

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
MINUTES OF REGULAR MEETING
WEDNESDAY, MARCH 22, 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-Absent; 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. Olivio.

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

Approval of Minutes

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

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

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 Lease arrangements were finalized and rent payments begin on March 1st. Once we collect March rent, we will continue to experience net positive operations.

We continue to operate as expected/budgeted. We have found a tenant for the remaining 1,200 square feet.

The mural on the first and second floor lobby is moving along. The muralist expects to be completed by mid to late April.

Parking lot modification is almost complete. Exterior LED lighting was completed for all exterior lights. Contractor is doing a very good job of cleaning up on a daily basis and making sure that access is not obstructed during high volume times.

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. Projects are moving along a bit slower than anticipated. We are experiencing significant delays with Bridgeton projects. City has not been very cooperative with moving projects along.

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.

Our county-wide equipment financing program was approved at our last meeting. We have already initiated meetings with interested municipalities to utilize this program.

Our No Smoking Policy was put on hold to revisit the policy language. We expect to finalize and implement very shortly.

The Technical High School operations are going well. Punch list items are almost completed and we are working through final CO with the City of Millville. The City Engineer provided the clearance necessary to seek final CO from the Building Inspector. The only outstanding item at this point, is the elevator certification.

The Arts and Innovation Center is complete and the College has moved in. Building looks great. Ribbon Cutting will be held on March 24th. We are working with City Staff to obtain a final CO. Once again, we require the elevator certification to complete this process. The City is working on sidewalk, curbing, pavers and related site work through a CDBG grant. We are hopeful that because we installed some of the infrastructure improvements, the City will be able to enhance its previously approved scope.

E-Waste collection issues continues to progress very well. As a result of new legislation and corresponding rebates to recyclers, we have been able to request reimbursement 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 are on site conducting their review. We expect no significant issues or findings.

We continue to utilize both recycling vendors to maximize efficiencies and pricing. Tonnage continues to increase as does pricing. We no longer haul residual waste from RE Communities. However, 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.

Municipal Recycling rebates were paid in February.

Our Fleet Maintenance operation continues to move along productively. LSA is utilizing our services. Hopewell is also bringing their vehicles in. I am currently discussing fleet services with the City of Vineland. They will be making a site visit to our facility on Monday, March 20th. We are currently working to obtain mechanic certifications for our CNG fleet as well as rescue and fire apparatus. We believe that these certifications will be helpful in enhancing our fleet service capacity and capabilities. Bids were formally rejected for the second time during our February meeting. We are currently negotiating with the 3 lowest bidders. We expect final pricing to be returned on March 20th. I will be requesting a special meeting to approve a contract with the lowest qualified bidder. Construction is expected to take 6-8 months.

After review of financial projections and costs, we believe the Truck Wash operations will create a positive cash flow. However, the revenue collected will not provide full repayment of capital investment.

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. We are working to enhance the fleet. 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.

We continue to work with Constellation Energy 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.

We are currently working through procurement for CNG Facility, Data Center and related solar as well as a required 69kV ring bus and transformer. We have made positive progress with regard to the feasibility of implementing a Combined Heat and Power plant at the college. We are hopeful we can save the college approximately \$80-100,000 per year.

I had several call and meetings with ACE in an effort to move our energy HUB forward. We have made significant progress in an effort to overcome the current grid constraints. The anticipated cost to construct a 69kV ring bus and transformer is expected to be \$10 million. This cost will be shared by our energy partners. We are working with Jingoli Construction and Jingoli Power to provide project parameters and estimates.

BPU, ACE and PJM are now working to complete the necessary studies and infrastructure evaluations. 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. The required agreement is on the agenda for approval. The agreement requires a minimum purchase per year. We have reviewed the minimum thresholds and feel very comfortable with the required volume.

Impound lot continues to operate and save the County \$.

Tire recycling continues to move along very well.

The Deerfield Township Committee agreed to modify the redevelopment plan to incorporate our Energy HUB projects and strategy as well as to name the CCIA as the Redevelopment Entity for the site. We are now working with the Township Planner to initiate those modifications. We completed the proposed revisions and bulk requirements and forwarded that information to the Township's Planner for inclusion in the plan.

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 expect that to be completed in a few weeks.

We have yet to hear from Deerfield regarding their request to develop a shared service for the use of our well for their fire trucks. This could be mutually beneficial to both entities. We installed a timing system that can be used by both CCIA and Deerfield to fill water tankers.

Our Bridgeton efforts continue to be redirected 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. Our efforts to redevelop brownfield lots currently owned by the City are not being viewed by the City as an opportunity. Instead, they are seeking payment for

these environmentally impacted lots. Plan B will be to acquire adjacent buildings and demolish them for required parking. This will be more expensive to purchase, will not assist the City with currently impacted lots, but will be less expensive than remediating the impacted lots.

In the meantime, we continue to move forward with site and building plans, environmental investigations and project financing. We are coordinating another meeting with the City to obtain required approvals and support. The County and the Empowerment Zone will be our partners in this project. We are working with a couple possible tenants for the building.

The Food Specialization Center funding application was finalized and submitted on February 17th. We included 4 letters of interest from food processing companies in our application. Site plan/civil engineering is complete and Design and Schematic documents/plans are progressing. We received initial response from USEDA regarding our request. They indicated that the \$4.5 million request may be reduced. Once we have a formal request, we can rework financial structure and options.

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 and now April. 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. This combined with the very dry weather is causing exceedances in our test levels. Believe it or not, we are happy we received rain last week. We understand the issue, and are making changes to resolve the issue.

Off-site hauling of leachate has been substantially reduced and is being used on an as needed basis. Our tank levels back down to acceptable operational levels. The cold season reduces our ability to utilize site application due to the lack of sun and evaporation times of the leachate. Better weather will allow us to recirculate the concentrated reject/leachate, rather than haul to Delcora.

The new gas system construction is complete and is positively impacting gas/generation operations.

Although the weather is impacting production, key operational milestones are holding steady along with production levels. EPP has experienced higher than usual equipment failures/repairs over the past several weeks.

Our Class B Facility has received formal DEP approval to be included in the waste management plan. DEP conducted its final site visit and promised final approval by the end of March. We are still waiting. 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. We continue to place trash in this area 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 trash layer in the new cell.

Now that the gas system construction is completed, we can now manage delivery of cover material efficiently and effectively. We will be forwarding a notice to our dirt vendors indicating that our price per ton will increase as of May 1st. This is a result of a review of other facilities and their associated costs for receipt of cover material. We believe that an increase to \$15/ton is warranted. This does NOT impact local rates or impact County municipalities in any way. We are working on an objective methodology to implement the fee increase on previously approved, but not delivered material.

Construction of cells 7, 8 and 9 is progressing very well. Cell 7 has received final certification. We continue to be approximately 2 months ahead of schedule on the overall project. Contractor remobilized on the site in an effort to complete cells 8 and 9, but due to recent inclement weather, was forced to shut down operations for the week of March 13th.

We continue evaluation of the move of our Administrative offices from 2 N. High to Lebanon Road/SWC. The move will significantly enhance our operational efficiencies and create a synergy with

the proposed Data Center Office Building. Might be good location for Prosecutor's special operations as well. We have several interested tenants to backfill our space in Millville.

Resolutions

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

Mr. Nedohon called for a motion to approve the Resolutions 2017-044 through 2017-059.

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

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

The motion was approved by a 4-0 Vote.

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

Mr. Nedohon called for a motion to approve the Resolutions 2017-044 through 2017-059. The motion was made by Mr. Kelly and seconded by Mr. Olivio.

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

The motion was approved by a 4-0 Vote.

Treasurer's Report

1. Monthly Year over Year Tonnage:

13,702 tons were brought into the Solid Waste Complex; in-county municipal waste (type 10) decreased by 463 tons or 7%, with one less operating day as compared to 2016. Total in-county tons decreased by 494 tons and out-of-county tons received decreased by 938 tons; this represents a net decrease year over year of 1,432 tons or 9%.

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 decrease in the general fund of \$1,757,401 for the month and an ending balance of \$7,253,421. Amounts owed back to the General Fund totaled \$3,503,715.

3. Cash and Investments:

Interest earned on the local and trustee accounts for the month amounted to \$10,716 as noted on the schedule of bank account balances.

4. Landfill Operations Summary – Profit and Loss Statement:

Landfill operations generated revenues of \$926,468 which included total tipping fees of \$836,766 and revenues from other landfill activities of \$89,702. Total revenues of \$949,403 less total expenses for the month of \$846,958 resulted in a net excess of \$102,445.

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

Economic Development operations generated revenues of \$200,716 which included rental income of \$186,333, Fleet Maintenance revenue of \$13,419, and other income of \$964. Total revenues less total expenses of \$540,845 resulted in a net deficit of \$340,128. Deficit was primarily attributed to capital improvements at 275 for carpet replacement totaling \$264,014.

Old Business – No old business.

New Business – No new business.

Freeholder Liaison Remarks – Mr. Derella expressed his pleasure at the direction the Authority's Board has been taking in 2017. He appreciates the open communication the Freeholders have with the Authority.

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

Ms. Nancy Ridgeway – Expressed concerns about the reuse of 2 N. High Street after CCIA moves to the Solid Waste Complex. Mr Velazquez advised that the Authority is in discussion with several potential tenants. She inquired if the Authority would be holding another Tire Amnesty Event. Mr. Velazquez reminded her that last years collection of tires was in excess of 100 tons. The Authority will continue this successful initiative.

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. Olivio to close Public Comment Session.

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

Executive Session

At approximately 4:39 p.m. Mr. Nedohon called for a motion to go into Executive Session. Prior to the resolution, Solicitor Rapuano 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 Rapuano read Resolution #2017-044 and noted that further business could be conducted after the conclusion of the Executive Session.

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

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

Resume Public Session

Mr. Nedohon called for a motion to come out of Executive Session and resume Public Session at approximately 5:00 p.m.

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

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

Adjournment

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

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