

**RAHWAY VALLEY SEWERAGE AUTHORITY**

**Summary of Minutes**

**Special Meeting held November 3, 2016**

- New Business  
Action regarding the Public Private Partnership (PPP), authorizing the Executive Director along with other representatives of the Authority to make application to the Local Finance Board and execution of a PPP contract for a specified feedstock enterprise.

**RAHWAY VALLEY SEWERAGE AUTHORITY**

**Minutes of the Special Meeting**

**November 3, 2016**

The Chairman, Michael Furci, called the meeting to order at 6:40 p.m. The Chairman asked that the recorder be turned on and that everyone silence their cell phones.

The Chairman read the statement on “Open Public Meetings Law”.

“In accordance with the requirements of the Open Public Meetings Act, State of New Jersey, adequate notice of this meeting has been provided by the inclusion of the date, time and place in a Notice forwarded to The Star Ledger, the Home News Tribune and the Clerk of each of the eleven member municipalities on October 31, 2016.

If any member of this body believes that this meeting is being held in violation of the provisions of the Open Public Meetings Act, please state your objection and the reasons for same at this time.”

.... Hearing no objections, we shall proceed with our regularly scheduled meeting.

The Chairman asked that everyone stand to salute the flag and observe a moment of silence.

**Roll Call**

The following members were present:

Michael Furci	for the Township of Springfield
Stephen D. Greet	for the Borough of Garwood
Louis C. Lambe	for the Township of Cranford
Richard J. LoForte	for the Borough of Kenilworth
* Frank G. Mazzarella	for the Township of Clark
John J. Tomaine	for the Borough of Mountainside
* Mr. Mazzarella and Mr. Sapir attended the meeting via conference call.	

The following members were absent:

Allen Chin	for the Town of Westfield
Michael Connelly	for the Borough of Roselle Park
Robert B. LaCosta	for the Township of Scotch Plains
Robert Rachlin	for the City of Rahway
Scott L. Thompson	for the Township of Woodbridge

The following were also present:

James J. Meehan	Executive Director
Robert J. Materna	Secretary-Treasurer
Joanne Grimes	Board Secretary/Office Manager/QPA
Dennis Estis	General Counsel, Greenbaum, Rowe, Smith
* Eric Sapir, Esq.	Special Counsel, Hawkins Delafield & Wood
Dan Ward	Superintendent

The following were also present (Cont'd):

John Buonocore	Chief Engineer
Anthony Gencarelli	Manager of Regulatory Compliance
Andrew Sasso	Operations Manager

The Chairman stated that the purpose of this meeting is to take action regarding the Public Private Partnership Contract authorizing the Executive Director along with other representatives of the Authority and advisors to the Authority to prepare and execute all documentation pertaining thereto.

### **New Business**

The following Resolution #16-61 was offered by Mr. Lambe, on motion of Mr. Lambe and seconded by Mr. LoForte.

#### **RESOLUTION #16-61**

#### **RESOLUTION AUTHORIZING APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 58:27-19 et. seq. AND EXECUTION OF A PUBLIC PRIVATE PARTNERSHIP CONTRACT FOR A SPECIFIED FEEDSTOCK ENTERPRISE**

WHEREAS, the Rahway Valley Sewerage Authority (Authority) desires to operate its wastewater treatment system in the most environmental, sustainable and economically efficient manner, and to bolster its resiliency in the face of natural disasters; and

WHEREAS, in order to achieve such objectives, the Authority determined that it would be in the Authority's interest to utilize existing capacity of its digesters and cogeneration facility and to repurpose Gravity Sludge Thickener Tank No. 1 to receive an organic liquid waste stream that would be digested to produce gas that could be used to generate electricity and recoverable heat (avoiding the need to purchase such gas or electricity), and generate a revenue stream through the receipt of tipping fees ("Enterprise Payments") and the sale of renewable energy credits; and

WHEREAS, the Authority has further determined that in order to meet such objectives it would be beneficial to contract with a private entity to (1) design and install improvements to Gravity Sludge Thickening Tank No. 1 (the "Feed Station") in order to receive and store acceptable liquid waste ("Specified Feedstock") which will be fed into the Authority's anaerobic digesters; (2) pay a fee to the Authority for the right to deliver Specified Feedstock to the Feed Station; and (3) provide the Authority ongoing advice regarding optimization of the digester operations (collectively, the "Contract Services"); and

WHEREAS, pursuant to the New Jersey Wastewater Treatment Public-Private Contracting Act, N.J.S.A. 58:27-19 *et seq.* (the "Public-Private Contracting Act"), on April 16, 2015, the Authority issued a request for proposals (the "RFP") to select a private entity to provide the Contract Services; and

WHEREAS, notice of RFP availability was published in local and regional newspapers in accordance with the Public-Private Contracting Act; and

WHEREAS, the Authority issued addenda to the RFP on June 5, June 12 and June 18, 2015; and

WHEREAS, on July 29, 2015 the Authority received two proposals in response to the RFP; and

WHEREAS, on October 5, 2015, the Authority issued a request for best and final proposals (the "BAFP Request") to the two proposers that submitted proposals in response to the RFP; and

WHEREAS, on October 20, 2015 the Authority received two best and final proposals in response to the BAFP Request; and

WHEREAS, after undertaking a review of the two best and final proposals in accordance with the provisions of the RFP and the BAFP Request, the Authority determined that the most advantageous proposal was submitted by Waste Management of New Jersey, Inc. (the "Company"); and

WHEREAS, the Authority and the Company have successfully negotiated a Specified Feedstock Enterprise Contract for performance of the Contract Services (the "Enterprise Contract"); and

WHEREAS, the Enterprise Contract has an initial ten year term, with an additional initial three year renewal term exercisable in the Authority's discretion and an additional seven year renewal term exercisable upon mutual agreement of the parties; and

WHEREAS, as a condition to the Authority's entering into the Enterprise Contract, the Company's parent, Waste Management, Inc. will provide a guaranty of the Company's performance under the Enterprise Contract (the "Guaranty"); and

WHEREAS, pursuant to the requirements of the Public-Private Contracting Act, the Authority published notice of a public hearing on the proposed Enterprise Contract fourteen days prior to the hearing, held the public hearing on October 25, 2016 and kept the record of the hearing open for public comment for seven days following the hearing; and

WHEREAS, the Authority received no public comments on the proposed Enterprise Contract; and

WHEREAS, pursuant to the Public-Private Contracting Act, an application for approval of the Enterprise Contract must be submitted to the New Jersey Department of Community Affairs Division of Local Government Services (Local Finance Board) ("DCA") for review and approval by the DCA and a written hearing report, that is required to be prepared pursuant to the Public-Private Contracting Act, must be submitted to the New Jersey Department of Environmental Protection ("DEP") for review by the DEP; and

WHEREAS, the Authority desires to make application to the DCA for its review and approval of the proposed Enterprise Contract and the Authority believes: (a) it is in the public interest to accomplish such purpose; (b) said purpose or improvements are for the health, wealth, convenience or betterment of the inhabitants of the Authority's service area; (c) the amounts to be expended for said purpose or improvements are not unreasonable or exorbitant; and (d) the proposal is an efficient and feasible means of providing services for the needs of the inhabitants

of the Authority's service area and will not create an undue financial burden to be placed upon the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Rahway Valley Sewerage Authority (the "Board") that the submittal of an application to DCA is hereby approved, and the Authority's Executive Director, along with other representatives of the Authority and advisors to the Authority, are hereby authorized to prepare and submit such application to the DCA and to represent the Authority in matters pertaining thereto.

BE IT FURTHER RESOLVED that the Executive Director is hereby directed to prepare and file a copy of the proposed Enterprise Contract with the DCA as part of such application.

BE IT FURTHER RESOLVED that the DCA is hereby respectfully requested to consider such application and to record its findings, recommendations and approvals as provided by the Public-Private Contracting Act.

BE IT FURTHER RESOLVED that the Executive Director is hereby directed to prepare and submit a copy of the written hearing report, that is required to be prepared pursuant to the Public-Private Contracting Act, with the DEP.

BE IT FURTHER RESOLVED that subject to the approval of the Enterprise Contract by the DCA as required by the Public-Private Contracting Act, the Authority's Executive Director is hereby authorized to execute and deliver an Enterprise Contract with the Company and to acknowledge the Guaranty. The Enterprise Contract and the Guaranty shall be substantially in the form presented to this Board with such amendments, modifications, changes and omissions thereto as the Authority's Executive Director may approve as in the best interests of the Authority.

BE IT FURTHER RESOLVED that the Authority's Executive Director is hereby authorized to execute and deliver any and all other papers, instruments, opinions, certificates, affidavits and other documents, and to do and cause to be done any and all acts necessary or proper in connection with or for carrying out this resolution and the execution and delivery of the Enterprise Contract.

BE IT FURTHER RESOLVED that Authority's Executive Director or his designee are hereby authorized to make all filings and submissions, hold all hearings and records, print all reports, make all contract revisions and do or cause to be done any and all other acts and things which may be required by or advisable under applicable law in connection with the review and approval of the Enterprise Contract.

The Chairman opened the floor for discussion.

Mr. Mazzarella asked if the Authority will relinquish ownership of any of our equipment, or property. Mr. Meehan stated that we will not. Mr. Mazzarella also asked if during any part of the contract that Waste Management is not performing, do we have the right to terminate. Mr. Meehan replied that there are clauses in the contract pertaining to either party terminating the contract.

Mr. Furci stated he had concerns with the digester optimization. Mr. Meehan replied that the optimization is covered in the scope of services, and the contract. The contract details the “ramp-up” period over four years to ensure proper handling of the product. The product cannot upset the digesters. Mr. Meehan added that there will be a lot of coordination during this project.

Mr. Greet asked if the Authority was going out for the \$1.5 million in bonds. Mr. Meehan responded that the Authority is obtaining the funds from the NJEIT. Mr. Meehan added that 75% of the loan will bear no interest, the other 25% will bear less than 1% interest and the loan will be repaid over 20 years.

As there was no further discussion, the Chairman requested a roll call vote.

	<u>AYES</u>	<u>NAYES</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Clark	X			
Cranford	X			
Garwood	X			
Kenilworth	X			
Mountainside	X			
Rahway				X
Roselle Park				X
Scotch Plains				X
Springfield	X			
Westfield				X
Woodbridge				X

As the vote was 6 to 0 the resolution was approved. Mr. Chin, Mr. Rachlin, Mr. Connelly, Mr. LaCosta and Mr. Thompson were absent.

**Adjournment**

As there was no further business, on motion of Mr. LoForte, seconded by Mr. Greet, the meeting adjourned at 6:56 p.m. The motion was approved by those present. Mr. Chin, Mr. Rachlin, Mr. Connelly, Mr. LaCosta and Mr. Thompson were absent.

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Chairman

*Robert J. Materna* .  
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Robert J. Materna, Secretary-Treasurer