

Minutes
Loudon County Solid Waste Disposal Commission
June 11, 2013

The Loudon County Solid Waste Disposal Commission (Commission) met on June 11, 2013 at 6:30 p.m. at the Loudon County Courthouse Annex. The Commission was represented by Steve Field, John Watkins, Jim Akins, Bill Waldrop, Robert Harrison and Brian Jenkins. Other attendees included Attorney Kevin Stevens; Santek representatives Lisa Humphres and Levi Higdon; Gordon Harless with Loudon County; Leroy Leonard and Duane Graves with Geosyntec; residents Aileen Longmire, Pat Hunter and several unidentified citizens.

Mr. Field called the meeting to order at 6:30 p.m.

Mr. Field asked the Commission to review meeting minutes from the April 9, 2013 and May 14, 2013 meetings.

MOTION: Mr. Waldrop made a motion to approve the April 9, 2013 meeting minutes. Mr. Watkins seconded the motion. The Commission approved the motion unanimously

MOTION: Mr. Watkins made a motion to approve the May 14, 2013 meeting minutes. Mr. Jenkins seconded the motion. The Commission approved the motion unanimously.

There were no items of Public Concern.

Ms. Humphres presented the Cash Activity Report and Santek's Operations Report for the month of May, 2013. During the Operations Report, Mr. Waldrop inquired about the status of the major permit modification request for the Landfill. Mr. Field will contact Cheryl Dunson or Ron Vail at Santek next week for an update. He will inform the Commission during next month's meeting of the permit status.

Attorney Kevin Stevens addressed the Commission and said that the majority of his time over the past month has been spent working with Geosyntec in conjunction with its landfill analysis. The evaluation is complete and Geosyntec is prepared to provide the Commission with very important data regarding its financial and compliance review of landfill operations. Mr. Stevens turned the meeting over to Geosyntec to present its findings.

Mr. Leonard discussed the financial components of the Matlock Bend Evaluation. A full review of the current operating agreement between Santek Environmental, Inc. and the Commission was completed. Geosyntec focused on construction of a financial model of the Landfill in order to determine its ability to accrue adequate funds for Closure/Post-Closure Care (C/PCC) and to determine who is responsible for funding of the C/PCC of the Landfill. When based on a 3% inflation factor, Geosyntec estimated the Commission's C/PCC account is currently short approximately \$1.6M. A shortfall of approximately \$4.9M is projected should the Landfill reach capacity in 2019. With the pending major permit modification, there is an opportunity to reduce C/PCC costs and ongoing liabilities. Geosyntec noted that it did not include the host fees that are currently being paid to the LCSWDC by Santek in its calculation of C/PCC liabilities. Mr. Graves said these fees should be used for day-to-day operations as well as land purchases. Mr. Leonard said based on its evaluation, \$3.86 per ton must be collected in order to overcome the anticipated C/PCC shortfall. If the landfill expansion is successful, only \$2.46 per ton would need to be collected to overcome the anticipated C/PCC shortfall. Mr. Leonard noted that the anticipated C/PCC shortfall would be reduced if LCSWDC was able to invest its idle funds in a manner that would produce yields to more closely keep up with the rate of inflation.

Mr. Leonard provided the Commission with Geosyntec's compliance summary. He said he initially visited the Landfill in November, 2012 and again in March, 2013. During each visit, he found operations to be generally satisfactory. He spent a day observing traffic in and out of the landfill, and later compared scale tickets and found no discrepancies. Mr. Leonard said Santek does a good job of maintaining the grounds and scalehouse as well as adequately performing daily compaction of the active cell. He stated the leachate system in place at the Landfill is state of the art and appears to be operating properly. Concerns noted were lack of vegetation around the storm water ponds in addition to murky water conditions. Mr. Leonard said the discoloration of the water is due to potentially accumulated sediment. Erosion at the check-dam site was an additional area that should be monitored. This area was satisfactory at this time but should be monitored on an on-going basis. Other issues include sediment being deposited downstream of the Landfill, and mud and debris in the outside roadways. These areas should also be regularly observed.

Upon conclusion of the Geosyntec presentation, Mr. Stevens asked the Commission if they wanted to make a motion to formally accept the Geosyntec final report. Mr. Waldrop suggested the Commission wait until the next scheduled meeting to provide enough time to fully review the final report. Mr. Stevens agreed to readdress the Commission at the next meeting regarding this matter.

The Commission discussed the importance of analyzing all aspects of its financial obligation in regard to the anticipated shortfall of LCSWDC's accrual of C/PCC funds. Commissioner Waldrop initiated a discussion regarding exploring alternative investment opportunities for the Commission's cash balance. Commissioner Waldrop requested attorney Stevens to research any applicable laws or regulations restricting the investment of public funds.

MOTION: Mr. Waldrop made a motion to authorize the Chairman to engage Santek in initial discussions regarding the framework for potential contract modifications to provide LCSWDC with financial compensation necessary to cover future C/PCC obligations. Mr. Harrison seconded the motion. The motion was withdrawn.

Mr. Field stated the purpose of discussions with Santek is to clarify language in the operations agreement and to determine Santek's willingness to change the rate structure.

MOTION: Mr. Harrison made a motion to move \$1M from the LCSWDC general fund into the C/PCC Reserve to offset the deficit. Motion failed for lack of a second.

Mr. Field asked the Commission to review and approve the Tennessee Department of Environment and Conservations (TDEC) Annual Progress Report for Loudon County. The Commission is required by TDEC to approve the report before it can be submitted to the State. Mr. Waldrop directed the Commission to page 7 of the Collection System section. He requested the selection be changed to "yes" to reflect curbside recycling in Tellico Village and the community of Avalon. A mention was also made requesting the correction of the institutional and industrial percentages on page 3 in the Program Summary section.

MOTION: Mr. Watkins made a motion to accept and approve the TDEC Annual Progress Report with proposed changes. Mr. Akins seconded the motion. The motion passed unanimously.

Mr. Field asked the Commission to review the draft of the audit contract for Richard Hill, CPA, for the fiscal year ending June 30, 2013. Mr. Harrison said he is pleased with Mr. Hill and recalled him discovering the potential shortfall in LCSWDC's accrual of C/PCC funds.

MOTION: Mr. Waldrop made a motion to accept and approve the draft audit contract for Mr. Hill. Mr. Harrison seconded the motion. The motion passed unanimously.

Mr. Field asked the commission to review and approve an invoice from Santek for administrative costs. During the course of the Matlock Bend evaluation, Santek was required to provide a large amount of documentation which necessitated additional engineering, Auto CAD and administrative hours on Santek's part. He said Santek's invoice was reasonable in light of the time spent on providing the required documentation to Geosyntec.

MOTION: Mr. Harrison made a motion to accept and approve payment of the Santek invoice. Mr. Waldrop seconded the motion. The motion passed unanimously.

Mr. Field asked the Commission to review and approve the LCSWDC annual insurance premium for payment.

MOTION: Mr. Watkins made a motion to accept and approve payment of the annual insurance premium. Mr. Harrison seconded the motion. The motion passed unanimously.

Mr. Field asked the Commission for approval for the annual interest payment for the water lines. He explained to Mr. Jenkins how LCSWDC was responsible for paying annual interest payments on a water line installed around Matlock Bend area years prior. Mr. Jenkins is to look into this matter in an effort to determine how many additional years LCSWDC will be responsible for this debt.

Mr. Waldrop shared with the Commission information from an article in Civil Engineering magazine regarding financial options for closed landfills. He is primarily interested in solar panels being installed on capped landfill areas. Mr. Waldrop suggested the Commission engage Brown and Caldwell in initial discussions for suggestions on feasible options on and around a closed landfill that may generate revenue.

MOTION: Mr. Waldrop made motion asking the Commission for permission to contact and start initial discussions with Brown and Caldwell regarding landfill options for generating additional revenue. Mr. Watkins seconded the motion. The motion passed unanimously.

MOTION: Mr. Akins made a motion to adjourn the meeting at 9:03 p.m. and Mr. Waldrop seconded the motion. The motion passed unanimously.

The Commission's next regularly scheduled meeting is July 9th at 6:30 p.m. at the Courthouse Annex.

Respectfully submitted,



Steve Field, Chairman
Loudon County Solid Waste Disposal Commission