

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
MINUTES OF REGULAR MEETING
WEDNESDAY, OCTOBER 26, 2016

Meeting Opening

The meeting was called to order at approximately 4:09 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: None Present

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 September, 2016, Regular Meeting, Public Session Minutes and the September, 2016 Executive Session Minutes. 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.

Executive Director's Report

Operations continue to move along very well at CWED, DMV and 1st Floor of 275 N. Delsea Drive. Phase II is completed and occupied by Treasury. Phase III is well underway. Lighting, HVAC and sheet rock are completed and interior/exterior painting is moving along. We expect completion of this phase in October. We have scheduled a ribbon cutting ceremony for this facility on October 27th. We continue to operate as expected/budgeted. We have revised our parking strategy to be placed on our current site, rather than on adjacent property. Our revised site plan has been approved by the City Engineer and the City has allowed the CCIA to submit as a capital review. Because the initial quotes

received are in excess of 20% of the current Construction Contract, we are going to bid this work separately. The balance of the site is coming along very well and looks substantially better. Our roofing contractor has completed his work and a final change order is on the agenda for approval. The change order is a credit to the original contract amount. Final punch list for CWED is almost complete. Honeywell provided an additional year warranty for the HVAC and controls system. Now that rents are up to date, we are experiencing net positive operations. However, because we continue to self-finance subsequent renovation phases, the monthly reports are sometimes showing a net decrease. This strategy will result in a positive net revenue by avoiding interest expense. We expect developer fee revenue to kick in mid-year to offset the administrative costs associated with the economic development operations/staffing. 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. Jeannine has completed a draft no smoking policy and should be completed in time for November Board approval. We will provide proper notice and directives for implementing this policy. I would expect to implement in January 2017. The Technical High School had its official opening on September 12th. Operations are going well. Punch list items are being completed and we are working through final CO with the City of Millville. Millville is requiring a "fair share" payment to compensate for impacts to the Millville Shopping Center on the South Side of Delsea Drive. The Arts and Innovation Center is moving along very well. Steel, walls and exterior brick are completed and brick are complete. Interior studs, sheetrock, flooring are well underway. The magnitude of the building on High Street has become evident. We have finalized the various data, technology, furniture and alarm modifications to the building as a result of a request by the College to implement enhanced programming in the building. Costs for these modifications are being absorbed by the CCIA and will be repaid over time via annual operations. Monthly construction report was forwarded under separate cover. E-Waste collection issues continues to progress very well. See Tony's report for additional information. The City of Millville is paying out of pocket for disposal of E-Waste, rather than agree to the proposed MOU. Budgeting for FY 2017 was reviewed with the Finance Committee and is scheduled for approval at this month's Board Meeting. Projections are consistent with previous years in terms of revenues, expenses and net position. Our 2015 Audit was forwarded to DCA for formal approval. We continue to utilize both recycling vendors to maximize efficiencies and pricing. Tonnage continues to increase. Pricing/Market is turning around. We no longer hauling 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. We hired a part time driver to handle our single stream recycling transportation OMNI. We have continued to receive NON-Flow Controlled type 10 trash to offset the loss of residual waste revenue. This waste stream is more conducive to landfill operations as well as gas production. This will also help to provide the initial lift for the new cell (#7) when completed. Our Fleet Maintenance operation continues to move along productively. The Shared Service Agreement with LSA is moving forward. We expect a few vehicles shortly to get the process started. These additional vehicles will provide the additional volume necessary to operate Fleet Maintenance at a positive cash flow. CATS has yet to commit to the Fleet Maintenance program/Shared Services commitment. **We are still awaiting feedback from the County on this issue.**

The design and development of the new car/truck wash continues and a final location has been identified. We believe this will be a great opportunity to continue to share services, provide a new resource to the county as well as our municipalities and the state. We also expect current customers to utilize the car wash. We expect the project to cost approximately \$1.8 million. Final engineering and design are almost complete. We expect to go out to bid in November. Construction will begin as soon as possible in 2017. Construction is expected to take 6-8 months.

After review of financial projections and costs, I do not believe that the facility will break even. Even though I don't think it will be profitable, I believe in the long run, the facility will benefit our fleet and benefit the CCIA and the County, but will not break even.

We expect to receive 3 additional CNG vehicles by the end of November. This will support Energy HUB and cost saving objectives. We are discussing the 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. We continue to meet with Constellation Energy to move the Energy HUB project forward. We are working on 4 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 and 4; a potential solar array on the former Bridgeton Municipal Solid Waste Complex. We also continue to meet/discuss/clarify issues/studies with BPU, ACE and on PJM to move these initiatives forward.

We are working with SJI, Constellation and EPP to develop a strategy and cost for installation of a new gas line on site. This will allow the conversion of our current diesel and propane systems. SJI is expected to provide a cost estimate shortly. EPP is also investigating the use of natural gas to supplement its electric generation.

Impound lot is completed and we continue to receive vehicles from the County. Repairs and camera installation are complete. We average 10-15 cars per month.

Tire recycling is continuing to move along very well.

We are waiting for Deerfield respond to our request to revisit the current redevelopment plan to incorporate our Energy HUB projects and strategy. Deerfield has also requested to option to create a shared service for the use of our well for their fire trucks. This could be mutually beneficial to both entities.

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. The funding pre-application for the Commercialization Center was formally submitted. At least 3 different entities contacted us regarding the possibility of providing private equity for the various projects that we are currently developing.

Treatment enhancement project is completed and the system is operational. We continue to treat 50% of the previously rejected effluent and discharge directly into the basin. Our operational and cleaning issues have been resolved at the plant and we are now treating more than 1.3 million gallons of leachate per month.

Off-site hauling of leachate was utilized this month as a result of the rain events on the new cell construction. This was only temporary. Our tank levels back down to acceptable operational levels. We are once again utilizing residual reject/leachate as a component of dust control at the face of the landfill. The new gas system construction is complete and is positively impacting gas/generation operations. Energy generation is higher than it has been in the past two years. We are operating 3 engines daily. Our Class B Facility is making its way through the DEP approval process. We received a draft approval letter and expect to receive the final approval prior to the end of October.

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. Now that the gas system construction is completed, we can now manage delivery of cover material efficiently and effectively.

Construction of cells 7, 8 and 9 is progressing very well. We are approximately 2 months ahead of schedule. The change order on the agenda is for the installation of temporary cover on the mined area of the current cell and will allow for rain water to be collected as storm, rather than leachate.

Resolutions

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

Mr. Nedohon called for a motion to approve the Resolutions 2016-143 through 2016-155.

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 2016-143 through 2016-155. 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:

15,923 tons were brought into the Solid Waste Complex; in-county municipal waste (type 10) increased by 31 tons or .4%. Total in-county tons decreased by 635 tons and out-of-county tons received decreased by 1,918 due to the discontinuation of a special project; this represents a net decrease year over year of 2,553 tons or 14%.

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 \$68,432 for the month and an ending balance of \$9,319,082. Amounts owed back to the General Fund totaled \$4,907,493.

3. Cash and Investments:

Interest earned on the local and trustee accounts for the month amounted to \$10,269 as noted on the schedule of bank account balances.

4. Landfill Operations Summary – Profit and Loss Statement:

Landfill operations generated revenues of \$988,905 which included total tipping fees of \$948,321 and revenues from other landfill activities of \$40,584. Total revenues of \$1,044,625 less total expenses for the month of \$844,913 resulted in a net excess of \$199,712.

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

Economic Development operations generated revenues of \$258,669 which included rental income of \$184,824, Project Management fees of \$50,246, and other income of \$23,599. Total revenues less total expenses of \$300,192 resulted in a net deficit of \$41,523. This deficit is primarily attributed

budgeted capital of \$39,471 that was expensed for construction costs associated with 275 N Delsea Dr. Phase II project to avoid the accumulation of additional debt

Old Business – No old business.

New Business – No new business.

Freeholder Liaison Remarks – None present

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. Jones 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.

Nancy Ridgeway – Questioned Resolution 2016-147 regarding the 2017 Budget, Mr. Velazquez replied that after Board approves it is sent to DCA for approval. Once formal approval received from DCA, a presentation will be given to the public. Resolution 2016-145 regarding carpet replacement at 275 N Delsea Drive, Ms. Ridgeway requested to know how much in total was spent to renovate 275 N Delsea Drive. Mr. Velazquez reminded Ms. Ridgeway that all of the expenditures were publicly approved by the Board and that information was discussed during previous meetings. Even this information was already provided, the CCIA will provide a total during next month's meeting. Ms. Ridgeway also inquired about the State of the County Event and wished to know how much revenue was collected. Mr. Velazquez stated that would be included as part of his Board report when final numbers are collected.

Dean Hawk – Resolution 2016-146 Authorizing the Donation of Surplus Funds and Project Management at the Tech School. Mr. Hawk wanted to know what the Authority did with the \$4 million Developer Fee reported during the County Freeholder Meeting. Mr. Velazquez corrected the County's incorrect figure. The total Fee to the CCIA was \$1.9 million and represents less than 3% of the total project cost. Approximately \$900,000 was paid for Construction Management Services. The balance of the fee is used to offset the economic development operations/administration which is approximately \$450,000 annually. The fee is also utilized to make the necessary contributions for projects such as the Arts and Innovation Center, the Food Commercialization Center, the direct cash contribution to the County as well as other County-wide initiatives.

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 4:30 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, appointment, termination of employment, conditions of employment, evaluation of performance, promotion or disciplining. Solicitor Gibson read Resolution #2016-143 and noted that further business could be conducted after the conclusion of the Executive Session.

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.

Adjournment

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