

NEW RIVER SOLID WASTE ASSOCIATION
REGULAR BOARD MEETING MINUTES
April 14, 2016

The New River Solid Waste Association Board of Directors met in regular session on April 14, 2016 with the following members present:

Commissioner Mark Hartley, Chairman
Commissioner Karen Cossey, Vice-Chairman
Commissioner Gordon Crews
Commissioner Woody Kitler
Commissioner Kenny Thompson

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 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 Expenditures for February 2016 and March 2016. Commissioner Cossey made a motion to approve the expenditures for February 2016 and March 2016. Commissioner Thompson seconded the motion. The motion carried unanimously.

Chairman Hartley called for a motion on agenda item #3, Approval of Regular Board Minutes for February 11, 2016. Commissioner Crews made a motion to approve the minutes for the Regular Board Meeting Minutes for February 11, 2016. Commissioner Kitler 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. Joel Woolsey, Jones Edmunds, said there were no engineering updates or items for discussion.

Chairman Hartley called for discussion of Agenda Item #6, Discuss transfer of banking services to Community State Bank (CSB) - Jeff Oody. Mr. Oody, President, thanked the board for the opportunity to be the bank for New River and that overall the transfer has gone smoothly. There are some new things coming and the bank would like to use New River to test a new product in October and will allow remote login that will save time in resolving any issues that arise. Mr. Oody added New River's funds are secured with the bank's securities. He said he would return in the future with banking industry updates. He was thanked by the board.

Chairman Hartley asked for discussion of agenda item #7, Status of LGTE project: Waiting on PPA and Alachua County. Mr. O'Neal said that previous discussion with the board regarding the LGTE project was to use Clay Electric lines with Seminole Electric purchasing our power. We would own the plant and would not be financing the project. However, Seminole would not enter into a guaranteed price and offered only the avoided cost to what it would cost them to generate electricity. Additionally, they have just published new rate projections for 2016 and 2017 which are much lower. Mr. O'Neal said the low rates are so marginal staff would recommend not moving forward with the project and to not continue with construction until we secure a signed PPA and know what money is going to be generated. Mr. O'Neal said Hillsborough County wanted to do a LGTE project and spent months developing an RFP only to have zero responses to the bid. Commissioner Cossey asked where we are on the design project. Mr. O'Neal asked Mr. Woolsey and Mr. Beer to respond and added that energy is cheap right now and it might be 6 months to a year or more before it makes sense to move forward. Mr. Woolsey said the design portion is complete and we have requested all documents in order to have everything ready when it's time to continue with construction. Chairman Hartley asked if we have closed the design portion of the project. Mr. O'Neal said the final pay request will be submitted when everything has been received and verified. Mr. Woolsey said he and Mr. Beer had a discussion yesterday and this should be wrapped up quickly. Commissioner Cossey asked if a letter needs to be sent from our New River attorney stating the project has been put on hold. Mr. O'Neal said he believes this should be done and that no further activity should be ongoing at this time. He added he feels we need to wait

until we know that we will be making money. Mr. Woolsey said the key is getting a signed PPA which will allow New River to know exactly how much will be made and also includes final negotiations for wheeling charges. Mr. Woolsey said that he feels we will have a project but we just need to make sure that it's the right one at the right time and that there is money to be made. Mr. O'Neal said Mr. Beer would like to add to the discussion. Mr. Beer said that the PPA is definitely important to the project and he has a sensitivity analysis for the board that shows the importance of the PPA. The chart shows the changes in cost and revenue based on the changes in PPA. Mr. Beer said he would like to say that right now it's hard for anyone to sign off on a PPA and the real question is has energy costs bottomed out. If we had a plant that is up and running we would be in a position to reap the benefits when things change. Mr. Beer said what he would like to offer to New River is to contact a company that procures energy for Fortune 500 companies and answer any questions about what is going on in the industry now and predictions for the future. Mr. O'Neal said he is not comfortable with the numbers as there is no profit in this project now and it could cause us to lose money. He said he would not recommend going forward at this time. Mr. O'Neal said the money we have spent has given us a design which can be used in the future and if Alachua County does not renew their contract the project can be revised to accommodate the current waste stream. He added now is the time to slow down until we have more answers about PPAs and Alachua's contract. Commissioner Cossey said she agreed. Mr. O'Neal said the board would be kept up to speed on what's going on.

Chairman Hartley asked for a motion from the board on suspending the LGTE project after the design contract is completed. Commissioner Cossey made a motion to suspend the LGTE project after design portion is completed. Commissioner Thompson seconded the motion. The motion carried unanimously.

Chairman Hartley called for discussion for agenda item #8, Discuss Escrow and Financial Audit FY 2014-15 - DDF. Mrs. Lora Douglas, DDF, said that the Financial Audit is not ready tonight and will explain after presentation of the Escrow Audit. The escrow audit is required annually by DEP and Florida Statutes to certify money is available in escrow for closure when that time comes. DDF's opinion is that the financial statements presents fairly the balance in the escrow accounts shown on page 1. Page 3 shows beginning balance of \$11,415,248, investment income of \$1,682 along with a transfer to this account of \$400,000 from the Operating

Account, Net Change in Fair Value of \$76,883, for an ending balance of \$11,893,813. Ms. Douglas said page 4 shows calculation required by DEP for estimated costs for Class I and Class III along with number of years for funding. The calculated balance is \$11,653,121 with an excess funding of \$177,412. Page 5 shows breakdown of funds restricted for closing and something new this year is restricted for long-term care and is a result of removal of waste from Class III. Mr. O'Neal said the only thing not removed from Class III was asbestos and represents about an acre of Class III remaining. He feels we should go ahead and fund this and when we get to Cell 7 design, decide at that time what to do with the asbestos material. Ms. Douglas said funds restricted for closing is required by the government, funds restricted for long-term care is recommended. When the landfill closes there will not be any source of revenue and it would be a good idea to have this money escrowed when it is needed. Estimated long-term care costs for Class I and Class III are \$11,129,190 and \$1,898,400, currently restricted funds for long-term care is \$0 and \$63,820. Page 5 shows types of investments and where the funds are.

Mrs. Douglas said the field work for the Financial Audit is completed, however, they have been waiting on new GASB rules regarding retirement funds. At this point, all governments now have to record on their books the unfunded liability of the Florida Retirement System which is under-funded and is considered to be 89% funded. The balance is to be shown by the counties on their books. This was just issued this past Monday, and is not going to be simply applied. Mr. O'Neal asked by what date are we required to have our audit completed. Mrs. Douglas said it is to be completed by June 30, 2016. Mrs. Douglas said she expects to have this completed in time for the May board meeting.

Chairman Hartley asked for discussion for agenda item #9, Recap of Toxic Waste Round Up Events. Mr. O'Neal said that we contract with Alachua County for an annual household toxic waste collection event in all three member counties. This year Baker County's increase was .22 tons for a total collected of 4.45 tons; Bradford County's increase was .62 tons for a total collected of 11.18 tons and Union County's increase was 1.96 tons for a total collected of 4.4 tons. These efforts are keeping potential threats out of the landfill. The big increase by Union County was recognized by email by DEP congratulating them for their participation.

Chairman Hartley called for discussion of agenda item #10, UF Ceremony - Recognition of the NRRL "treat as you go" operations and the NRSWA Donated Carbon Credits. Mr. O'Neal said he received a call from UF Office of Sustainability inviting him to attend the event where they planned to recognize New River's carbon credit donation. Mr. O'Neal said there were six speakers and every one of them spoke about New River and all had positive things to say about New River. Our carbon credits were used to make a maintenance building on campus carbon neutral, the first building on campus ever. Mr. O'Neal said there was also press coverage in attendance and was some good publicity for New River.

Chairman Hartley asked for any discussion under agenda item #11, Alachua County Issues/Items. Ms. Palmi said the preliminary budget was submitted this past Monday with no rate increases planned. Ms. Palmi said the BOCC voted Tuesday to put in place a local minimum wage of \$12 hour which includes vendors. This will be phased in and it is not certain if this will affect rates. Ms. Palmi said their annual DEP recycling reports have recently been submitted to DEP and it looks like the county will be approved for a 61% recycling rate. This year's goal was 60%. Mr. O'Neal asked Ms. Palmi if she had met with their County Manager, Dr. Niblock, recently and asked her to share this with the board. Ms. Palmi said she was asked to coordinate a meeting with New River and the county which will be done as soon as everyone's calendar allows.

Chairman Hartley asked for discussion under agenda item #12, Attorney Issues/Items. Mr. Wade said he did not have anything for discussion.

Chairman Hartley called for discussion under agenda item #13, Executive Director Issues/Items. Mr. O'Neal said Mr. Kent needs a new vehicle as his has more than 100,000 miles and has a transmission issue. Mr. Kent said the state contract price for an F250 four door is \$32,000 and can be paid for in this budget year. His old truck will be moved to the back.

Chairman Hartley called for a motion to approve the purchase of a new vehicle as presented for Mr. Kent. Commissioner Cossey made a motion to approve the purchase under state contract. Commissioner Thompson seconded the motion. The motion carried unanimously.

Mr. O'Neal said that surveys had been mailed asking for solid waste special assessments, tipping fees and the county's disposal methods. We

have received more than 50% back of the 45 mailed out. Columbia County was highlighted as Columbia is close to the combined population of our three member counties. Those counties that have not tripped Title V will see an increase when they do as this will be an approximate \$3.5 million capital expenditure. This is just for the board's information and shows that our counties have some of the lowest solid waste assessments in the state and that our disposal rate is the lowest. This might be useful for budget planning.

Mr. O'Neal said that typically for budgets we have a Finance Meeting which is followed by the regular board meeting during which everything is re-stated. He would like to suggest we have a budget workshop before the regular board meeting next month. Mr. O'Neal said that typically this is held on the same day of the regular board meeting and suggested the budget workshop be at 4:00 p.m. on May 12 followed by the regular board meeting at 5:00 p.m.

Chairman Hartley asked for discussion under agenda item #14, Board/Chairman Issues/Items. The board did not have anything for discussion.

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