

## Saline County Regional Solid Waste Management District

### Board Meeting Minutes

January 19, 2011

Board Members Present: Judge Lanny Fite, Mr. J.R. Walters, Mayor Jeff Arey, Mayor Jill Dabbs, and Dr. Don Brashears

Others Present: Mr. Eddie Jones, Executive Director; Mr. Sam Ed Gibson, Attorney for SCRSWMD; Ms. Jeannie Marshall, Employee; Mr. Steve Fallon, Allied Waste Republic; Mr. Gary Beck, Saline County Task Force; Mr. Jim Goble, Inter District Tire; Mr. Michael Grappe, Saline County Task Force; Mr. David Marshall, employee; Mr. Terry Henthorne, citizen; Mrs. Wanda Henthorne, citizen; Mr. Darrell Wessel, employee; Ms. Michelle Gillham, ADEQ; Mr. Zeke Jones, Accountant for SCRSWMD; Mr. Jim Irwin, Bryant 20/20; Mr. Quin Baber, Terracon; Mr. Johnny McMahan, Bauxite Mayor; Mr. David Jaron, Terracon; Representative from AR Democrat Gazette

Mayor Arey called the meeting to order. Mayor Arey asked that everyone sign in on the sign in sheet provided. Mayor Arey recognized four board members present in person. Mayor Arey welcomed Mayor Jill Dabbs from the city of Bryant and stated she would be sitting in as her own representative.

**Election of District Officers:** Mayor Arey stated that the first item of business was the election of officers for 2011. Mayor Arey stated that the District elects a chair and a secretary. Judge Lanny Fite made a motion to nominate Mayor Jeff Arey as chairman. Dr. Brashears seconded. All were in favor. There was no opposition. Mr. J. R. Walters made a motion to nominate Judge Lanny Fite as secretary. Mayor Jill Dabbs seconded. All were in favor. There was no opposition.

Mayor Arey stated that the next order of was the reading of the minutes from the December meeting. Mr. J.R. Walters made a motion to approve the minutes. Judge Lanny Fite seconded the motion. All were in favor. There was no opposition.

**Financial Statement and Financial Position:** Mr. Eddie Jones stated that income was up this month. Mr. Jones stated that there were lots of expenses and professional fees (Attorney fees and Terracon). Mr. Jones said more repairs had to be made to equipment this month, especially the bale truck for hauling dirt. Mr. Jones stated that repairs were about \$30,000 more than normal. Mr. Jones stated that overall this was a rough month. Mr. Jones stated in the whole a little bit but that should be coming up. Mayor Arey asked for comments. Mr. J.R. Walters made a motion to approve. Mayor Jill Dabbs seconded. All were in favor. There was no opposition.

**Annual Audit Presentation-Zeke Jones:** Mr. Jones stated that he works for Yoakum and Lovell and they do the annual audit. Mr. Jones stated that on an audit the goal is to make sure the financial statements

are materially stated by confirming balances and cash accounts. Mr. Jones stated 75 items were pulled and there was only one item that could not be found, but this was a recurring insurance payment and found the cancelled check in the prior and subsequent month so he felt comfortable with that. Mr. Zeke Jones stated that there were no problems found during the audit and there was a clean ended on the audit report. Mr. Zeke Jones stated that as of September 30, 2010 the Unrestricted Cash was approximately \$350,000, and the Accounts Receivable was approximately \$390,000 which was up \$122,000 from the previous year and traced about 83% of the assessment received so that number was comfortable, and the Accounts Receivable Other was down about \$162,000 due to insurance proceeds that were due the district of about \$160,000 in the previous year which accounts for that decrease, and the Capital Assets were down about \$220,000 and that is because of depreciation being more than the additions. Mr. Zeke Jones stated that under Liabilities the Deferred Grant Revenue was down approximately \$100,000 which is recycling grants and the reason for this is the prior year the money was received prior to the end of the year and it was for the current year which had to be deferred since it hadn't been spent yet or earned, and the Long Term Debt was down about \$245,000 due to paying off debts, and the Net Assets were up about \$250,000 due to Net Profit, and Landfill Revenue was up about \$120,000, and the Recycling Grant was down about \$40,000 but the revenue isn't recognized until the expenses incurred, and Operating Expenses – Total Personnel Expenses (wages, taxes, insurance, retirement, etc.) was down about \$208,000 due to losing conditions during year and employees starting to pay part of their personal insurance. Mr. Zeke Jones stated Repairs and Maintenance was up about \$65,000 but compared to 2008 where it was \$394,000, 2009 was down and 2010 rose just a little. Mr. Zeke Jones stated that Storm Water Treatment was the other high dollar item being up \$62,000 which was due to leachate investigation. Mr. Jones stated that overall the change in assets was \$250,000 which was \$40,000 better than 2009. Mr. Zeke Jones stated Net Cash provided was about \$807,000 which is down about \$200,000 from the last year due to receiving so much from recycling in the prior year, and the Net Decrease in Cash was about \$35,000 compared to \$341,000 from the previous year. Mr. Zeke stated that Land Improvements were \$94,000 (seeding project), and based on engineering reports Amount Accrued was \$1.7 million and was estimated another \$5.4 million which had to be spent over the life of the landfill, and Long Term Debt shows a balance of \$6.7 million. Mr. Zeke Jones asked for any questions. Mr. Marshall asked what the overall profit total for the year. Mr. Zeke Jones stated that it was \$250,430. There were no other questions.

**Inter-District Tire Update-Jim Goble:** Mr. Goble stated that he was pleased with how the results went up this year about 5 times from last year. Mr. Goble stated that everything is good and added a new dealer (Firestone) in the area which has helped. Mr. Goble stated that overall the tire sales have remained steady. Mr. Goble stated that the reserves have remained stable. Mr. Goble stated that overall in great shape. There were no questions or comments.

**Recycling Update:** Mr. Eddie Jones stated that recycling sold two loads of cardboard last month and the first of this month have already sold one load of paper and supposed to be selling another load of paper next week. Mr. Jones said recycling is picking up. Mr. Jones stated that there are now two trailers each at the City of Benton and the City of Bryant. Mr. Jones stated that overall the recycling department has improved and is doing well at this time. Mr. Jones stated that he and Mr. Brown will be going to the Fire

Summit in Conway on February 3 to look at recycling trailers and also January 25 & 26 there is and E Waste assembly at Bryant High School set up. Mr. Jones stated that Bryant Bethel schools are set up for an assembly February 10-11. There were no questions or comments.

### **Old Business**

**Saline County Solid Waste Task Force – Michael Grappe’:** Mr. Grappe’ stated that the Task Force hasn’t met due to the weather but will be meeting in February. Mr. Grappe’ stated that there are several new members coming on board. Mr. Grappe’ stated that the meeting would be February 7 at 6pm to 7:30 at the 911 center. There were no questions or comments.

**Landfill Sale Closing Checklist Update:** Mr. Sam Ed Gibson stated that the last version of the closing checklist had been emailed to all. Mr. Gibson stated that there is nothing the Board needs to do right now everything going as planned. Mayor Arey stated that on the checklist it says that January 28 was an item delivery date and asked Mr. Gibson if he thought these items would be taken care of by then. Mr. Gibson stated that the attorneys who prepare that are from Virginia and it should be by then. Mr. Gibson stated that they will meet deadlines as much as they can and will be in front of any meaningful deadlines by the time this gets closer. Mr. Arey stated that there was concern about response from Governor’s office. Mr. Gibson stated that received letters that state Governor’s approval is not required for this sale. Mr. Gibson stated that at this point he is concerned that the District not be in a position of making representation of its ability to convey good title to the assets that do not have some sort of reassurance, but Mr. Gibson stated he could make some adjustments and handle this concerning the title insurance. Mr. Gibson stated that he doesn’t see any problems, will be having a meeting next Wednesday with Negotiating Committee, and things are coming along. Mr. Steve Fallon asked if there were any problems on the checklist and Mr. Gibson responded no. There were no further questions or comments.

**Lease Agreement with Republic:** The Negotiating Committee will be meeting to discuss this Wednesday, January 26, 2011. Mr. Eddie Jones asked if the Board received a copy of the first lease. Mayor Arey responded that he did. Mr. Jones stated that the lease states it releases the 2 offices upstairs and use of the bathroom, but the building is needed for recycling. Mayor Arey stated that he believes it was understood by Republic from the beginning that the whole building would be leased; it just didn’t get put into the lease correctly. Mr. Steve Fallon stated that the new papers stated that. Mayor Arey stated that should be easy to solve.

### **New Business**

**Report on ADEQ Inspection:** Mr. Jones stated that the packets contain a copy of the inspection report that was received in December. Mr. Jones stated that Terracon had already upgraded the landfill’s operating plan which did not get submitted which entitled a 2. Mr. Jones stated that the daily cover (we do not get covered everyday, but the employees are doing 100% the best they can do to get that done) was a 6; erosion – this isn’t even involved with the landfill but where the dirt is being hauled from- was a 3; the leachate leak – this is in an area where there isn’t even a leachate system, said to dig it up and put some more dirt there, but that isn’t a fix; Cell 1 was pre-reg 22– this wasn’t required in ADEQ, score 12;

Mr. Jones stated that he has spoken with Brad Furry at Terracon and he will be coming out and there will be a site inspection conducted to try to fix the leachate problem. Mr. Jones stated that each time an inspection is conducted; the points are doubled on whatever hasn't been corrected from the time before. Mr. Jones stated that in regards to the working cover, there were two working faces before inspector arrived, were covering when they arrived and the inspector stated that as long as the other face was covered before they left he would not write us up. Mr. Jones stated that we are working to correct the issues. Mr. Jones stated that he had a problem with being written up over Cell 4 because there is no trash located there, just building material, but there was water seeping out of the ground and ADEQ considered that leachate. Mr. Jones stated that if we are still in charge at the time of next inspection, the score will be better. Mayor Arey stated that a better score is what the Board is looking for.

**2011 Regular Monthly meeting time and day:** Mayor Arey stated that right now the meetings are the third Wednesday of every month at 5 p.m. at the Benton 911 Center. Mayor Arey asked the Board if they would like to continue as is. The Board was all in agreement to keep the meetings scheduled as is.

**Terracon report on Gas Monitoring:** David Jarrett, a professional geologist with Terracon, stated that he was updating on the gas issues. Mr. Jarrett stated that for approximately 2 and half years Terracon has been quarterly monitoring the gases around the landfill by driving a stake into the ground about 18 inches and discharging gases into it. Mr. Jarrett stated they look for Methane at level of 5% or lower. Mr. Jarrett stated that anything above this is considered explosive. Mr. Jarrett stated that on the southern end of the facility there has been gas migration for approximately 2 and half years and the state is aware of this. Mr. Jarrett stated that the landfill put in gas pros but still have exceeding levels and the state is aware of this as well. Mr. Jarrett stated there was an addendum turned into the Gas Remediation to install a gas system to draw the gas away from migrating past the boundaries of the facility. Mr. Jarrett stated that the state has been very understanding and lenient with this problem and this new system was hoped to be put in by December 2010 but word has not been received to put the system in yet. Mr. Jarrett stated that ground water is also monitored and there are 21 ground water levels and those are sampled semi-annually for metals and volatiles. Mr. Jarrett stated that analytical tests and statistical analysis tests are run on the ground water as well and if there is a statistically significant increase state takes issue in that before going further with other things. Mr. Jarrett stated that the landfill has an inward grade and all water is going towards the center of the landfill and nothing migrates off the landfill in the groundwater and the state has found that acceptable so far. Mr. Jarrett stated that the problem we are having now is that one of the wells on the southern end has vinyl chloride in that water which is a volatile that is not likely to be coming from something off site but more likely related to the gas issue. Mr. Jarrett stated that Terracon is confused about this to get the ground breaking going with EM so can report back to State to verify that the situation is being resolved. Mr. Jarrett stated if not that there are two alternatives, an alternative source demonstration to say where the vinyl chloride may be coming from. Mr. Jarrett stated that alternative source demonstrations work well for metals but not really for volatiles because volatiles aren't usually naturally occurring. Mr. Jarrett stated the other option would be assessment monitoring and that is very expensive and would have to be performed quarterly as opposed to semi-annually and would also increase the amount of things to be looked for in

the water. Mr. Jarrett stated hopefully the letter from EM can put that into the State and get a new schedule going of when the construction will begin for the gas extraction system which will satisfy the state as far as the gas migration of the landfill and the groundwater situation. Mr. Jarrett said this should all be resolved with the letter from EM to the State. Mayor Arey asked for any questions or comments. There were none. Mayor Arey asked Mr. Gibson to address his latest conversations with Element Marketing in regards to the contract. Mr. Gibson stated that he was asked to look at the contract with EM to determine what the applicable schedules are and what steps are available to the Board, if the Board decides that there is a problem with Element Marketing's performance under the contract. Mr. Gibson stated that the contract calls for EM to begin construction of the gas remediation and flare system within 90 days of receiving the approved air permit from ADEQ and plans approved by the District for the construction of the system. Mr. Gibson stated that the Class V permit was issued in August 2010 and the plans with the District to approve the construction went to EM October 26, 2010 which would calculate the begin construction date as January 24, 2011. Mr. Gibson stated that EM told him that their bid packet went out in November but have not as of today selected a contractor formally. Mr. Gibson stated that EM also stated they were anxious to fully cooperate with the District to provide any updated information that may be useful to Terracon. Mr. Gibson stated that it appears from reading the timeline that if the construction has not started by January 24<sup>th</sup>, under the language of the contract EM would be out of compliance. Mr. Gibson stated that the contract calls for a 30 day period for the party out of compliance to cure that before they are in breach of the contract. Mr. Gibson stated that the District may want to make a formal notice to begin the 30 day period if not started by 01-24-11. Mr. Gibson stated that the District would be in position to terminate the agreement if EM does not comply. Dr. Brashears asked Mr. Gibson how does this fit in with the projected closure time in mid-February and will Republic Services be taking over the contract with EM as well. Mr. Gibson stated that the District has a contract with EM which requires EM to do things on certain time lines and the District has an agreement with Republic Services that includes the understanding upon closing of sale of the landfill facility to Republic that Republic will step into the shoes of the District with regards to EM contract. Mr. Gibson stated that there is also a document that Republic has provided signed by EM that talks to a provision of the District's contract with Element Markets by which EM consents to that relationship. Mr. Gibson stated that it will be a matter of appropriate business courtesy for the District to at least coordinate with Republic before taking a formal notice and before declaring a breach assuming a mid February closing of the sale of the landfill facility. Mr. Gibson stated that if the closing were to come at a later time then you get a different view from District's perspective because of the tendency of the sale in no way effects ADEQ 's requirements to the facility to be in compliance and The District will continue to have a regulatory interest in whether the landfill is in its boundaries and is in compliance with all environmental concerns but the District itself will not be exposed any sanctions that ADEQ might impose upon the owner of the facility for noncompliance after the closing. Mr. Gibson stated but until the closing actually happens you have a very real requirement to move forward. Mr. Gibson stated that the relationship between the three parties is that EM has a contractual responsibility to the owner of the landfill and if the owner of the landfill changes that does not change EM's responsibility. Mr. Gibson stated that his understanding is that Republic expects EM to be in compliance as of the time of closing. Mr. Gibson stated that there is a requirement within the agreement with Republic that the District behave in a reasonable manner to enforce the right under the Element

Market's contract and more broadly that it take all reasonable steps to operate normally until closing and remain in compliance with all applicable environmental requirements up to that time. Mr. Jarrett stated that there is another option rather than EM's installation of the gas extraction system Republic or District could put in another addendum to the Gas Remediation Plan that does not involve the gas system that would involve putting in trenches or vents or something else but that it doesn't all depend on EM having that system in if there is going to be some other type of delay. Mr. Gibson stated that EM still remains a player in that because under the Districts contract with EM, the District cannot do anything with the facility that would render their opportunity to perform. Mayor Arey stated that since there is a contract with EM, it is expected to be honored by EM, but Mayor Arey would be extremely surprised if they were able to start construction in the next five days as originally scheduled. Mayor Arey stated that a response needs to be prepared shortly after January 24<sup>th</sup>, stating that EM is out of compliance. Mr. Gibson stated that he suggests that the Board notify Republic and let them be aware that they will be aware of the steps being taken. Ms. Henthorne asked if the landfill as it is right now been out any money for anything concerning Element Marketing. Mayor Arey stated just lawyer fees to put the contract together but other than that no. Ms. Henthorne stated that if Republic is taking over the landfill then they will reap the rewards for the methane gas yet the District will not get anything back from that. Mayor Arey stated that it was up in the air to begin with over that. Mr. Gibson stated that EM under contract took over paying all engineering and development costs times 5 permits and the only cost to the District is whatever of formation of contract cost the District had and there are provisions in the agreement with Republic that would pay to the District the proportionate share of any royalties accrued while the District remained in ownership which might later be paid by EM and at this put there is no gas system in place that might produce any kind of royalties. Mayor Arey stated that notifying EM is the next step. A motion was made to formally notify and demand Element Marketing on January 24, 2011 if they haven't started construction, of their contract compliance with the District. Judge Lanny Fite seconded the motion. All were in favor. There was no opposition.

**Overfill Costs:** Mr. Jones stated that he was notified by Terracon in November 2010 that there was an overfill on the slopes of the landfill. Mr. Jones stated that Terracon has responded to ADEQ and the landfill will be given a set amount of days once ADEQ makes a determination to remove the overfill. Mr. Jones stated that he spoke with Mr. Greg Rutherford with Republic and notified him of this as well. Mr. Jones stated that he just wants the Board to be aware of this and where to go from here because Republic will be taking over soon. Mr. Jones stated that if we hire this out it will cost \$84,200 and if we do this ourselves in house it will cost \$42,000. Mayor Arey stated that this all depends on what ADEQ wants to do. Mr. Quinn Baber stated that Mr. Lawrence is well aware of this issue and he wants documentation that the overfill would be addressed by Republic if this occurs after the sale and Mr. Baber stated that he believes that language is in the contract and Mr. Gibson sent this to Mr. Baber and he forwarded that contract to Mr. Lawrence and ADEQ is okay with this and if Republic wants to handle this ADEQ will be okay with that. Mr. Jones stated that he just wanted the Board to be aware of this, so that if it gets brought up again, it doesn't come back on Mr. Jones.

**New District Operations Site:** Mr. Jones stated that when the sale of the landfill is complete, the District will have six months to relocate the offices and the recycling center. Mr. Jones stated that he would like

the Board to authorize either Mr. Jones or the Negotiating Committee to start looking for possible new locations so that when the sixth month gets here the move will be ready to go. Mayor Arey stated that this needs to be done and that the Board needs to consider where this facility needs to be and lots of other factors. Mr. Jones stated that this needs to start soon and how much and where, possibly close to the landfill because of recycling purposes. Judge Lanny Fite stated that we need to look at Pulaski County and how they operate their recycling so we will know what our needs are going to be. Judge Lanny Fite also stated that economical development could help us look for a building once we determine what our needs are. Judge Lanny Fite suggested putting together a committee to go and observe Pulaski County to help us determine our needs. Judge Lanny Fite and Mr. J.R. Walters will be in charge of going to Pulaski County and talking to Economical Development and go from there and they will report back to the Board at the next meeting.

**Public Comments:**

Michelle Gilliam from ADEQ stated that the Solid Waste Plan Update is due March 31, 2011. Mrs. Gilliam also stated that the recycling grants will have some training events coming up. She also stated that Mrs. Marshall has done a very good job of working with ADEQ to get these grants going and meeting deadlines and anything else they needed.

Mayor Arey asked for any other questions or comments. Hearing none, Mr. JR Walters made a motion to adjourn. Judge Lanny Fite seconded. All were in favor. Meeting dismissed.