

POLLUTION CONTROL FINANCING AUTHORITY  
OF WARREN COUNTY

MINUTES OF REGULAR MONTHLY MEETING

October 22, 2018

Chairman James Cannon called the regular monthly meeting of the Pollution Control Financing Authority of Warren County to order at approximately 9:33 AM.

Authority Members present: James Cannon, Bud Allen Joseph Pryor, Richard Mach (conference call).

ROLL CALL:     Mr. Mach                 -     Present (conference call)  
                  Mr. Pryor                -     Present  
                  Mr. Allen                -     Present  
                  Mr. Cannon            -     Present

Also present: James Williams, Director of Operations; Ed Smith, Freeholder Director; Brian Tipton, General Counsel; Mr. John Daly, Balken Risk Management; Mr. Brian Henning, Mott MacDonald (conference call); Joe Kohler, Mott MacDonald (conference call); Jamie Banghart, Administrative Supervisor; Mariann Cliff, Recording Secretary.

The Pledge of Allegiance was led by Chairman Cannon.

Mr. Cannon read the following statement: "Adequate notice of this meeting of October 22<sup>th</sup> 2018 was given in accordance with the Open Public Meetings Act by forwarding a schedule of regular meetings of the Pollution Control Financing Authority of Warren County (PCFAWC) to the Warren County Clerk, the Warren County Board of Chosen Freeholders, The Express-Times, and by posting a copy thereof on the bulletin board in the office of the PCFAWC. Formal action may be taken by the PCFAWC at this meeting. Public participation is encouraged".

Mr. Cannon stated that we would move the insurance discussion up behind the Minutes, no decisions would be made today, but we will get an overview of what is coming up, it will renew in January of 2019.

Mr. Williams stated that the main reason for Mr. Daly to be here today is the discussion that we are having regarding the electronics on-site. Regarding the 3<sup>rd</sup> party coverage and 1<sup>st</sup> party coverage, Mr. Daly will go over that with us.

## MINUTES

### M-1 Regular monthly meeting minutes – September 24, 2018

Mr. Cannon asked if anyone had questions or corrections.

Mr. Pryor stated that he had no corrections, and that he and Mr. Williams had a lengthy discussion on treatment and he would like to touch base on that business when we get there.

Mr. Allen stated that he had one issue on page 14 he would like the 6<sup>th</sup> paragraph short sentence to be removed, it is not what he recalls saying. He also does not believe it was relevant to the conversation.

The lines stating, “Mr. Allen asked is that the way it came to you Mr. Tipton?” In addition, the next line: “Mr. Tipton replied yes.” These sentences will be removed from the minutes.

Mr. Allen asked if we could start printing all documents double sided from now on. He would also like to have all minutes sent electronically in addition to the hard copy.

Mr. Cannon stated that we should only print the minutes double-sided not the rest.

Mr. Mach stated that, on page 13 there is mention of a “Steve” and he would like to see the last name included. “Steve Donati” will be included in the minutes.

Mr. Cannon stated that he had a couple of things, not for a change today, but going forward just to correct the record. He stated that on page 3, 3<sup>rd</sup> and 4<sup>th</sup> paragraph, Mr. Williams and he had some conversations and phone calls with Cornerstone and Mott MacDonald and what we had thought that the air permit was going to be based on at that time (we cannot change the minutes because that is what we actually said) but it was incorrect. It was explained to us in one of the conference calls, that it is more like a sliding scale where one section of the landfill’s gas will be decreasing while another area is increasing so you take the timeline out. It is not the increasing footprint, which automatically increases the category we would be in for the Air Permit, it is the fact that they lay it all out so each section either is going up or going down so the number is not total. So just for the record he wants to correct that and again stated that we cannot change the minutes of the last meeting but for today and going forward it should be corrected.

Mr. Allen asked Mr. Cannon if that means that it would not be necessary to change the Air Permit then.

Mr. Cannon stated that there is no change in the numbers; the numbers will be perfectly fine within our allotted numbers.

Mr. Cannon asked with the changes do we have a motion to approve the minutes from September 24 2018.

**Mr. Allen** made a motion to approve the Regular Monthly Meeting Minutes from September 24, 2018 as amended, seconded by **Mr. Pryor**.

ROLL CALL:	Mr. Mach	-	Yes
	Mr. Pryor	-	Yes
	Mr. Allen	-	Yes
	Mr. Cannon	-	Yes

Mr. Cannon presented (M-2) the Executive Session minutes from September 24, 2018, asked if anyone had any questions. Then called for a motion to approve.

**Mr. Pryor** made a motion to approve the Executive Session Minutes from September 24, 2018, seconded by **Mr. Allen**.

ROLL CALL:	Mr. Mach	-	Yes
	Mr. Pryor	-	Yes
	Mr. Allen	-	Yes
	Mr. Cannon	-	Yes

I hereby certify the above to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the date above mentioned.

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Recording Secretary  
Mariann Cliff

Dated: October 22, 2018

Mr. Cannon stated that just for clarification on the Air Permit, the numbers stay almost the same, they would increase a little bit but because some of these cells will not be emitting any of the gases any longer or their five-year window does not kick in. It does not change the parameters of the Permit so we do not go into a separate category. This does not put us into a different category where we have to apply for a different kind of Permit.

Freeholder Smith replied that that was the concern. Mr. Cannon replied that was what we first thought, that was our understanding then it was clarified correct Mr. Williams?

Mr. Williams stated that this was correct. It has nothing to do with the existing landfill. It is moving forward with the expansion. It was our understanding that, using Cell 5 as the example, this had to do with putting wells in Cell 5 and it did not. It had to do with the future footprint.

Mr. Pryor asked that with the expansion that is in front of us, the one we are designing right now, would that be affected by this? Mr. Williams replied, yes.

Mr. Pryor continued with, but then there is more work to be done going forward. Mr. Williams stated correct.

Mr. Cannon stated that it is not affected in the way you think, because that was our understanding then and we will get into it when we get down to the proposals in front of us. For instance, Cell 5 is now 4 or 5 years old. Mr. Williams stated it is 6 years now.

Mr. Cannon stated that was included previously in the Air Permit numbers, the wells have already been approved in the designs. The DEP allows you an indeterminate number of years and or time to install those wells so that is part of our discussion today.

Mr. Williams and he had a couple phone calls that were enlightening so he hopes to convey the information to everyone today.

## CORRESPONDENCE

Mr. Cannon stated that the Covanta letter would be discussed in the Executive Session today. Mr. Tipton was asked to go over the agreements as well. That will be included in Executive today along with the letter. There has also been some additional contact from Covanta that will be discussed then.

Mr. Cannon stated that the second item is that we have an acknowledgment of receipt from the Marina Energy Company and believes that we are under consideration for negotiation. We discussed that fact that we were in a position that we could possibly negotiate and he took the chance and sent a letter to them. We are waiting to hear back from them with a formal response.

Mr. Allen asked if that response is A-7 in the packet. Mr. Cannon stated that no, that is the original letter that we responded to, so there is no need to go over that.

## PUBLIC COMMENTS (AGENDA ITEMS ONLY)

Mr. Cannon stated that since we have a lot to go over today, Mr. Daly could come up now in before the Finance section. Mr. Daly will be going over the insurance issues, we will not be making any decisions today but we would like to get a better understanding of the whole thing.

Mr. Daly stated that he would like to thank the Board for having him. Mr. Daly stated that what you have in front of you is a snapshot of what the insurance is for the PCFA, the limits of coverage, the property, the liability coverage. He stated that in speaking with Mr. Williams he would like to make sure that the Board is fully aware that on the liability on the actual pollution, it is only covering third party. If we would have a release of some type of pollution, it went into the water, and it polluted someone else's land, this policy will respond. If the pollution is confined to our property, it is on our dime. Typically, what would happen is, it usually goes off-site and then whoever the governing person is in the State, they would come in and state that you have to clean it up and of course our property has to be cleaned up also. When they would charge us, back for that clean up, he is not sure. He has known some companies have paid to have it cleaned up and did not charge the entity. No one can guarantee you that.

Mr. Pryor asked who Mr. Daly was talking about, who was charging who? Mr. Daly replied that it would be either the insurance company would charge us back, or the Environmental Protection Agency would mandate that it had to be cleaned up and whoever would be doing the off-site and the on-site would be doing it. The insurance company would be paying the bill for that, they could come back to us and say that this is your portion for your clean-up.

Mr. Williams asked if this would be for the on-site clean-up. Mr. Daly replied yes it would be the on-site portion. Because this is a third party policy. Mr. Daly stated that he did ask AIG if they would entertain the thought of first party insurance. A number of years ago he brought the underwriter here and he would not comment one way or the other on how it would be divvied up. Would they cover it? Would they charge us back? The underwriter tried to evade the question because it is a 3<sup>rd</sup> party policy. Mr. Daly stated that he knew of cases where they paid for the first party clean-up. If the EDP or EPA comes in and states that you have to clean it up.

Mr. Cannon stated that he would like to stay on the third party issue for a moment and or no longer a third party. In addition to the Electronics, his concern is that we are changing the footprint of the landfill.

Mr. Cannon stated that talking about the subdivisions, gaining property and or deleting property, we do not know what has been happening to these properties over the last 500 years or so, now that is now going to be added to our deeds and our subdivisions. Would the possibility of inheriting a piece of property that has any environmental issues, now that the PCFA 'AKA' the County would have this property it would now be our insurance liability because it would be within our footprint. It would no longer be a third party extending outside our footprint if we had an insurance issue. His biggest questions besides the Electronics was 'is there some mechanism somewhere, where we are going to certify a property claim (for lack of better terminology) before the County would be stuck with possession of it, meaning they would have to clean it up if something was found later on. How would that work if properties are added?

Mr. Daly replied that it would be handled the same way, if you own the property it would be the responsibility of the PCFA to clean it up. The insurance carrier is not going to kick in anything. It only would kick in if they took title of that property and now we have a release and it effects someone's

property or someone's home. Then it would be mandated that we have to clean it up. The reason that we would be cleaning up on-site is because in the release it went off-site.

Mr. Cannon asked if Mr. Daly could recommend anything else. Mr. Daly replied that we would have to get first party liability, the first party being the PCFA's land. Mr. Daly asked AIG if they would entertain holding it and they said no.

Mr. Cannon stated that he understood that but he would like to go back a step, if some of these properties are deeded to DEP, and the County is deeded other portions. Should there be some sort of inspection done on these properties? On the other hand, should we just take it on faith then later on if there is a problem with it 10 years down the road, are we liable?

Mr. Daly stated that you could have a third party come out and do an evaluation of the land. Then you would know if it is a polluted piece of property.

Mr. Cannon stated again that this was his question, beyond the Electronics issue, that if we had an issue would we be liable?

Mr. Daly questioned that he thought the Electronics were going to be confined in metal bins.

Mr. Cannon asked that we put the Electronics aside for now. The subdivisions of these additional pieces of properties that are going to change hands – going to change titles. DEP is taking over 90+ acres, County is taking back X amount of acres, some are wildlife, some are no longer wildlife. If on any of those pieces of property that were not the County or PCFA's ownership before under title and then they become under the PCFA and the County's ownership for title, we would then be responsible for anything that happens. Mr. Daly replied that this was correct.

Freeholder Smith stated that you are coming up under what is the Spill Act. The Spill Act states that the current landowner is responsible regardless of fault. That is in the Statute, the first thing that you are looking at is there has to be third party injury, which could be a case to where someone else's property has a direct issue and they take action against the PCFA. He does not know if ISRA applies, Industrial Site Recovery Act (ISRA).

Mr. Pryor stated that he was going to ask that himself. He does not think that they call it SIC code any longer it is called something else but certain SIC codes are subject to ISRA and a change of ownership and or change of use would trigger an investigation.

Freeholder Smith stated that would usually trigger a phase 1 environmental assessment.

Mr. Pryor continued that you eventually get documentation that used to be called a 'no further action' letter.

Freeholder Smith replied that normally what they do would be that they would list areas of concern that may or may not need to be addressed. Then depending on the SIC code which he does not think is going to apply here because the one portion that we are talking about here, this one piece of property he does not believe has a SIC code assigned to that because it does not have a business license. Other than the areas that we are talking about in the wildlife mitigation area that we are doing, he does not know that anything was done other than agricultural. There was a railroad running through there but there was no stopping or anything.

Mr. Pryor stated that railroads, old railroad beds are notorious for pollution from his understanding.

Freeholder Smith replied that the majority of the new lots that are going to be created are not technically speaking 'changing hands' because the County is still going to own them.

Mr. Cannon stated that was correct. He also thinks this is the perfect opportunity with Mr. Daly coming in today to broach this subject and just show that the PCFA and the County thought about this ahead of time. If there was a questionable property that perhaps our insurance company would recommend that, we do a preliminary investigation or something on it, before we inherit a problem. He does not know the law as well as they do but thought that we should talk about this before any deeds are signed and properties are transferred.

Freeholder Smith stated that another thing that you are looking at too is that this is a leasehold relationship between the County and the PCFA. It would be regarding operations that were under the offices of the PCFA on the property in which case then the County, and this is where it gets somewhat dicey, he is not sure but maybe the Counsel could weigh in on it. If the PCFA is deemed an instrumentality of the County or if it is an independent entity? This is something that has been debated back and forth, what is the affiliation to the County.

Mr. Cannon stated that what Freeholder Smith is trying to say is who would be responsible.

Freeholder Smith stated that the question would be, is this a separate entity? If there is something that this entity does, it is not of the County it is an Independent Authority. The original thought was that it was not of the County in which case the County would be a third party. He would like to know from Counsel if this is correct thinking.

Mr. Cannon stated that he thought that it was an independent Authority and that it does have autonomy, he would not want to get into a discussion of what the implications would be down the road, on public record as to whom is responsible. This is not appropriate public comment right now.

Mr. Pryor stated that he did not realize we owned any land, he thought the County owned all of it.

Mr. Cannon stated that this was correct.

Mr. Pryor stated that the County has title to everything. The other thing, with land changing hands, he has seen studies done routinely even on farmland and they are not that expensive. They go back through the history of the property and make sure no one was manufacturing railroad ties etc.

Mr. Cannon stated that he does not know if any of this is being done. We had a pre-meeting this morning, he knows that Mr. Finelli is just doing the deeds and surveys. But he does not know if this is going to be a recommendation that he will bring up, or if the County had already discussed this or any of the above.

Freeholder Smith stated that it is not really changing hands though, except for wildlife mitigation property. What we are really doing is restructuring or redefining, and then we are doing the transfer of property. It is very possible that the State has certain requirements under the Green Acres Transfer that may or may not require some degree of environmental assessment.

Mr. Cannon stated that that was his guess, that it probably would be.

Freeholder Smith stated that it would only be those portions. The portions that are flipping from the County to the County, those subdivided lots for the wildlife mitigation do not have any activity on them anyway. Mr. Cannon replied that he did not know, but as a County taxpayer, he would state that he does not want to see the County get hung on something that we could have possibly investigated.

Mr. Daly asked if the County was going to have property that the PCFA is putting the Cell in, that the County is going to own?

Freeholder Smith stated that it has been and up until now, the County still owns all of the underlying property. The redefined lots, or the lots that will be redefined, because certain properties will be exchanged to the State for wildlife mitigation, which is what is requiring the subdivision. So the only transfers of property are from one public entity to another.

Mr. Daly stated that in reality, if there were a release that went into a creek, the County would be named in the suit as the landowner. Freeholder Smith stated that that was possible. But then you are talking the third party liability is for instance in that case would be the third party entity to the State.

Mr. Daly replied that he is kind of wearing two hats here and is wondering if, in the interest of the County if we have a mutual indemnification agreement where neither party is held responsible.

Freeholder Smith replied that he thinks that goes back to the discussion that we would have to have in Executive.

Mr. Cannon stated that we just went full circle, this is not what his point was today, he thinks the County and the PCFA can cooperate with each other and do what needs to be done in the future. Just as a Warren County taxpayer, if we are taking over property and then we are going to become the insurer of that property. If there happens to be, an issue on that property three or more years from now, are we prudent in having a preliminary investigation without bringing a lot of attention to something unnecessarily.

Freeholder Smith stated that we are not actually acquiring any property.

Mr. Pryor stated that this is the way that he viewed it. It is a one-way thing, from the County to the State. Freeholder Smith stated that the property that remains of this parcel is only being redrawn. Mr. Pryor stated that the owner stays the same it is just being subdivided, it is still the County to the County.

Mr. Cannon stated that the only difference would be that it was 100% County property and now it would become part of the leased property for the PCFA.

Freeholder Smith stated that it always was, the whole entire parcel always was PCFA's.

Mr. Cannon replied that so, the County did not own any of that outright. Is that what we are saying?

Freeholder Smith replied not unencumbered if that is what you mean. Mr. Cannon stated ok.

Freeholder Smith stated that there is a leasehold agreement that is there.

Mr. Pryor stated the simpler way from the County's standpoint is that nothing changed is that correct?

Freeholder Smith stated moving forward, the only thing that we are dealing with are portions of County property.

Mr. Pryor stated that the stuff that stays, nothing has changed. Deeds were given to the State that will change hands.

Freeholder Smith replied correct, nothing is actually changing in reference to what the County owns other than what it is giving up. Mr. Cannon replied correct and or use.

Freeholder Smith stated that the definitions of the blocks and lots are being redefined because for instance, there were numerous blocks and lots that were included that were never consolidated years ago.

Mr. Cannon asked are we insuring those now? Freeholder Smith replied that those were all properties that were under the control of the PCFA. Where this is going to be redefined now, the actual exposure of the PCFA itself is less. Mr. Cannon stated that where that line is, what he is trying to get to, if we would have less now, because the DEP is now going to have portions of property, is that what you are saying?

Freeholder Smith stated that is correct and also these back portions (the back lots) are no longer going to be included within the lease. The lease defines the same piece of property that is going to be defined in the Waste Permit. Mr. Cannon stated that we are going to have some acres excluded now from our total. Freeholder Smith replied that you did not have before, correct.

Mr. Williams stated we are going from 370 acres to 222 acres.

Mr. Daly asked if this was because the EPA is taking over some of the estate? DEP?

Mr. Cannon and Freeholder Smith answered Greene Acres.

Mr. Daly asked if they were going to test that land? Freeholder Smith replied that we have to provide them with certain guarantees in terms of 'what if' what has been observed when he has walked back there it is that this is the land that time forgot for the most part.

Mr. Cannon stated so that should save us some insurance money, because we are going to decrease right?

Mr. Daly stated well we will have less acres, yes, we should, but we will have more Cells. Mr. Cannon stated that since we have the insurance company in today he thought that this would be an issue that we could get some clarification on it.

Mr. Pryor stated that he would like to offer an example to make sure he understands this. If we have a leak in our liner and that leachate migrates to the ground water we are covered for the cleanup of that ground water. Is that correct?

Mr. Daly replied yes because he would tell you that the State would come in and mandate that it has to be cleaned up because it would probably be gone off-site.

Mr. Pryor continued and if it goes off-site it is the same deal. Mr. Cannon interjected, no, only if it goes off-site. Anything on-site we are self-insured.

Mr. Daly stated that there are instances where the State would come in and say you polluted the ground water that is a third party instance, coming in and mandating you to clean it up.

Mr. Pryor stated so if we took a load of something as cover and it was something we should not have taken and we have to excavate that and remove it that is on our dime. Mr. Daly replied yes.

Mr. Allen asked what about any fines from the DEP levied against the PCFA. Mr. Daly replied we do not cover fines. Mr. Allen replied ok.

Mr. Allen asked has this ever happened before? He knows that we have had leaks into the creek at one point.

Mr. Williams stated we have never had any leaks into the creek. Not here, you are talking about the farm next to the incinerator, the incinerators pipe but that was not us.

Mr. Pryor asked if we have any oil tanks here. Mr. Williams replied with no below ground tanks, they are all above ground.

Mr. Allen asked the rail line you mentioned before, is that still an existing right-of-way to a rail company? Freeholder Smith answered no, most of it was abandoned, some of it was taken back like the piece that goes through Shoemakers piece, he acquired.

Mr. Cannon stated that part of it is in the trail way system also.

Mr. Allen asked how do you base the coverage on this, is this something that you are just recommending or is this based on some factual history?

Mr. Daly replied that he believes Mr. Williams did an analysis a number of years ago with other landfills and we had a lot more insurance than most landfills have. Mr. Allen replied, we do, ok.

Mr. Allen stated that these are relatively large numbers but he had no idea what the cost for a cleanup would be. Mr. Daly stated that what we have now is, a combination of general liability and environmental pollution policy. We have a 5 million dollar each occurrence pollution cleanup and then we have an excess policy going over that after 9 million.

Mr. Williams stated that this is all third party, we have nothing to cover anything on-site, which he thinks is why Mr. Daly is here. Mr. Daly replied yes.

Mr. Cannon replied that it is good to have Mr. Daly here to go over this. Mr. Williams agreed.

Mr. Cannon stated that the electronics is what spurred this on. Mr. Daly stated that with the Electronics, we will be storing them in bins and a third party is going to pick them up and transport them correct?

Mr. Williams replied correct.

Mr. Daly stated that he would like to suggest that we get them to provide us with evidence of their insurance. He would even ask them to name us on to the policy because if they dispose of them improperly, we could be held responsible.

Mr. Cannon replied that we had done that already.

Mr. Daly replied ok good.

Mr. Williams stated that we have seen their own pollution insurance coverage also, and we are already named on their policy. Mr. Cannon stated that his thought process, or hope was, that if we had any incident in this container on-site, the first line would be their insurance correct? Mr. Daly replied with it depends on their liability, which is, when they are picking it up and taking it off-site. If they do something that causes a pollution event, their operations caused it. If it is being stored and they have nothing to do with it, it would probably be on our dime.

Mr. Pryor stated that except it is being stored in their container.

Mr. Daly stated that they would have some liability.

Mr. Cannon stated that, again Mr. Tipton went back and forth with their Counsel, and made sure we are good with their agreement. It was just a question of if something did happen on-site what we would do and where we would go from there.

Mr. Daly replied that he was not the expert but he does know that in the process of all these circuit boards they do use chips that can be toxic.

Freeholder Smith stated that we are not involved in that process, just to back up and look at where the determination of liability is, which, would be determined by an underwriting staff. Who looked at this operation and its capability to control pollution within its confines that is what the basis is. He also thinks that is not going to change, because for example, you may have pieces of glass that could be picked up and put back into the container. It is not as if it is going to give you a third party exposure.

Mr. Daly stated that he was thinking about the container, would it be inside a covered structure or is it outside.

Mr. Williams replied that the container would be outside but it would be a closed container. It will be out of the elements. Mr. Daly replied ok.

Freeholder Smith stated that there would be no run-off. Mr. Daly replied that this is what he was talking about.

Mr. Cannon asked Mr. Daly what else he would like to tell us about the insurance.

Mr. Daly replied that he did not know if we received this (holding out a letter) this is your workers compensation.

Mr. Cannon stated to Mr. Henning from Mott MacDonald who was still on the conference call would be next.

Mr. Daly stated that they had placed our workers comp with New Jersey Manufactures and we have a fantastic comp program. As we can see our mod is a very good mod, it is a .852, which means that you are getting a discount of 15% based upon your loss ratios. You are getting a 20% scheduled credit, which is the max that NJM or anybody can provide. You are also getting a 15% dividend. So again you have an excellent workers comp. When we first were involved with this, you were in the assigned risk, so you were being surcharged, we got NJM to take you and the first 2 years they did not offer you the dividend programs but once they saw how you operated they put you in a different plan.

Mr. Pryor stated that he had two questions on coverage, the directors insurance he knows on the private side protects the shareholders. Does that apply to taxpayers? Mr. Daly replied yes.

Mr. Daly replied again the D & O policy does not cover any property damage it is for what actions the Board does.

Mr. Pryor stated that so if we made a decision that a reasonable Board would not have made and somebody was damaged.

Mr. Daly stated yes as long as it is not benefitting anybody. We did increase the coverage a number of years ago.

Mr. Pryor stated the last question is, are we covered for fraud or embezzlement?

Mr. Daly stated that we had a crime claim a number of years ago and yes, we are covered, we have a hundred and fifty thousand dollars. We have a separate crime policy.

Mr. Cannon asked Mr. Mach if he had any insurance questions. Mr. Mach replied that he did not.

Mr. Cannon asked if anyone else had any questions and asked Mr. Daly about our ability to handle on-site insurance. Mr. Daly stated that he was going to ask the Board if they wanted him to contact different Markets to find out if they would entertain first party coverage.

Mr. Williams stated that it would not hurt to find out. Mr. Cannon stated yes, for on-site to see what the number would be. Our footprint now acreage wise is going down about 100 acres or so.

Mr. Williams stated yes it is going down about 130-140 acres reduction.

Mr. Daly stated that the month will start early and let us get it out to Market so we can get some numbers, he is going to send us the application. Mr. Williams stated that he is not sure that we can provide the actual numbers to do this yet because it has not officially been completed.

Mr. Daly asked when this would happen. Mr. Williams stated that it has all been surveyed and he knows that the County would be discussing it soon.

Freeholder Smith stated that he doubts that it would be before 2019, it would have to go before the Planning Board in White Township for approval. Then the title searches would have to be done, so this will take time.

Mr. Cannon stated that the best tool for Mr. Daly now would be the fact that we have an agreement with the state that we have to do these things. Mr. Daly asked would we be opposed if we get the application and we fill it out based upon what our agreements are with the State and we attach that letter?

Mr. Cannon stated absolutely, that would show that this is what is going to happen.

Mr. Pryor stated that it is always appropriate to get a quote and then we can evaluate it.

Mr. Daly stated that he wondered if we could get some one that would do first party. Now this is a claims made policy so whatever company takes this over their going to be covering from the day the PCFA opened up their doors.

Mr. Cannon stated that he thinks, what would be smart is, Mr. Williams could put something together with help from Mr. Daly as far as the categories that would show us what expenses have occurred and what we have spent, so we have something to compare. Showing what would have been covered under this insurance if we would have had it verses what we paid out over a period of time. So that we would be able to say over 5 years you would have paid this amount with the policy while one incident cost us \$220,000.00 in whatever year and that will give us a guideline to go on.

Mr. Williams stated \$0.00, the PCFA has never had any cleanups on-site since day 1.

Mr. Pryor stated that he was thinking since it is your own property you would not have to clean it up overnight he has seen cleanups go over 10 years.

Mr. Cannon stated lets backup, not just cleanups, anything on-site that we have had to pay for ourselves.

Mr. Daly responded correct but that we would be doing that anyway.

Mr. Cannon replied ok.

Freeholder Smith stated that we are covered for accidents. You are looking at a claims based pollution policy which has no history, quite candidly if he was looking at that, it would be a candidate for self-insured. You do not have exposure.

Mr. Daly stated that he would tell you, that, to get first party would be at least what you are paying now because if there is a claim for third party it emanated from the first party.

Freeholder Smith stated that you are insuring against yourself, it is a difficult area.

Mr. Cannon stated yes exactly, he does not know what a first party policy would encompass beyond just a cleanup. For accidents and machinery we are covered, so he does not know what would fit in that category that we would not have to insure ourselves for that now could be fulfilled by a policy.

Mr. Pryor stated that if you got a quote it would insure for everything except those things that are excluded so you would need a list of these exclusions. Mr. Daly replied no question about it, you would know if it were not on the exclusion list that you are covered.

Mr. Cannon stated that it is worth looking at. Mr. Pryor agreed.

Mr. Daly stated that to give us an example when we marketed this many years ago, there was an exclusion for smell. We said that we would have to take this out because White Township had a major incident when this first opened up and he believes that it was the smells coming out were offensive.

Mr. Cannon stated that he remembered.

Mr. Allen stated that it sent a few kids to the hospital.

Mr. Daly stated that is what he thought, the school is closer.

Mr. Williams replied yes.

Mr. Allen stated that the gas just followed its way down the hill into the Pequest River, overflowed its banks, and went into the basement of the school and that is where the kids assembled in the morning before they started classes.

Mr. Cannon asked Mr. Daly if there was anything else.

Mr. Daly stated that there was not. He said that he would like to thank the Board for their time.

Mr. Williams stated that he would get Mr. Daly the agreements.

Mr. Cannon asked if there would be any existing buildings that will now be under the PCFA with the property changes?

Freeholder Smith stated that we were going with a net reduction. Mr. Cannon replied correct.

Mr. Daly stated if you look at this, the attachment has the list of all of those. It also has the list of all of the equipment and the state of the values coincides with the first line 9 million. These are all the current values.

Mr. Cannon asked if anyone had any more insurance questions, hearing none he stated that we have Mr. Henning from Mott MacDonald. Perhaps Mr. Williams would like to give us a quick overview why we have Mott MacDonald on the phone.

Mr. Williams stated that what we have for consideration is on October 19, 2018 a proposal from Mott MacDonald. This is regarding the installation of 11 additional gas wells. When we had our 50% completion meeting with Cornerstone, they had prepared a drawing for the installation of these wells, which would occur with the construction project moving into next year for Cell 7. What has transpired since that discussion is there have been off-site odors observed by himself and the Chairman. We have reached out to Mott MacDonald to ask them to look into what it would cost for us to move forward with getting these wells installed now. To be a little more proactive rather than waiting until possibly this time next year with the construction project.

Mr. Henning, Mr. Kohler and himself had a couple conference calls to discuss the project and Mott MacDonald put this proposal together for us. What they would be doing is developing an RFP on our behalf to contract with a well driller. One thing that they can't do any longer is contract with the well driller directly so what Mott MacDonald would do which is included in this proposal is put an RFP together on our behalf, seek bids from three different well drillers and provide those documents along with their recommendation to the Authority.

Mr. Williams stated that he has also asked them to put together into this proposal the construction oversight the installation of these wells from beginning to end making sure that they get installed properly into our existing gas collection system. This is what we have in front of us today if the Board wanted to move forward and get this done.

Mr. Cannon stated that cell 5 has been going 6 years, the approval is completely in place, nothing has to be done extraordinarily to get those wells installed. With the possibility of the time-line for next year possibly being an issue. This is not something that we have to delay because of construction; we do not have to add it to the eventual construction of the new cell. It can be done now.

Mr. Cannon continued there has been a couple of issues with it, it is time when the gas would be coming out. Winter time is not going to help with anything, he suggested to Mr. Williams that this may constitute an emergency and we need to move forward and expedite. We did not even discuss this last month and he did not want to catch anyone off-guard but there has been some local comments and feedback due to the smell. This will not get better, once it starts like this it generally gets worse.

Mr. Williams stated that it aggressively gets worse over time.

Mr. Cannon stated that the issues would be, to try to install in the wintertime in addition to our Cornerstone Air Permit construction issues. He suggested to Mr. Williams that maybe we could get something accomplished sooner than later. This is why Mott MacDonald was contacted, to see if we can move forward. He is afraid that we would clog up the wheels a bit with Cornerstone. If the Board members had questions, he wanted to let them know as best he could with the thinking process of what transpired the last 3 weeks. Mr. Williams stated that it was not even 3 weeks. Mr. Cannon replied that maybe it was not even 3 weeks of phone calls etc.

Mr. Pryor stated that he had no problems with the Chairman's proposal he did have questions for Mott MacDonald. What do they think the construction cost of the well package is?

Mr. Henning replied that they have not put pen to paper yet but they have a feel for it being between \$200,000.00 and \$225,000.00. Mr. Pryor asked if this was the lower part of the range.

Mr. Henning replied that this would be a ballpark answer.

Mr. Pryor stated that the other question that he had is, he knows that it is preferable to contract these separately but Mr. Cannon stated that you could not contract that as a corporate item. Alternatively, what is the reason behind that?

Mr. Henning replied that yes that is correct, when they became Mott MacDonald we rolled up under other corporate requirements. One of the things that we are not allowed to do is to contract with contractors.

Mr. Pryor stated that he understands, he knows the disadvantages but he says that a lot of people do it. So it is a corporate policy.

Mr. Henning replied yes that is correct.

Mr. Henning stated that he had a question, Mr. Williams in consideration of the waste stream, incinerator ash and bulky waste primarily. The source of the odor can be attributed to what in your opinion.

Mr. Williams replied probably the C&D waste that has sheetrock in it which causes hydrogen sulfide to be produced and has the rotten egg odor that we are getting.

Mr. Henning replied ok thank you.

Mr. Allen stated that this is a necessity as far as he is concerned. We need to get it started as quickly as possible before it becomes an issue. We just discussed this with the insurance company about what

happened back in 2004. He believes we should get ahead of it. He would like to go with them going forward he thinks this is the thing to do.

Mr. Cannon stated that we would like to avoid any delays, and the Air Permit may be occupying a lot of time this winter and spring so if we have something in place that we are already allowed to do, has already been fully approved we should take care of it now. Get it done with, have it operating and then we can worry about Cornerstone and other details as far as the new Cell when we get to it. This does not have to wait for anything and we are already recognizing that it is an issue.

Mr. Allen stated that the only other question he has is the current flare sufficient to handle what additional gas we will be getting from this Cell that we will be putting the new wells into. Also the expansion, at some point in the future are we going to have to replace that or add to it another flare?

Mr. Cannon stated that he would answer this question. This was part of what Mr. Williams and he covered in the phone conferences with Cornerstone. We are well below our capacity of it and we are well below even with the Permit issue, we are well below.

Mr. Allen stated that he had asked this question before with Cornerstone and the response he received was what Mr. Cannon just stated. Now with these additional wells going in he wanted to ask it again.

Mr. Cannon stated that the reason for it or half of the reason for it, which we did not know at the time, was Cell 5 was already calculated into those numbers. The wells for Cell 5 were included previously. Those numbers are accepted now as numbers that we would get to. Where we thought they were going to be in addition to. Cell 5 is completely Permitted as if it is going now.

Mr. Allen questioned that there is no monitoring of this, the only way you become aware of the problem is because you have an odor? Is there some way of monitoring?

Mr. Williams stated the best monitor you can have is your nose, but yes, there is a timeline. If you remember back when we started this whole process with Cell 7, which, we really should have been up and under construction this year. Because of delays which we will not get into here, these wells could have been going in this year if we did not run into the issues that we had. We are now hitting that 5-year mark with the waste and it is typically 5 or 6 years depending on the waste stream when gas production begins and the odors that we are seeing today begin to occur.

Mr. Cannon stated that these wells are going to be incurred in the construction costs of when we did Cell 7, we are just moving up the timeline and getting it done now. During the phone conversation it came up that, we could do that now, so that is where we are. Mr. Mach do you have anything to ask or add?

Mr. Mach agreed that it makes sense to go ahead and do this now. The odor is not going to go away it is just going to get worse.

Mr. Allen agreed.

Mr. Cannon stated that he appreciated that. He is considering the time of the year and winter on its way this is something that we need to get going on. Have it done before we get into any larger issues.

Mr. Henning stated that it is good to get ahead of it because it could result in some public relations issues also.

Mr. Cannon asked Mr. Henning what he could add to what has been said, what he thinks about time-lines. Mr. Cannon stated that he thinks this constitutes with past history here in Warren County and the landfill we could argue if necessary that this is an emergency. With the bidding processes, we have not brought Mr. Tipton in yet but he would like to supersede that, it is something that we need to get done as soon as possible. What can you tell us about time-line and where you would be, if we said yes today what do you think you could make happen.

Mr. Henning stated that the short answer is that we stand ready to move quickly. We are ready to go; we have a couple of items that we might need that could help expedite the process. Mr. Cannon replied ok.

Mr. Williams asked Mr. Henning, since the well driller portion will not be part of your scope you will be putting the RFP together for that and asked if he could get that to him soon so he can get it to Counsel to review? Since we will be the ones hiring the well driller to make sure that we have a proper bid?

Mr. Henning replied yes we still have some design work to do it is going to require some thought. There will be some engineering work that has to be done.

Mr. Pryor stated what he was going to say is that he thinks that the attorney is probably more concerned with the charge conditions, the general conditions. You can still work on your design while you get that to him.

Mr. Henning replied yes, we could get that to you. Mr. Williams asked Mr. Henning if he thought he could get it by the November meeting, is that too late? Mr. Cannon stated that he was hoping it would be before then. Mr. Henning stated that it could be by the November meeting.

Mr. Williams asked Mr. Henning how long as far as the well drillers, he knows that Mr. Henning spoke with them. What kind of time-line are we looking at before they are mobilized on site? Could it be 60 days?

Mr. Henning replied he did not talk to them personally so he honestly does not know, but he would think that 60 days would be a worst-case scenario. Mr. Cannon stated that he would think it should be shorter than that. Mr. Henning agreed.

Mr. Williams stated that he is just looking at worst-case scenario. Mr. Cannon replied that he understood and stated to Mr. Henning after this meeting someone will be contacting you and we are going to go ahead. Whatever you need to do now to get the ball rolling and within the next couple of hours, we will probably be making this official from the consensus of the Board. We will get back to you with any details and you get back to us on what you may need. You certainly do understand our need to expedite this and we think Mott MacDonald will be able to do that for us.

Mr. Henning replied that he does understand the Boards urgency and Mott MacDonald will make it happen fast. Mr. Cannon asked if anyone had any other questions for Mott MacDonald?

Mr. Allen stated just one, going back to some of the history of the previous problem that we had with odor. It was his understanding that after additional wells were put in, it was not sufficient they ended up having to put additional wells in and then once things were corrected someone told him that the original design was X number of wells per acre but they did not install them all at the same time. They waited for

the problem to occur. The only question that he has now is, are we at the number of wells this thing is designed for? Mr. Williams replied yes we are, the area that we are talking about is an area that has no wells. It is designed for wells and that is the point that we are at today. Mr. Cannon stated that it is 11 wells, so the complete footprint of the Cell requires 11 wells. There are zero wells there now and we are going to put in 11 wells.

Mr. Williams stated that they have already been pre designed and that will complete the 45 acres. Mr. Allen asked if we are doing a portion at a time. Mr. Cannon and Mr. Williams both stated no they are all going in at once.

Mr. Cannon asked if Mr. Henning needed anything else. Mr. Henning stated that he did not and said we would hear from him soon.

Mr. Cannon thanked them for their time. He also asked Mr. Tipton if he had anything to add, or comment about the issue at hand, or would he like to save it for executive.

Mr. Tipton stated that you could contract with a company like Mott MacDonald so you are good there. Of course, you will have to go out to bid for the construction, which is what, they are proposing so legally he thinks that we are doing everything right.

Mr. Cannon replied ok. With Counsels approval this moment, he would like to get a motion to accept the proposal for engineering services for the new gas well installations on Cell 5 of which we are already approved to encompass 11 gas wells. They have submitted a proposal to us. Mr. Allen asked what the total was. Mr. Williams added not to exceed \$98,500.00.

Mr. Cannon stated not to exceed the \$98,500.00 that they put in their proposal, does he have a motion for that.

On a motion by, *Mr. Allen*, seconded by, *Mr. Pryor*, the proposal from Mott MacDonald for their engineering plan for the installation of the 11 gas wells was accepted by the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

Mr. Pryor stated that he seconded the motion with discussion. Just the way the scope is written it says they will create a bid package, which will be sent to at least three well drilling contractors to collect prices. We really do have to advertise Mr. Tipton correct? Mr. Tipton stated that yes, they will create the scope or the specs for the bid process then we would put that out. Mr. Cannon stated that yes Mr. Williams had already spoken with them about that also and has already penciled in a couple of things to help us on that.

Mr. Williams replied that there are only a few well drillers out there and Mott MacDonald has spoken to them all already, which is helpful. Mr. Pryor stated that with that clarification he is good, persons who have experience with landfills.

Mr. Cannon added that he thinks that this is how they were able to formulate a ball park figure.

Mr. Cannon asked Mr. Mach if he had any comments. Mr. Mach said no.  
Mr. Cannon stated ok we have gotten through the questions and have a motion.

On a motion by, *Mr. Allen*, seconded by, *Mr. Pryor*, the proposal from Mott MacDonald for their engineering plan for the installation of the 11 gas wells was accepted by the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

Mr. Cannon stated all those in favor say Aye.

ROLL CALL:	Mr. Mach	- Yes
	Mr. Pryor	- Yes
	Mr. Allen	- Yes
	Mr. Cannon	- Yes

I hereby certify the above to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the date above mentioned.

Recording Secretary  
Mariann Cliff

Dated: October 22, 2018

Mr. Cannon asked if anyone wanted to take a break, if not we would continue with Finance.

## FINANCE

### **A-1**

Mr. Williams presented A-1

Mr. Williams stated that within the monthly Finance Report, there is nothing unusual, everything is going great, and we are hitting all of our marks. We are in the black, one thing that is not showing yet which is on page 5, you will see a large amount next month due to all of the heavy rains we have been having and there has been a lot of hauling going on to Passaic Valley Sewage Authority so we have a pretty hefty bill upstairs that has not been placed on there yet and it will probably continue for the next month or so.

Mr. Cannon stated that since we are on page 5 can we get rid of the blue highlight please it is difficult to see the numbers.

Mrs. Banghart stated that she would get rid of it.

Mr. Cannon stated that those numbers give us relativity as to comparisons year to year and the as of dates. Sorry Mr. Williams but it was hard to see.

Mr. Williams stated that was a good catch. Other than that everything is going good financially, no issues. Mr. Cannon stated that it was good financially according to what we were planning.

Mr. Williams stated yes, we are not operating in the red everything is good. That should continue on for the rest of the year.

Mr. Cannon stated that he has not looked at the additional ones. Mr. Williams replied that we did not have any additional this time.

Mr. Cannon stated the 31 to 60 people they are all taken care of by now, Global and LMR, all of those 31 – 60 numbers no longer exist.

Mrs. Banghart stated that this was correct.

Mr. Cannon stated that on the bill schedule on page 28 in the left column the NA or the APVD if we are going to do it that way you don't want to have separate totals.

Mrs. Banghart stated that she could do it whatever way that the Board wants it.

Mr. Cannon stated this page though is not separate totals it is still cumulative totals and you are just saying whether it has been approved or was not.

Mrs. Banghart agreed.

Mr. Cannon stated that was all he had. Keeping in mind he knows we will be going to the budget next but Mr. Williams and he looked at this between the end of 2017 and all of 2018 and used these numbers month-to-month to be realistic on the budget. When we formed the budget and made changes, we had our meeting and these are the numbers that we used. As you can see some of the things that we had anticipated obviously has changed and some of the allotment amounts we've left are higher and lower. We went through the last couple of months, actually the last 6 months that we are showing a trend so we used those trend numbers as to where we are at with the revised budget, just as an FYI.

Mr. Cannon asked if anyone else had any questions on the bills? Hearing none does he have a resolution to pay the bills of October 22, 2018 in the amount of \$284,232.91?

On a motion by, **Mr. Allen**, seconded by, **Mr. Pryor**, the following resolution was adopted by the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

**RESOLUTION**

**R-10-01-18**

**To Pay Bills**

WHEREAS, the Pollution Control Financing Authority of Warren County has been presented with invoices for services, supplies and other materials rendered to it or on its behalf;

NOW, THEREFORE, be it resolved by the Pollution Control Financing Authority of Warren County that the following bills be paid:

*See Attached*

ROLL CALL:	Mr. Mach	-	Yes
	Mr. Pryor	-	Yes
	Mr. Allen	-	Yes
	Mr. Cannon	-	Yes

We hereby certify Resolution to Pay Bills in the amount of \$284,232.91 to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the *22nd day of October, 2018*.

Mariann Cliff  
Recording Secretary

James Williams  
Director of Operations

**A-2 2019 Budget**

Mr. Williams presented the 2019 Budget

Mr. Williams stated that everybody should have the 2019 Budget in front of them, we can start with the excel spreadsheets. This was handed out to everyone back in August as projections for 2019.

Which brought us in at a little over \$6.3 million dollars, behind this is the revised version from when Mr. Cannon and he sat down over a week ago.

Mr. Williams stated that they made some additional modifications that you see outlined in red. This is the paper marked 'Revised'. All of the items you see outlined in red are the ones that Mr. Cannon and he changed.

Mr. Williams stated that Mr. Cannon and he sat down and made some additional revisions and as Mr. Cannon explained, this was based on what we looked at and what was trending over the last 6 months and projecting it forward. We felt that these additional decreases in the budget could be made, reflecting the more accurate expenditures. What that did was take our budget from a \$6.3 million dollar budget down to a little over 5.7 million-dollar budget.

Mr. Allen stated that he would like to make sure that he understands, just the employee medical insurance, you looked at the insurance bills and decided that you could reduce that down. Mr. Williams replied correct. Mr. Allen replied ok.

Mr. Williams stated that some of them reduced, actually all of them reduced from where they were in 2018. That is based on actual expenditures.

Mr. Pryor stated things like the White Township host fee that reflected a decrease.

Mr. Cannon replied that is reflecting the actual numbers.

Mr. Williams stated that was correct and what that reflects is the dollar per ton for the incinerator ash that we only have projected through March not through the entire year.

Mr. Cannon stated that you might recall, last year they did not want to sign a contract, so we did not take in ash for 5 or 6 months.

Mr. Williams stated that it was a little over 7 months.

Mr. Cannon stated that the actual number of that was reflected in the balance of their contract that is left for 2019.

Mr. Williams stated that there is also a reduction in the actual waste intake coming in that we have already implemented. We expect that to carry on into next year and possibly into 2020 based on what happens. He hopes that we do not run into any issues with construction next year but you never know.

Mr. Allen asked if they get any kind of advance notice on projections for their own budgeting purposes.

Mr. Williams replied that we have not, what he does is he stays in contact with their CFO Kathleen Reinalda to keep her up-to-date with what we are doing at the PCFA.

Mr. Allen replied ok. Mr.

Williams stated that it has been helpful.

Mr. Cannon stated that was a good point Mr. Allen, he did not want them to have an unrealistic expectation of what is to come. We try to make the numbers true to what we anticipate for most of

2019. Mr. Cannon continued that looking at his notes from the last sit-down, Mr. Williams you are right, nothing increased, and they all decreased.

Mr. Williams stated that this is a good budget we have before us, something that is definitely achievable. Mr. Cannon replied that also insurances rise most of them you anticipate a 10% increase when you have your original projections. Mr. Williams stated that was correct, not knowing where the insurances are going to go we just try to play it safe.

Mr. Cannon asked Mr. Mach if he had any questions on the revised budget. Mr. Mach stated the only one that he had was on page 3 about the 3<sup>rd</sup> line first column. The series of reductions 450,000.00 - 100,000.00 and 40,000.00 how did that happen?

Mr. Williams stated that a lot of that has to do with the reduced intake of waste. Mr. Cannon stated that the formula, based on what is coming in, if you project the formula out. For instance, this year, if you take the first one the closure escrow #5594 through August 10 the budget amount was \$771,497.00, actual number is \$132,394.00. The actual of 2018 following through the rest of the year we padded that and that number is probably the same number we are going to have for 2019.

Mr. Mach replied ok that sounds good. Mr. Cannon stated that carry that through all three of those items because again it is a strict formulation that the tonnage creates X amount requirement for the closure funds or the sanitary landfill tax. All those are based on what is coming in. There was nothing arbitrary there, it is just taking the numbers we are really taking into the landfill.

Mr. Mach replied ok, thank you.

Mr. Pryor stated that he had a question this year we gave some money to various first responders and we donated money to Oxford. He did not see it in this budget.

Mr. Williams replied that it is not in there. Mr. Pryor asked should it be in there?

Mr. Cannon stated that this was done on a request basis.

Mr. Pryor stated that he did not think that we did it on a request basis for the first responders. He also thinks that we changed the methodology for Oxford last year.

Mr. Cannon asked if they were listed in the budget from last year. He does not remember it being a line item.

Mr. Williams agreed that it was not a line item.

Mr. Pryor stated that this is something that we have been giving for a number of years.

Mr. Allen stated that it was two years.

Mr. Pryor stated that it has to come from some place.

Mr. Cannon stated that we have done it for the last 2 years without it being a line item, we are fully capable of doing that, but it does not have to be a line item. If it is a line item in the budget it makes it sound like it is not merit based then, it turns into a type of payment.

Mr. Allen stated that in all likelihood the bills for the expansion for the gas control is going to be hitting in 2019 is that in this budget?

Mr. Williams stated no, that is all Capital funds, when you go to the back of the budget under the Capital expenditures for next year. We are looking at close to \$11 million dollars, in the budget itself not in the excel spreadsheets.

Mr. Allen replied ok so Capital is separate.

Mr. Williams stated that is where we will be next year, one of the CD's that is out there now, matures the end of December, and the other one goes until March of next year. There is 10 almost 11 million dollars in CD's that we will not be renewing.

Mr. Cannon asked if there were any other questions on the revised budget numbers.

Mr. Allen stated good job it is always nice to see numbers go down.

Mr. Pryor stated that this is always a laborious task for anyone.

Mr. Williams stated that what we have is a budget introduction resolution that is inside the budget itself located on page C-5. This will be the Introduction Resolution that the Board will need to vote on and approve today. Then we can send the budget down to the state. Everything in here reflects all the numbers. Mr. Cannon stated the new total number?

Mr. Williams replied the number is \$5,735,950.00, which you will find in the 3<sup>rd</sup> paragraph on C-5.

Freeholder Smith asked if there was going to be provisions for the County like there was in the past in this budget?

Mr. Cannon replied that the way the formula is set up we cannot do it right now, there has to be a certain amount of income.

Freeholder Smith stated that at one point Mr. Olshefski is going to ask him about it.

Mr. Pryor stated that he did see it in the spreadsheet.

Mr. Cannon stated that we would not meet the threshold with the way the formula is set up. We have to reach certain thresholds in order to be able to do that.

Freeholder Smith asked there will not be anything, and that is based on tonnage?

Mr. Pryor stated that in the old one it said County Contribution, your saying that is gone from the new one?

Mr. Williams replied correct.

Mr. Cannon stated that 2019 is the last column and page 3 of the revised spreadsheet, which is what we are looking at. Mr. Pryor you are looking at 2018. Mr. Pryor stated that he understood ok.

Freeholder Smith asked if the number for 2018 would happen for this year.

Mr. Williams stated that we are not going to meet our budget this year.

Mr. Cannon agreed and stated that we are not even close we are around 40%.

Mr. Allen asked if we needed to have a motion on the Resolution.

Mr. Williams stated that this actually covers the capital appropriations from the Cell construction we have 10,375,000.00.

Mr. Cannon stated that again capital appropriations are categorizing something that we are not sure of the cost at this point. It is not a bill or an amount of money that is encumbered so it is separate from the budget.

Mr. Allen asked how they came up with that number.

Mr. Williams replied that we received an estimate from Cornerstone, for 10 million dollars for the Cell construction.

Mr. Allen stated that it was not in any of their documents.

Mr. Williams stated that he believes that they might have said it at a meeting.

Mr. Allen replied ok.

Mr. Cannon stated that they would talk about that later.

Mr. Cannon asked if anyone had any questions about the resolution of the 2019 proposed budget for the PCFA?

Hearing none, he asked for a motion to approve the 2019 Authority Budget Resolution for \$5,735,950.00 for our annual budget and capital budget appropriations of \$10,375,000.00.

On a motion by, **Mr. Allen**, seconded by, **Mr. Pryor**, the following resolution for the 2019 Authority Budget was approved by the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

ROLL CALL:	Mr. Mach	- Yes
	Mr. Pryor	- Yes
	Mr. Allen	- Yes
	Mr. Cannon	- Yes

## PERSONNEL

Mr. Williams stated that the Merit Bonus evaluations would be discussed in Executive Session.

## FACILITIES/RECYCLING

Mr. William stated that the next two items A-4 and A-5 are a yearly item.

Mr. Williams stated that A-4 is general Legal Counsel Services for 2019 RFP and A-5 is for the annual Topographic Survey for 2019.

Mr. Cannon stated that there were no changes in these from the previous year correct.

Mr. Williams replied correct. The only changes were the dates.

Mr. Cannon stated that he did not have a problem doing A-3 (Authorization to seek Proposals for 2018 Audit Services) A-4 and A-5 all in one group. He asked if anyone had any problems with that.

Hearing none

Mr. Cannon asked for a motion to approve Proposals for Audit Services, for Legal Services and for Topographical Survey 2019 for the PCFA.

On a motion by, **Mr. Pryor**, seconded by, **Mr. Allen**, authorizations to Seek Proposals was approved by the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

ROLL CALL:	Mr. Mach	- Yes
	Mr. Pryor	- Yes
	Mr. Allen	- Yes
	Mr. Cannon	- Yes

## Treatment Plant Operations

Mr. Williams stated that there was nothing new we are still at our reduced flows sending very little over to the PRMUA the Leachate hauling has increased substantially, that would be expected with the heavy rainfalls. He did hear through the grapevine that the DEP contacted Mott MacDonald regarding the pilot study. They asked Mott MacDonald for any comments and Mott MacDonald did not have any comments regarding it. They said that they needed to call over to the PCFA, they seemed to talk with Mott MacDonald that the DEP was going to move forward with approving the pilot but they did not actually say that. As of yet we have not seen any approvals but apparently someone is definitely reviewing it.

## Landfill Operations

Mr. Williams stated that there were no issues.

## H2S Removal

Mr. Williams stated that there were no issues.

### Solar Panel System

Mr. Williams stated that there were no issues with this. He believes we are going to have a discussion regarding Marina Energy in Executive Session.

### Cell 7 Construction

A-6

Mr. Williams stated that A-6 is an update from Cornerstone, which is their progress reports #9 & #10.

Mr. Williams stated that regarding A-8, approval was needed for the Town of Phillipsburg for a disposal contract that will begin today and expire with all the other contracts at the end of February 2019.

Mr. Cannon stated that he would make that motion that we accept the contract from the Township of Phillipsburg and their contract will end the same time as the main contracts.

Mr. Allen seconded the motion.

Mr. Mach	- Aye
Mr. Pryor	- Aye
Mr. Allen	- Aye
Mr. Cannon	- Aye

Mr. Cannon stated that he wanted to give Mr. Pryor a moment to speak.

Mr. Pryor stated that having reviewed the minutes and having looked at what was available to him. He thinks that he may have been pre-occupied with what he was saying and wasn't listening to Mr. Williams fully, but what he was focusing on was the plant opened in 2009 and they were talking about TDS concentrations on the order of 8,000 mg per liter. About 2 years later in 2012 TDS concentrations had been rising, there was not a permitted limit back then but it turned into a practical limit when they got over 20,000 ppm it adversely affected the process, that is when our clean water treatment started.

Mr. Cannon stated that it was their process. Mr. Pryor answered our process not PRMUA but ours. Mr. Williams agreed.

Mr. Pryor stated that there was no contractual limit or permit limit at that time but we had to do it to make our plant work. What has evolved since then was PRMUA began to have discussions with Delaware River Basin Commission and he does not actually know what is in their discharge permit. They received a letter that set a limit for them. In turn we received a letter that set a limit. They were talking about 3,500 lbs. per day. If you are talking about a discharge of about 50,000 gallons and if you are talking about 20,000 parts per million that would limit us to somewhere around 20,000 gallons per day not 50,000.

Mr. Cannon replied without dilution.

Mr. Pryor stated that was 20,000 gallons and it included some dilution from the Pequest. It goes up and down, and the PRMUA was worried about when they went over 20,000. If we hold it to 20,000 and the plant works, you are around 20,000 gallons a day that we could send over there vs the capacity of 50,000 gallons. You would be at around 40 % of capacity.

Mr. Pryor stated that the last part is the pilot study where they were talking about treating leachate with no pre-treatment. He also stated that obviously, TDS would come into play but what they said is ammonia would come into play first. That would be the controlling factor. So before you had to worry about TDS you did not have to worry about ammonia and actually those numbers are small.

Mr. Pryor stated that this plant was designed to use some sort of reverse osmosis on the end. Even though that helps PRMUA, that doesn't help us because if the TDS is higher coming into the plant our plant cannot operate unless we dilute and we get into the clean water addition.

Mr. Cannon stated that we did look at that and the cost of that was high.

Mr. Pryor replied that if we dilute we still have problems with them and if we do no treatment at all, we are going to hit our limits very quick. That is my 2-minute synopsis.

Mr. Williams stated we are going through the whole budget process here and looking at the reduced flows that are currently going over to the PRMUA and literally half of that flow is being diluted with clean water. If you look at the excel spreadsheets on just the cost to operate that treatment plant, whether it is 1,000 gallons going through it or 50,000 that cost is the cost.

Mr. Pryor stated that between operating the plant and paying PRMUA it is much cheaper to send everything to Passaic Valley.

Mr. Williams replied that is why last month he thought that maybe we should re-visit and re-think keeping that plant operational much longer.

Mr. Pryor stated you mean think about shutting it down. Mr. Pryor stated that he agrees.

Mr. Cannon stated that we did preliminary numbers but Mr. Williams were you going to put together some hard numbers so we see in dollars and cents and again not being able to put a price on the water coming out of the ground but there is some cost to it.

Mr. Pryor stated that you are pumping it, you are treating it, and you are getting a charge per gallon when it goes to PRMUA.

Mr. Cannon agreed and said to Mr. Williams we have touched on this a little but we brought this up today so everyone knows where we are.

Mr. Cannon asked Mr. Williams to come back with a proposal and spell it out to us exactly what it is really costing us.

Mr. Pryor stated that for completeness he does not know where some of these limits are. Whether they are still letters or embodied in permits.

Mr. Williams replied as far as the TDS it is not in our permit but in the DRBC permit, it is.

Mr. Cannon stated that between them and us it is. Mr. Williams agreed.

Mr. Pryor stated that it is in a letter stated as a request.

Mr. Williams stated that they have a permit limit on their end and of course, ammonia is ammonia it is in both.

Mr. Pryor replied that has always been in their permit.

Mr. Cannon replied that it is just a trickle down the dictation of terms again if their permit for some reason changed and or reduced it automatically trickles down to us.

Mr. Pryor stated that a portion of it does.

Mr. Cannon stated that indirectly, no matter what we would do, any type of capital money spent is foolish to increase what we may have to do and then suddenly if things change then it may not be relevant any longer. Mr. Cannon stated that it is sort of where we are at already, we are talking about moth-balling something that a large amount of that money that was spent was to be able to do what we are doing currently, but now we are only doing a couple thousand gallons or more.

Mr. Pryor stated that what he is following from their correspondence is that they did not have a limit previously, and then they had a limit of 7,000 lbs. per day that they are allocating about 50% of that to us and we are supposed to work within that limit.

Mr. Williams and Mr. Cannon agreed.

Mr. Allen asked if they are waiting for approval from the DEP to do this?

Mr. Williams stated for the pilot yes and that is to literally haul raw leachate to their facility.

Mr. Pryor stated that their estimate of what they can accommodate is based on calculations and now they want to actually run it through the plant and see how it works.

Freeholder Smith stated that he thinks that the purpose of them doing the pilot study is to find out whether or not we can do it like we do with Passaic Valley and whether or not they can make it happen. He does not think PCFA has anything to lose and if they cannot meet their benchmarks or they can't manage to get a change from DRBC this body has done all it can to try to make them whole. On the other hand, he does not think that it is a case where if they can get the permission to do it and the risks are all theirs, we are good.

Mr. Cannon replied that is what this Board's position has been.

Freeholder Smith replied without dooming it before it starts it is on their dime if they could make it happen, they are just trying to make it to where they can try to stay whole.

Mr. Cannon stated that the only thing with that is in the meantime the real cost is what it is costing us.

Mr. Williams stated that we could still do the pilot even if this plant is shut down.

Freeholder Smith replied that he understands that, we are to a point where you are making a decision that it does not pay to treat it, but the question is to whether or not if they could take the raw leachate and make it work and they diluted it on their end it does not hurt PCFA.

Mr. Pryor stated that in his observation is right now we are only at about 15% of their flow so if we pulled out altogether it is not that big of an impact on their budget. They cannot take that whole amount what we are sending now they cannot take that untreated so it would be even a smaller volume.

Freeholder Smith replied that that is their decision.

Mr. Cannon stated that if they can or they cannot that really does not reflect on the processing on our end. If they are able to do it, great.

Mr. Pryor stated that his other guess is the reason the state contacted Mott MacDonald they are operator of record are they not?

Mr. Williams replied that they are.

Mr. Pryor replied that is why they needed that comment.

Mr. Williams stated that they hold the license for us to operate the treatment plant.

Mr. Cannon asked Mr. Williams if he would get back to us.

Mr. Williams replied yes and the other thing that we are going to need to do is properly mothball that system.

Mr. Cannon stated ok but that cost he does not think Mr. Williams can come up with in a month.

Mr. Williams replied that he could.

Mr. Cannon stated that November is going to be a bit crazy so maybe if we just get the numbers of knowing what it is costing so we can compare apples to apples to how many gallons we are doing now a month. He does not know if we can get a calculation of water, do we know what we pay for a gallon is it a set fee, what is going on with American Water?

Mr. Allen stated that at his house the water runs \$35 to \$45 depending on if it is summer time water usage or not.

Mr. Cannon asked is that a fee per gallon?

Mr. Williams stated that we are getting our water free right now.

Mr. Cannon stated that we are all good with this now Mr. Pryor? Mr. Pryor replied yes.

Mr. Cannon asked if there is anything else with Mr. Williams's items before we get into the Executive.

Mr. Williams stated that the A-6 with Cornerstone that is just your progress reports to date.

Mr. Cannon stated he thinks we should do that when we come back, Mr. Tipton do you have anything for the open session? Mr. Tipton replied no.

Mr. Cannon stated that we should take a short break and then we will resume in 10 minutes. All agreed.

Break began at 11:27

Public session resumed at 11:35

### GENERAL COUNSEL'S REPORT

Mr. Tipton stated that he had nothing to speak about for the open session.

### Closing Public Comments

### Executive Session

Mr. Cannon stated that we would leave the door open to resume public session at 11:35.

Mr. Cannon stated that a motion was needed for Executive Session (R-10-03-18)

On a motion by, *Mr. Allen*, seconded by, *Mr. Pryor*, the Board agreed to an Executive Session at approximately 11:36 am to discuss Contract Negotiations, at the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

## **RESOLUTION**

**R-10-03-18**

### **AUTHORIZING EXECUTIVE SESSION**

WHEREAS, the Authority has a need to discuss the following matter(s) in Executive Session:

**\*\*Contract Negotiations\*\***

It is not possible, at this time, for the Authority to determine when and under what circumstances the above-referenced item(s), which are to be discussed in Executive Session, can be publicly disclosed;

NOW, THEREFORE, Pursuant to N.J.S.A. 10:4-1 et. seq., BE IT RESOLVED by the Pollution Control Financing Authority of Warren County that the matter(s) as noted above will be discussed in Executive Session.

Moved By: ***Mr. Allen***

Seconded By: ***Mr. Pryor***

ROLL CALL: Mr. Mach - Yes  
Mr. Pryor - Yes  
Mr. Allen - Yes  
Mr. Cannon - Yes

I hereby certify the above to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the date above mentioned.

Recording Secretary  
Mariann Cliff

Dated: October 22, 2018

Executive Session ended approximately 12:42 Public Session resumed.

Mr. Cannon stated that he needed a motion to come out of Executive session.

On a motion by, ***Mr. Allen***, seconded by, ***Mr. Pryor***, the Board agreed to end the Executive Session at approximately 12:42 pm at the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

Mr. Cannon stated all in favor of coming out of Executive Session say aye.

Mr. Mach -Aye  
Mr. Pryor -Aye  
Mr. Allen -Aye  
Mr. Cannon -Aye

I hereby certify the above to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the date above mentioned.

Recording Secretary  
Mariann Cliff

Dated: October 22, 2018

Mr. Cannon stated that we have directed Counsel to send a response letter to Cornerstones latest proposal.

Mr. Cannon stated that we will need a motion to approve the Merit Bonuses for employees for 2018.

Mr. Cannon stated that 6 employees have met the threshold for tier 3 and 4 employees have met the tier 2 threshold. Does anyone else have any questions on that?

Mr. Williams asked to consider this 'as revised'. Mr. Cannon stated that we would call this 'revised 1'. Mr. Williams agreed.

Mr. Cannon asked if there were any further questions and hearing none, asked for a motion to approve the above referenced resolution.

On a motion by, **Mr. Allen**, seconded by, **Mr. Pryor**, the Board agreed to approve the Merit Bonus Evaluations at the Pollution Control Financing Authority of Warren County at a meeting held on *October 22, 2018*.

ROLL CALL:	Mr. Mach	- Yes
	Mr. Pryor	- Yes
	Mr. Allen	- Yes
	Mr. Cannon	- Yes

I hereby certify the above to be a true copy of a resolution adopted by the Pollution Control Financing Authority of Warren County on the date above mentioned.

Recording Secretary  
Mariann Cliff

Dated: October 22, 2018

Mr. Cannon stated we have a Policy that Mr. Allen was asking about, would he like to comment or clarify. It is already on record that we revised it in April and then the Board should discuss as the policy states that the PCFA Board of Directors shall independently determine any Merit Bonus for the Director of Operations. That is something that we need to do, correct? Ok.

Mr. Allen stated that they had one other bonus to consider. Mr. Cannon replied yes. Mr. Allen asked if we could do that at the next meeting. Mr. Cannon replied yes that is what we will try to do.

Mr. Cannon asked if there were any further questions or comments?

Mr. Pryor stated that they were done.

Mr. Cannon asked if Mr. Mach had anything else to consider, Mr. Mach replied that he had nothing.

### PRESENTATIONS

none

### PRESS COMMENTS & QUESTIONS

None

### ADJOURNMENT

Mr. Cannon called for a motion to Adjourn. **Mr. Pryor** motioned to Adjourn, seconded by **Mr. Allen**, at 12:51 pm.

ROLL CALL:	Mr. Mach	-	Yes
	Mr. Pryor	-	Yes
	Mr. Allen	-	Yes
	Mr. Cannon	-	Yes

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Respectfully submitted by:

Mariann Cliff

Recording Secretary

Approved: