

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
MINUTES OF REGULAR MEETING
WEDNESDAY, APRIL 26, 2017

Meeting Opening

The meeting was called to order at approximately 4:06 p.m. by Mr. Nedohon. The notice of the meeting was read by Mr. Nedohon.

Roll call of the Board Members of the Improvement Authority was taken. Mr. Olivio-Present; Mr. Jones-Present; Mr. Lopez-Present; Mr. Nedohon-Present; Mr. Kelly-Present.

The Pledge of Allegiance was recited.

Freeholders present: Mr. Joseph Derella

Approval of Agenda

Mr. Nedohon asked for a motion to approve the agenda. The motion was made by Mr. Kelly, seconded by Mr. Jones.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Approval of Minutes

Mr. Nedohon asked for a motion to approve the March 2017, Regular Meeting, Public Session Minutes and the March 2017 Executive Session Minutes. The motion was made by Mr. Kelly, seconded by Mr. Olivio.

Mr. Olivio Yes; Mr. Jones Abstain; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes
The motion was approved by a 4-0 Vote.

In response to Bond Counsel request, the CCIA will be holding a Special Meeting on May 17, 2017 at 12:00pm. The purpose of the meeting is to approve bond resolution required for NJEIT Bond Financing.

Executive Director's Report

Operations continue to move along very well at CWED, DMV and 1st Floor of 275 N. Delsea Drive. Phase II and III are completed. All tenants have moved into the building. Treasury contacted us and indicated that due to budget issues and a misinterpretation from a retired staff person, rents will be delayed until July 1st, rather than March 1st. Our lease clearly indicates that payments should be made immediately upon tenancy. Due to our exceptional relationship and current negotiations for additional

space, I recommend we proceed per their request. We continue to operate as expected/budgeted. Our final 275 tenant has moved into their space.

The mural on the first and second floor lobby is moving along. The muralist expects to be completed by mid to late April. We are planning a grand Re-Opening for 275 N. Delsea once the mural is complete to showcase the dynamic change in the building and grounds since acquisition in 2015.

Parking lot modification is complete. Exterior LED lighting was completed. Slade did a great job.

As a result of our self-financing strategy, year end and monthly reports are sometimes showing a net deficit. This strategy will result in a positive net revenue by avoiding interest expense. Developer fee and other miscellaneous project revenue is used to offset the administrative costs associated with the economic development operations/staffing. Unfortunately, current projects are moving along a bit slower than anticipated. However, we expect to have several projects underway in the next 30 days.

I continue to meet with Capital Bank and our Bond Counsel to discuss potential financial mechanisms that would allow the CCIA to provide pre-development financing for our projects. General Surplus evaluation and analysis was completed by Bond Counsel. This review of the regulations will allow the CCIA to have a little more flexibility to pay off currently outstanding loan/bond obligations to lower interest payments and increase earnings from current investment accounts. I have met with David Kotok to discuss possible investment alternatives and strategies for our general funds and reserves.

Our county-wide equipment financing program has gotten off to a great start. We have been contacted by at least 5 municipalities interested in utilizing the program.

Our No Smoking Policy was put on hold to revisit the policy language. We have been extremely busy with our development projects, and as a result, this project has been delayed.

The Technical High School operations are going well. We received our final Certificate of Occupancy.

The track phase of the project is underway and we expect that project to be completed in 60 days.

The Arts and Innovation Center is complete and the College has moved in. The ribbon cutting went well.

Building looks great. We received the final Certificate of Occupancy for this project as well. Because we installed some of the City's proposed infrastructure improvements as part of our construction, the City will be able to include the 2nd St. sidewalk in the current paver project.

E-Waste collection issues continues to progress very well. We are still covering staffing costs internally, but we are now being reimbursed for materials used to process e-waste. See Tony's report for additional information. The City of Millville continues to pay out of pocket for disposal of E-Waste, rather than agree to the proposed MOU.

FY 2017 Budget is fully approved and being implemented. Our 2016 audit is underway. Our auditor and staff completed their on-site work ahead of schedule. We have a few issues that we are working through. The state tax regulation is once again requiring the CCIA to include the State's pension liability on our books and we are also working through the proper accounting for the NMTC structure used for the Arts and Innovation Center. No issues, just more complicated than previous year. We expect no significant issues or findings.

We continue to utilize both recycling vendors to maximize efficiencies and pricing. Pricing and tonnage continue to increase. Due to the quality of our single stream and the positive change in the market, we were able to work out a contract with RE to process single stream and deliver residual waste to the landfill. This allows us to reduce the use and therefore the wear and tear on our tractor and trailers.

Our Fleet Maintenance operation continues to move along productively. LSA is utilizing our services. Hopewell is also bringing their vehicles in. Fairfield also completed a shared services agreement and is expected to formally approve in April. We expect the City of Vineland to execute its shared services agreement prior to the end April. Vineland's fleet staff were very impressed with our facility. We expect to provide fleet services from our West Ave. location as well.

Our mechanics are attending CNG training as well as fire/emergency apparatus training. We believe that these certifications will be helpful in enhancing our fleet service capacity and capabilities.

Truck Wash Bids were formally rejected for the second time during our February meeting. We completed our negotiations and Fabbri Builders proposal is on the agenda for approval in April. Construction is expected to take 6 months.

After review of financial projections and costs, we believe the Truck Wash operations will create a positive cash flow. We are receiving much higher interest than expected. Our revenue projections will be higher than initially anticipated. I believe in the long run, the facility will benefit our fleet and benefit the CCIA and the County, and will break even based upon enhanced useful life of vehicles, but not solely on cash flow from operations.

We received our 3 CNG vehicles and they are now on the road. This will support Energy HUB and cost saving objectives.

We are discussing the lease/purchase of CNG buses with the County. Additionally, we are still hopeful that the State DOT will approve the purchase of CNG buses for the CATS program. VW penalty will provide financing for CNG/Alternative Energy initiatives and vehicles. We are evaluating funding opportunities for the CCIA.

The Authority and Constellation Energy continue to move the Energy HUB project forward. We are working on 5 significant initiatives. 1; the development of a Combined Heat Power Plant on the College Campus that would service the College, 2; a solar initiative that would be located at the SWC that would service all the electrical needs of the SWC, 3; the CNG facility, 4; a potential solar array on the former Bridgeton Municipal Solid Waste Complex, and 5; the development of a Data Center and related solar field.

The Combined Heat and Power Plant is moving forward. A grant application to the state Clean Energy Fund is being prepared. We hope to save the College approximately \$90,000 per year in utility costs. Procurement for CNG Facility, Data Center and related solar as well as a required 69kV ring bus and transformer is moving along. Our counsel is finalizing agreements with Constellation.

We have made significant progress in an effort to overcome the current grid constraints. The initial cost estimates for the development of a 69kV ring bus and transformer were estimated to be \$10 million.

However, after discussions with Jingoli, our construction manager, we believe value engineering will enable us to lower this cost. This cost will be shared by our energy partners.

Unfortunately, our partners, BPU, ACE and PJM continue to delay completion of necessary studies and infrastructure evaluations.

As noted earlier, our final agreements with Constellation are proceeding very well. A final scope of work and proposed budget for the development of the CNG Station was completed. Our procurement/RFP process requires that the facility be built by Constellation's partner Air and Gas. After review of the ownership and revenue structure, I believe the best way to develop the CNG facility and maximize payback would be for the CCIA to own the station. Air and Gas would build and operate on behalf of the CCIA. We are working with our counsel to develop an agreement to accommodate the construct, own and manage strategy with our goal of eventually owning the station.

SJI has agreed to supply natural gas to the landfill at no additional cost. This will allow the conversion of our current diesel and propane systems as well as the CNG facility. We expect the gas lines to be completed by September 2017.

I am considering alternative locations for the Impound lot. We are providing a significant shared service to the County, but the vehicles are located in a very dusty area of the landfill.

Tire recycling continues to move along very well.

The Deerfield Township Committee is proceeding with the final modification of its redevelopment plan incorporating our Energy HUB projects and strategy as well as to name the CCIA as the Redevelopment Entity for the site.

Deerfield previously agreed that the CNG Station and the Car Wash would be approved via Capital/Courtesy Review, rather than a full Board Review process. Our engineer is working on the formal site plan submission. We are scheduled to present our site plan to the Planning Board on May 12th.

Craig met with Deerfield's Fire Chief to discuss shared services. The CCIA will allow the fire department to fill its tankers utilizing our wells. Deerfield in turn, will improve our well pumps and electronic timers. Our Bridgeton efforts continue to focus on the redevelopment of the Bank Building/adjacent properties as well as the expansion of the Food Commercialization Center. Progress has been significantly impaired by the City Council. We made a presentation to Council during its April meeting. The presentation was well

received by a slim majority of the Council and we expect formal approval at the May 2nd Council meeting. We will also be presenting our Food Specialization project during the May 2nd Council meeting. In the meantime, we continue to move forward with site and building plans, environmental investigations and project financing. The County and the Empowerment Zone will be our partners in this project. We are working with a couple possible tenants for the building. We have received a \$10mm NMTC allocation for this project and have at least 2 interested investors.

The Food Specialization Center funding application was finalized and submitted on February 17th. Site plan/civil engineering is complete and Design and Schematic documents/plans are progressing. USED A is very interested in financing this project, but indicated that the \$4.5 million request would be reduced to \$2.5mm. We have received a \$10mm NMTC allocation for this project as well. We received two formal investor proposals for this project.

Treatment enhancement project is completed and the system is operational. Treatment Plant is operational, but only operating at 70% capacity due to weather and lingering motor repair issues. Repair was expected in February, then March, then April and we are now hopeful that we can get the motor repaired in early May. Our continued positive operations and dewatering is causing an unexpected issue with the effluent that is being hauled to Delcora. Because the cells have been pumped down, and the new RO system is being retreated, the new waste water is more concentrated than ever. In order to resolve this issue, we requested and subsequently obtained an increase in our test limits.

Off-site hauling of leachate has been substantially increased as a result of the new cell completion and the fact that rain water is now mixing with leachate and requires treatment at our plant. This hauling effort is maintaining tank levels in light of new significant flow as a result of the new cell construction. We hope to receive final DEP approval to allow us to place type 10 trash in the cell and slow the flow of water into our treatment system. Better weather will allow us to recirculate the concentrated reject/leachate, and utilize for dust control, rather than haul to Delcora.

The new gas system construction is complete and is positively impacting gas/generation operations. EPP has experienced higher than usual equipment failures/repairs over the past several weeks. Weather is getting better and will improve gas production.

We have initiated the design for the next phase of our landfill gas infrastructure. F&P proposal is on the agenda for approval.

Our Class B Facility has received formal DEP approval to be included in the waste management plan. DEP conducted its final site visit and deemed our application to be administratively complete. However, we are still waiting for final Class B approval.

We have received a proposal for another option for dealing with our wood recycling needs. We will discuss in closed session.

The GPS system that was installed on our large equipment has also made a significant impact to the overall operations on the landfill and associated dirt work for the cover, landfill earthwork and side slopes. We were able to make a strategic operational change that increased our tipping area significantly. Due to DEP cell certification delays, we were forced to install a new 7 foot lift on the current cells. Once we receive our final, formal certification, we will operate two work faces. We continue to place trash on the current cells, while we complete new ramp and first layer of trash in the new cell. We expect to institute a special arrangement with trash haulers to expedite the first 5' lift in the new cell.

Now that the gas system construction is completed, we can now manage delivery of cover material efficiently and effectively. Beginning May 1st, our new cover material pricing will be in effect. Notices were provided to our vendors and Jim Rocco was asked to forward another reminder prior to our meeting. This does NOT impact local rates or impact County municipalities in any way. The new policy allows all dirt approvals prior to May 1st, AND delivered prior to December 31, 2017 to be processed at \$12/ton. Any dirt delivered after May 1st, and/or delivered after December 31, 2017 will be charged at the new \$15/ton rate.

Construction of cells 7, 8 and 9 is progressing very well. Cell 7 has received final certification, but not formal approval to accept trash from DEP. We hope to have that approval prior to April 24th. We continue to be approximately 2 months ahead of schedule on the overall project. Contractor is moving

along very well now that the weather has improved. Final grading and seeding is being completed along with final cell liner and sand in cell 8.

We initiated the design of our new Administrative offices on Lebanon Road/SWC. The move will significantly enhance our operational efficiencies and create a synergy with the proposed Data Center Office Building. We have several interested tenants to backfill our space in Millville. Move expected in September 2018.

Resolutions

Mr. Nedohon requested a motion to approve the Resolutions by consent.

Mr. Nedohon called for a motion to approve the Resolutions 2017-060 through 2017-082.

The motion was made by Mr. Kelly and seconded by Mr. Jones.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.

The motion was approved by a 5-0 Vote.

Mr. Nedohon requested that the Solicitor handle Resolutions on the Agenda. Resolutions were read by Solicitor Gibson.

Mr. Nedohon called for a motion to approve the Resolutions 2017-060 through 2017-082. The motion was made by Mr. Kelly and seconded by Mr. Jones.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.

The motion was approved by a 5-0 Vote.

Treasurer's Report

1. Monthly Year over Year Tonnage:

15,504 tons were brought into the Solid Waste Complex; in-county municipal waste (type 10) decreased by 352 tons or 4%. Total in-county tons decreased by 683 tons and out-of-county tons received decreased by 72 tons; this represents a net decrease year over year of 755 tons or 5%.

2. General Fund:

The General Fund balance is variable based on cash needs for the month which include payments to be reimbursed from various sources of funds for closure projects, landfill equipment, other activities budget, and short-term loans for development activities. There was a net increase in the general fund of \$1,412,360 for the month and an ending balance of \$8,665,781. Amounts owed back to the General Fund totaled \$3,736,727.

3. Cash and Investments:

Interest earned on the local and trustee accounts for the month amounted to \$12,484 as noted on the schedule of bank account balances.

4. Landfill Operations Summary – Profit and Loss Statement:

Landfill operations generated revenues of \$1,078,336 which included total tipping fees of \$1,002,293 and revenues from other landfill activities of \$76,043. Total revenues of \$1,139,648 less total expenses for the month of \$1,052,651 resulted in a net excess of \$86,997.

5. Economic Development Operations Summary – Profit and Loss Statement:

Economic Development operations generated revenues of \$266,204 which included rental income of \$206,832, Shared Service revenue of \$30,000, Fleet Maintenance revenue of \$19,343, and other

income of \$10,029. Total revenues less total expenses of \$278,345 resulted in a net deficit of \$12,140.

Old Business – No old business.

New Business – No new business.

Freeholder Liaison Remarks – Mr. Derella complimented Authority Staff on the job well done at last weekend's Household Hazardous Waste event. He commented that the event was very well organized. Mr. Derella also wanted to let the audience know that the Improvement Authorities in Atlantic and Salem Counties will now be following the same protocol that Cumberland County Improvement Authority uses in regards to Economic Development.

Open Public Comment Session

Mr. Nedohon called for a motion to go into Open Public Comment Session. A motion was made by Mr. Kelly, seconded by Mr. Olivio to go into Open Public Comment Session.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Ms. Nancy Ridgeway – Expressed concern in regards to the parking lot exit at the Vineland Motor Vehicle Agency. She feels that the landscaping impairs the ability to see when leaving the facility.

Close Public Comment Session

Mr. Nedohon called for a motion to close Public Comment Session. A motion was made by Mr. Kelly, seconded by Mr. Jones to close Public Comment Session.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Executive Session

At approximately 4:38 p.m. Mr. Nedohon called for a motion to go into Executive Session. Prior to the resolution, Solicitor Gibson provided proper notice and indicated that discussion during the closed session would include the discussion of matters involving the purchase, lease or acquisition of real property, pending or anticipated litigation or contract negotiation where the public body is a party or may become a party. Solicitor Gibson read Resolution #2017-060 and noted that further business could be conducted after the conclusion of the Executive Session.

The motion was made by Mr. Jones, seconded by Mr. Kelly.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Resume Public Session

Mr. Nedohon called for a motion to come out of Executive Session and resume Public Session at approximately 5:17 p.m.

The motion was made by Mr. Jones, seconded by Mr. Olivio.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Adjournment

Mr. Nedohon called for a motion to adjourn the meeting. A motion was made by Mr. Jones, seconded by Mr. Olivio.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.