

DUTCHESS COUNTY RESOURCE RECOVERY AGENCY

AUGUST 20, 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; Board Members, T. LeGrand, D. Petrovits, and R. Frost; Agency Staff, W. J. Calogero and D. Walsh; D. Leibnitz, HDR; J. Mille, Van DeWater and Van DeWater, LLP; L. Carille, Dutchess County Deputy Commissioner, Division of Solid Waste Management; and M. Holcomb, Wheelabrator Dutchess County.

- 1. Regular Session** – Chairman J. Small called the meeting to order at 5:05 pm.
- 2. Executive Session** – A motion at 5:06 pm was made by D. Petrovits, seconded by R. Mosca and unanimously approved to move into Executive Session for attorney/client discussions regarding the Covanta litigation.
- 3. Regular Session** – A motion was made by D. Petrovits, seconded by R. Mosa and unanimously approved to resume back to public session at 5:44 pm.

M. Holcomb spoke about the work that Wheelabrator has put into the Facility since their company began as Plant Operator 13 months ago. The company has invested thus far over 3 million dollars. Last year the company spent approximately 2.6 million and this year they are projecting to spend approximately 2.7 more million dollars. Overall, they will have spent 5 million dollars. The operation is going much smoother. They are still working out some items that they did not anticipate operationally as with the boilers, etc. The plant was in worse shape than they had anticipated. They feel that they are getting to a comfortable level operationally. The availability this year will be 93%. The wet ash residue content was 38% last year and this year they are striving for 33.5%. Being able to keep the staff has helped tremendously. They currently have two staff positions to fill, one is an auxiliary operator in the ash aisle and the second is an environmental health and safety manager. The environmental health and safety manager position should be filled by late September, early October. Chairman J. Small added that the Board's concern about this position is that the Agency had to pay for the environmental reporting work that was done when it was Wheelabrator's responsibility as the Facility Operator. The Board is looking for some form of reimbursement for that expense. M. Holcomb replied that they are aware of this and have agreed to pay the particular invoice that relates to those fees but do request they be notified first of any work done beyond the scope of the Agency's Engineer.

A request was made from the Agency to do a turbine overhaul in 2016. Wheelabrator reviewed the request and are prepared to offer, during the 72 hour cold iron, performance of the following evolutions: Open the exhaust trunk to inspect the last few stages of the turbine rotor; perform a borescope of the internals of the turbine; open and inspect all bearings for proper clearance and wear; open and inspect the turbine valve rack and internals for wear and

make all necessary repairs; perform testing and calibration on all turbine vibration equipment; perform as possible an online steam path audit. Wheelabrator will share and review all corresponding data with the Agency and HDR. Together, all sides will agree upon a schedule for a turbine overhaul as dictated by the findings in 2016.

4. **Operating Report** – D. Walsh reported that the budget called for receiving 13,753 tons of waste for the month of July. The Facility received 11,976 tons, which is 1,778 tons under budget for the month. It was projected this time of year to have a year-to-date tonnage total of 90,000 and the actual year-to-date tonnage total received is 89,000; 1,000 tons short of the budget. The Agency did reduce the tonnage volume back for the month due to the NY State Environmental regulations for allowable storage limitations inside the pit.

5. **Engineer Report** – D. Leibnitz reported that in July 2015 the total net Agency Tons (NAT) was 11, 975.90 tons and the Facility sold 3,768.41 MW to CHG&E. The net energy conversion performance rate in June was 314.7 kWh/NAT. The ferrous recovery in June was 5.24% of NAT. The wet ash residue was 40.9% of NAT. In July. the Facility ran at 95.5%, 94.9% and 100% availability on Units 1, 2 and the turbine/generator. The Facility ran at over 92% of its permit limit processing approximately 420 tons per day.

For the three month period following the April outage some analyses were performed to quantify some Facility performance parameters. The range provided is based on an error of plus or minus 500 tons when estimating the pit volume on May 1, 2015 and then again on July 31, 2015. Actual electrical conversion with a 3-month average availability of 91.4% ranged between 293 kWh/processed ton and 301 kWh/processed ton. Using the Elliot turbine performance curves to estimate the lost electrical production during turbine outages and during periods of single unit operation (using both 100,000 pph steam flow and 50,000 pph steam flow) the theoretical performance of the Facility at 100% availability was between 324 kWh/processed ton and 332kWh/processed ton.

The average processing rate of the Facility during this three month period was between 435 and 446 tons per day. The actual ferrous recovery during this three month period was estimated to be between 4.4% and 4.5% and ash residue was estimated to be between 36.2% and 37.1%. Means to further reduce the ash generation rate and the cost of ash disposal through alternate beneficial uses are being investigated by Wheelabrator, HDR, the Agency and the County. Chairman J. Small asked D. Leibnitz what his involvement was in the investigation solely because of the expense for his time. D. Leibnitz replied that he is not actively involved in trying to find other beneficial uses of the ash at this time he is just keeping abreast on the latest findings. Chairman J. Small requested that the Board would prefer him not to work on this particular subject because of the billable engineering costs that would occur unless the Director needs him to pursue something further.

For comparison, the performance in the last three months of Covanta's management (after the outage) is calculated to be between 284 kWh/processed ton and 292 kWh/processed ton while processing between 438 and 449 tons per day at 91.7% availability. The ferrous recovery

during this three month period was estimated to be between 3.8% and 3.9% and ash residue was estimated to be between 33.3% and 34.2%. It is noted that Covanta tended to return poorly burned ash to the pit so these numbers might be skewed.

HDR and the Agency have conducted discussions with the NYSDEC related to restarting the renewal process for the Facility Operating Permit. This permit renewal was submitted in 2011 and the discussions with the NYSDEC restarted in 2013 but then stopped. A meeting date with the NYSDEC is being scheduled.

The 2nd quarter and semi-annual Title V Permit Compliance Certification Reports, the 2nd quarter COMS (carbon monoxide monitoring system) and annual RATA (relative accuracy test audit) for the emissions monitoring system was completed and submitted to the NYSDEC.

6. Agency Financial Report – The payables were presented in the amount of \$1,148,635.83. T. LeGrand spoke of the HDR engineering bills and noted how according to the annual budget, to date, it shows the engineering litigation is \$85,980 over budget and the general engineering services are over budget by \$81,192. Chairman J. Small replied that his recollection was when the budget was established, the Board was to be alerted when the limit was reached and then asked for permission to increase the number. Chairman J. Small asked if D. Leibnitz could look into any of his engineering work duties and see if any can be reduced. R. Mosca suggested that a Committee review the bills in detail to see if anything can be eliminated or reduced. R. Mosa also suggested a separate schedule be produced from the Profit & Loss Statement to show directly what the Agency has spent for litigation expenses. L. Carille asked about the Capital Markets Advisors bill for \$2500. W. Calogero replied that it is for the preparation of the 2015 annual filing statement pursuant to the Securities Exchange Act. It is the Agency's yearly obligation to provide continuing disclosure to investors. J. Nelson added that he is still working with the firm concerning the dollar differential on the bill for Catania, Mahon, Milligram & Rider, PLLC, which was the remaining balance due from their initial invoice. A motion to approve the bills, minus the charges of \$1,778.13 from Catania, Mahon, Milligram & Rider, PLLC, in the amended amount of \$1,146,857.70, was made by R. Mosca, seconded by T. LeGrand and unanimously approved.

7. Other Business – Ulster Insurance Service canvassed the market for quotations for the Directors and Officers insurance coverage. It was recommended to procure the coverage to RSUI Indemnity Co.

Resolution No. 809 - Directors and Officers Insurance Coverage 2015-2016

The Agency Board authorizes the Agency Directors and Officers liability insurance coverage for the 2015-2016 coverage years at a cost not to exceed \$25,350 to be provided by RSUI and that the Executive Director is authorized to sign any necessary contracts, agreements or other documents as directed by the Agency Board to effectuate such an insurance policy. A motion to approve Resolution No. 809 was made by T. LeGrand, seconded by D. Petrovits and unanimously approved.

8. **Executive Session** – At 6:46 pm a motion to move into Executive Session was made from R. Mosca, seconded by R. Frost and unanimously approved for attorney/client discussions regarding the net service fee cycle.
9. **Regular Session** – The meeting resumed back into public session at 6:54 pm.

With no further business to discuss a motion to adjourn the meeting at 6:55 pm was made by R. Mosca, seconded by R. Frost and unanimously approved.

Respectfully submitted,

William J. Calogero
Executive Director