgeted was \$150,000 and this Work Order is for \$59,500. Commissioner Lewis asked if the money was in the budget. Mr. O’Neal confirmed that this is already in the budget.

Chairman Hartley called for a motion to approve Work Order #55, Class III Removal and Slope Modification Construction Services. Commissioner Lewis made a motion to approve the Work Order in the amount of \$59,500 as presented. Commissioner Crews seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion of Agenda Item #6, LGTE Project Update, Alan Beer, FEP. Mr. O’Neal said that Alan Beer with FEP

¹ Work order # corrected after the meeting/lag

is here with a presentation for the board. Mr. Beer introduced Mr. Jay Allison, an owner of FEP. Mr. Beer said the presentation covers the project's opportunities, the elements of the project, the power purchase agreement, project economics, schedule and next steps. Mr. Beer said the project is based on a 15 year timeframe but expectations are that the project will last longer with a potential to grow the project. Mr. Beer displayed a sketch of what the plant would look like and said that most of the components of the plant would be delivered on a skid. The power leaving New River would be by way of the Clay Electric's power poles with transformers at the site.

Mr. Beer said the Power Purchase Agreement is where the money would come from and that we have received a letter from Duke Energy which is a letter of intent to enter into negotiations with New River for electricity. Commissioner Lewis asked how we could sell to Duke Energy when we are using Clay Electric's lines. Mr. Beer said that Clay Electric is a member of Seminole Electric Cooperative and all of the interconnections are Seminole's who is tied directly into Duke Energy. Mr. Beer said that this agreement would allow for New River to get out early if a buyer is found who would pay more, but that Duke Energy would not be able to terminate the agreement early. Mr. Beer discussed the benefits of a PPA with Duke Energy. Mr. O'Neal asked the timeframe for completing an agreement with Duke Energy from this point after receiving their letter of intent. Mr. Beer said that it would probably be about 60-90 days from now in order to allow both sides to look at the contract. Mr. O'Neal asked about ongoing discussions with Reedy Creek and how this affects the PPA with Duke. Mr. Beer said that this timeframe should allow other offers to present themselves before a contract is signed but that there is no reason not to move forward with the PPA with Duke Energy.

Mr. Beer said that for financial performance this project has an internal rate of return of 12% and a net present value of \$6.3 million, in the next 15 years we could see a net income of \$16 million. Mr. Beer added that this agreement will allow New River to retain ownership of the Renewable Energy Certificates which could also be a big advantage in the future.

Mr. Beer said the project schedule is as follows: the first step is the PPA, then get the design build contract approved by the board; this will be followed by 3-4 months of environmental permitting, engineering design and local permitting; the construction period will be about 9 months long; followed by approximately 1 month to commission the plant and then 1 month of capacity testing. Mr. Beer said New River would receive

payments immediately for any energy produced during this timeframe. Mr. Beer said that this means an approximate timeframe of 12-15 months from obtaining the PPA to completion of the LGTE plant.

Mr. Beer said he would like to ask the board to authorize staff to enter into contract negotiations with FEP tonight. Commissioner Lewis asked if there would be any upfront money needed from New River. Mr. O'Neal advised we are discussing financing 100% of the project, or just purchasing the engines and getting financing for the rest of the project, but that right now it looks like what works best for New River may be financing the whole project. Commissioner Lewis asked where the money would come from in the budget. Mr. O'Neal said that if we finance the project, the money would come from the Long Term Planning Escrow account and we would pay ourselves back from revenue generated by the LGTE plant and we will also be able to fully fund that account without having to use any future tipping fee money. Mr. O'Neal said as previously discussed with the board, before we started contract negotiations and spending money on attorneys, we wanted to get a PPA and that's where we are now, waiting on the PPA. Mr. O'Neal asked for direction from the board about allowing staff to enter into contract negotiations with FEP.

Chairman Hartley called for a motion to approve authorization for staff to enter into contract negotiations with FEP. Commissioner Cossey made a motion for staff to start contract negotiations with FEP. Commissioner Thomas seconded the motion. The motion carried unanimously.

Chairman Hartley asked for discussion of Agenda Item #7, Discuss Proposed Budget for FY 2014-2015. Mr. O'Neal said he would go over the highlights of the proposed budget as presented to and recommended for approval by the Finance Committee in the meeting held today before the regular board meeting.

Mr. O'Neal said the budget includes a CPI increase for out of region waste and a \$2 per ton increase for in region waste from \$24 to \$26 per ton. Approximately \$544,000 will be taken from the Depreciation Escrow account which will be used to pay out host fees. This results in a Revenue Balance of approximately \$7.8 million.

Mr. O'Neal said the proposed budget includes \$1 per hour increase for each employee except himself due to his contract. There is a decrease of \$363,000 for Engineering costs and some minor adjustments to several

accounts have been made with an overall reduction of \$287,537 in Operating costs over last year.

Mr. O'Neal said that the budget includes \$400,000 for Closure Escrow which is the minimum required by statute. This year's budget amount for Cell 7 Escrow is \$725,000. Mr. O'Neal said that last year \$300,000 was taken out of this escrow account for additional host fees after the budget was approved and that we only have 3 years left to fund this account in order to pay cash for Cell 7. Mr. O'Neal said for Long Term Planning \$350,000 is the minimum amount for this account in order to be able to finance the LGTE project. The Phase II Escrow account is the \$2.35 per ton surcharge we are collecting from Alachua County.

The budget includes purchasing a new D8 Tractor for \$630,000 to replace the old one; a Fusion Welder for \$60,000; LF Gas O&M for \$50,000; the Asbestos Removal project will be complete this fiscal year; and next year we will be able to use our own borrow which will eliminate the expense of buying dirt for daily cover. Host fees included are \$100,000 for Union County and \$690,000 to be split by the 3 member counties, the same amount that was in last year's budget.

Mr. O'Neal asked if there were any questions. Commissioner Lewis asked about the D8 purchase and whether this amount included anything for the old D8. Mr. O'Neal said that the budget shows the purchase price of a new D8 and does not include the sale of the old D8, the purchase would be reduced by the best price we can get for the old D8.

Mr. O'Neal said that he would like to comment on the discussion concerning host fees that took place during today's Finance Committee meeting. Even though this year's budget includes the same host fees as last year's budget, this was done because the counties were counting on these host fees as a minimum. To eliminate or greatly reduce the host fees now would be a major impact to the counties so close to their own budget preparations. Mr. O'Neal added that an in-depth discussion was held during the Finance Committee Meeting about needing to eliminate or greatly reduce future host fees as there are future expenses for projects that will require New River to set funds aside to complete. Mr. O'Neal said that the consensus is that dependency of the counties on host fees must be reduced and that this will be discussed at budget time next year and the counties should prepare to expect to receive less host fees. Commissioner Lewis said that he feels that New River should make sure that we have enough money in our accounts for future needs and that he understands the LGTE project should provide some unanticipated revenue. Mr. O'Neal said that FEP

projected \$16 million over the life of the project but that for the first several years payments will start out at approximately \$400,000 per year with an increase expected each year. Mr. O'Neal said that the 15 year LGTE project will give New River a good return on our investment that will fully fund the Closure account to take care of future needs without having to use tipping fee money. Commissioner Lewis said he understands that the counties do need to get away from taking the host fees. Chairman Hartley added everyone had discussed the possibility of eliminating the host fees. Commissioner Lewis asked if the counties would get any host fees this year. Mr. O'Neal confirmed that the proposed budget for next fiscal year still includes host fees at the same level of funding as in the 2013-14 budget. Commissioner Thomas suggested the board look at cutting host fees in half next time budgets are done.

Chairman Hartley asked for any further discussion. Chairman Hartley called for a motion on approval of the proposed budget. Commissioner Lewis made a motion to approve the budget as presented. Commissioner Tallman seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion of Agenda Item #8, Discuss Purchasing CAT D6 (State Contract) FY 2013-14. Mr. O'Neal said that as discussed earlier, certain pieces of equipment will need to be replaced during the next 4 years as shown on the list provided to the board. The D6 is on the schedule for 2014. The state contract price for the D6 with RingPower is \$238,631. Mr. O'Neal said to make this equipment purchase this year, he proposes to make the following budget amendments to the 2013-14 budget: a reduction for Engineering of \$150,000; a reduction from purchase of Fusion Welder of \$30,000; a reduction of Bioreactor Expansion of \$25,000; a reduction of Gas Expansion of \$33,631, which will cover the cost of purchasing the D6 in this fiscal year. Mrs. Waters said that the request is for board approval of Budget Amendment #2 to reduce Operating Expenses by \$150,000 and Capital Asset Acquisitions for the 3 items representing the remaining \$88,631. Commissioner Lewis said that basically the money is in the budget, it will just be moved around to cover the D6 purchase. Mr. O'Neal said that is correct.

Chairman Hartley called for a motion on approval of Budget Amendment #2 for the current budget year in the amount of \$238,631 as presented. Commissioner Lewis made a motion to approve FY 2013-14 Budget Amendment #2. Commissioner Tallman seconded the motion. The motion carried unanimously.

Chairman Hartley asked for a motion on the purchase of the D6 under state contract for \$238,631. Commissioner Lewis made a motion to purchase the D6. Commissioner Cossey seconded the motion. The motion carried unanimously.

Chairman Hartley asked for discussion of Agenda Item #9, Update on Draft Investment Policy. Mr. O'Neal said that Mr. Bryant shared the new draft investment policy during the Finance Committee meeting held today and we are closer to getting an investment policy in place. Mr. O'Neal said that soon the entire board will need to hold a workshop in order to decide the risk tolerances that will be included in the policy. Mr. O'Neal added that Mr. Bryant has done a lot of work on the draft policy at no expense to New River and based on his availability a meeting with the board will be scheduled. Commissioner Lewis asked about the investment manager and if a decision to hire someone has been made. Mr. O'Neal said that he has a draft RFQ for a money manager ready but the investment policy has to be completed first. Commissioner Lewis said he feels that we need to move forward so that we can start making money on our investments. Mr. O'Neal said that he is hoping that we can get the LGTE contract signed and a big portion of our funds can then be invested in the LGTE project. Mr. O'Neal said that we also have funds in TD Trust accounts that may take some time to move and the timing will need to be evaluated for a maximum return on those investments. Mr. O'Neal added that the audit reported unrealized losses which reflects today's values, if we wait until the investments reach maturity, we will make money on those investments so it may make sense to wait to move those funds. Chairman Hartley said we need to evaluate the right time to close the TD Trust accounts to minimize our losses since these are the accounts that are costing us money in service fees and this is what he hopes the money manager can help us with. Mrs. Waters added that our returns on those investments are up a little right now.

Chairman Hartley asked for any discussion under Agenda Item #10, HHW Toxic Roundup Events Final Report. Mr. O'Neal stated every year New River sponsors a Household Hazardous Waste collection event in each of our counties. The purpose of these events is to provide for collection of hazardous waste to keep it out of the landfill. This year Baker County collected 11,233 pounds, Bradford County collected 25,153 pounds, and Union County collected 6,053 pounds of household hazardous waste. Mr. O'Neal said that both Baker and Bradford collected slightly more than last

year and Union County collected slightly less. This year our cost is around \$200 more than what was budgeted for, however, Mr. O'Neal said he considers the event to be a success and that 21.2 tons of hazardous waste was diverted from the landfill. Mr. O'Neal added that the HHW roundup events are a big help to citizens to have somewhere to take these hazardous waste items. Mr. O'Neal said the event is in cooperation with Alachua County's Household Hazardous Waste Department who handles the collection, analysis and disposal.

Chairman Hartley called for any discussion under Agenda Item #11, Alachua County Issues/Items. Ms. Palmi said that they have been tied up with budgets recently which included a 2½ % budget decrease across the board. Ms. Palmi added the request to purchase two legacy landfill properties was approved by the board and Alachua County now owns 667 acres of contaminated landfill property which gives them custodial control over the property. The property will be used for emergency debris management. Ms. Palmi said she was asked to pass along a thank you for the good condition of the roads at New River.

Chairman Hartley asked for any discussion under Agenda Item #12, Attorney Issues/Items. Mr. Wade said he had nothing further for discussion.

Chairman Hartley called for any discussion under Agenda Item #13, Executive Director Issues/Items. Mr. O'Neal said he had nothing further for discussion.

Chairman Hartley called for any discussion under Agenda Item #14, Board/Chairman Issues/Items. The board members did not have anything 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 Tallman. The meeting was adjourned.