

DUTCHESS COUNTY RESOURCE RECOVERY AGENCY

MARCH 19, 2015 – MEETING MINUTES

A meeting of the Dutchess County Resource Recovery Agency convened at 5:00 p.m. at the offices of the Agency located at 96 Sand Dock Road, Poughkeepsie, New York. Those present included J. Small, Chairman; R. Mosca, Vice-Chairman (via video conference); Board Members, T. LeGrand and R. Frost; Agency Staff, W. J. Calogero, D. Walsh and C. Tamney; Agency Counsel, J. Nelson; D. Leibnitz, HDR; L. Hannigan and W. Cochran, Sedore & Company CPA's, P. C.

1. **Regular Session** – Chairman J. Small called the meeting to order at 5:34 pm.
2. **Auditor Report** – L. Hannigan presented a summarized report of the Agency's audited financial statements for the year ending December 31, 2014. The purpose of their audit is to offer an opinion as to whether the financial statements are fairly stated and according to generally accepted accounting principles. The audit is conducted not only under generally accepted auditing standards but also generally accepted government auditing standards. Financial highlights from the audit included an increase in tipping fees in 2014 which was primarily due to an increase in excess of contractual amounts of \$85,332. The major increase in revenues resulted from increased energy sales due mainly to a large rebate from the energy purchaser. Service fees decreased in 2014 by \$91,341. This was due in part to a change in operations during the year whose performance favorably benefited the Agency. The reduction of principal balances of bonds caused a decrease in overall interest expense. The increase in net service fees is primarily due to the use of debt service reserves in 2013, which were not available in 2014. Other reports conducted were the net service fee reconciliation, a report on supplemental compensation for Covanta and Wheelabrator, a report on investment policies and a report on contracts.

Following a presentation by Committee Chairman Mosca and discussion by the Agency Board, and its consideration of the proposed 2014 financial statements of the Agency as prepared by Sedore & Co., CPA's and its further consideration of a representation letter requested by Sedore & Co., a motion to adopt **Resolution No. 801 Financial Statement Acceptance** was made by R. Mosca, seconded by T. LeGrand and unanimously approved. Resolution No. 801 accepts the 2014 financial statements as presented and discussed and hereby accepted by the Agency and the Executive Director is hereby authorized to execute the representation letter requested by Sedore & Co.

3. **Engineer Report** – D. Leibnitz reported that in February the total net Agency tons was 10,071 tons of MSW received. The official performance of the Facility in February was 289.73 net kWh/NAT electrical generation, 3.80% ferrous recovery and 35.28% wet ash generation. A sum of \$12,873.02 was credited by Wheelabrator on their February invoice for exceeding the 32.0% ash residue limit. It is noted that the lower electrical performance in February was

primarily due to low levels of MSW in the pit which necessitated shutting off Unit 1 for a total of 30.1 hours in the month. Unit 2 and the turbine/generator ran at 100% availability.

During the 18 days of March Unit #1 was shut down for 22.2 hours due to a shortage of waste in the pit. Unit #2 and the turbine/generator both had 100% availability.

Wheelabrator's ash residue moisture reduction program resulted in a 33.8 percent reduction so far in March. February's reduction was lowered to 34.4 percent. Wheelabrator has also just initiated a net energy maximization program and a large list of improvements will be performed during the spring outage to help increase electrical production. The outage is scheduled for April 6th through April 17th. Some of the major activities during the outage to improve performance are the replacement of all the sootblowers on Unit 1, the replacement of all the air heater tubes in Unit 2, the replacement of all the rotary combustor seals in both units and the sealing of all major leaks in the ACC. They will also perform a stack inspection.

Both units are presently running at reduced loads because of low waste inventory. The Facility is presently operating in the range of 75,000 to 85,000 pph total steam production. On March 19, 2015, at noon, the pit contained approximately 800 tons of MSW.

HDR is presently assisting in reviewing and correcting the errors on several environmental reports from Wheelabrator's environmental coordinator who is no longer employed by Wheelabrator. HDR has been in contact with the NYSDEC on these issues and are working with them to have the reporting and coordination corrected in an expedited manner to minimize or avoid any potential fines, if any, that could be directed towards the Agency.

4. **Operating Report** – D. Walsh reported that the budget set for the month of February was set at receiving 10,797 tons. The Facility received 10,071 tons, 726 tons under budget. For the first two months of the year, the year-to-date tonnage is running 1,000 tons short of the 2015 budget.
5. **Agency Financial Report** – C. Tamney presented the payables in the amount of \$934,063.68. A motion to approve the bills as presented in the amount of \$934,063.68 was made by T. LeGrand, seconded by R. Frost and unanimously approved.

There were no further questions regarding the Financials.

6. **Public Comment** – There was no public comment.
7. **Executive Session** – At 5:58 pm a motion to move into Executive Session was made from T. LeGrand, seconded by R. Frost and unanimously approved for attorney/client discussions regarding the Covanta litigation.
8. **Regular Session** – The meeting resumed back into public session at 6:45 pm.

Resolution No. 802 Authorization for Settlement of Mediation

This Resolution authorizes Van DeWater & Van DeWater, LLP, as counsel to the Agency to proceed at mediation as discussed in executive session this date. A motion to approve Resolution No. 802 was made by T. LeGrand, seconded by R. Frost and unanimously approved.

With no further business to discuss at 6:48 pm a motion to adjourn the meeting was made by T. LeGrand, seconded by R. Mosca and unanimously approved.

Respectfully submitted,

William J. Calogero
Executive Director