

MINUTES OF MEETING
DELAWARE SOLID WASTE AUTHORITY
BOARD OF DIRECTORS

DATE: January 28, 2010
LOCATION: 1128 S. Bradford Street
Dover, DE 19901
TIME: 5:00 p.m.

ATTENDEES:

DIRECTORS

Richard V. Pryor (via telephone)
Ronald G. McCabe
Theodore W. Ryan
Tonda L. Parks
Timothy P. Sheldon (departed 6:15)
Gerard L. Esposito (arrived 5:06)
William J. DiMondi (arrived 5:06)

STAFF

Pasquale S. Canzano
Richard P. Watson
Anne M. Germain
John J. Lechner
Logan V. Miller
Shelly A. Forcier
Michael D. Parkowski

LEGAL COUNSEL

F. Michael Parkowski

GENERAL PUBLIC

(See List Attached)

REGULAR BOARD MEETING

The Vice-Chairman, Ronald G. McCabe called the three hundredth and nineteenth regular meeting of the Delaware Solid Waste Authority Board of Directors to order on Thursday, January 28, 2010. He announced the meeting had been duly noticed and the Directors had received copies of the information to be considered.

A. MINUTES

Vice-Chairman McCabe called for additions or corrections to the draft of the Minutes of the last meeting of the Board of Directors

Motion A – Moved by Mr. Sheldon

“The Minutes of the November 19, 2009 Board of Directors’ meeting of the Delaware Solid Waste Authority be accepted as written.”

Second – Mr. Ryan

Vote – (Parks, Ryan, Sheldon
McCabe, Pryor)

Motion Adopted
(unanimous)

Report of Administrative Affairs Committee

B. FY 2011 BUDGET

Motion B – Moved by Ms. Parks

“The Committee recommends the Board adopt the FY 2011 budget as proposed.”

Second – Mr. Sheldon

Mr. Lechner stated that DSWA held three workshops throughout the state to discuss the terms and conditions of the existing budget proposal. We followed that up with a hearing, the minutes are attached to the Board package. You will see outlined in the minutes, the revenue and expense categories and the actual rates for each of the facilities. At each of the workshops, a presentation was made; questions were received and answered from the general public who attended. We also received a couple of letters after the fact that were added into the record. At this time, staff recommends that we go forward with the budget numbers that have been presented to the Board in the past. There have been no changes to any of the numbers based on discussions held.

Mr. Esposito– Yes
Ms. Parks – Yes

Mr. Ryan - Yes
Mr. Sheldon - Yes
Mr. McCabe - Yes
Mr. Pryor - Yes

Motion Adopted
(6 Yes 1 absent 0 No)

C. UNDERWRITER SERVICES FOR THE 2010 BOND ISSUE

Motion C – Ms. Parks

“The Committee recommends the Board approve the selection of Mesirow Financial as the Senior Manager and CitiGroup, Roosevelt & Cross, and Stone & Youngberg as co-managers to provide Underwriter Services for the 2010 Bond Issue.”

Second – Mr. Sheldon

Mr. Canzano stated that we have an upcoming \$40 million bond issue which we have been discussing with you. Jack Lechner added that under Tab C is the outline for the interview process we had. We are looking for \$40 million to handle construction of Cell 5 and Area F and we have some secondary projects set aside and we are hoping to utilize the funds for that. An RFP was issued on November 24, 2009 and we received 8 responses. We rated them based on what we felt were the equivocal items required. We selected the top four, interviewed on January 25, at which time the four firms made their presentation. Mr. Lester Guthorn, Public Advisory Consultants, will provide you with a summary of these meetings and outline recommendation. Mr. Guthorn worked with us during the 2006 Bond Issue and will be playing the same role as we move forward.

Mr. Guthorn stated that eight proposals were received. They were ranked numerically based on quality of proposal, quality of staff, prior experience in solid waste, prior experience in serving the State of Delaware and primarily those factors as well as price of their proposals. The four highest ranked were invited in for interviews, three of which were asking to be either senior manager or co-manager. The fourth invitee who was seeking solely to be a co-manager to sell bonds. A representative from Roosevelt & Cross was the individual who was the investment banker, Wally Kulakowski served DSWA during the last transaction and the prior transaction as the lead banker when he was employed at CitiGroup. CitiGroup was the lead banking firm in the prior transaction. The third firm, Mesirow Financial, their lead banker is John Schopfer who was the co-senior manager from the prior transaction when he worked at Bear Stearns. The last group, Stone &

Youngberg has not worked for DSWA. Each group came in with a formal presentation to be made to the review group as well as receiving a list of questions. One was a general series of questions which was identical and asked of each of the firms. A second set of questions, which were specific to the proposal they made in written form. Each of the interviews lasted approximately one hour, each group responded at least in part to the questions presented and brought forth and were either represented by an investment banker and/or investment bankers who would do the technical portion of the bond transaction. An underwriter, who is effectively responsible for the sale of your bonds and the pricing of your bonds and a third or fourth member who represented the firm at large, in the public financial arena. The interviews reflected competency in a number of different areas. The proposed leading firm, came across as the most confident, committed and capable of taking on this assignment from the investment banking and from the pricing of the bonds. That group was Mesirov. In point of fact, the other firms each did reasonable jobs, some better than others and were ranked accordingly. The recommendation of hiring all four firms is really factored on time to reduce the cost of your borrowing by making sure the distribution of the bonds is as broad as possible and that we reach different sales groups. The cornerstone of hiring the group that is recommended was to make sure that bonds were available to residents of the State of Delaware which has been historically a focus of DSWA. This represents a retail sale which allows the cost of the borrowing to be somewhat lower.

Mr. DiMondi asked if that's what Mr. Guthorn meant when he said that the level of commitment just wasn't quite the same when comparing the groups.

Mr. Guthorn replied that two of the firms probably made a slightly better written presentation. When we sat with them, they did not come across as equally committed. He believes there were some failings in their presentation and because of those failings as well as price. CitiGroup was the most expensive of the groups, and qualitatively they were an excellent firm, but they also didn't make quite the commitment on certain points, during the course of conversation that the other firms made. Roosevelt & Cross made a wonderful written presentation, but their formal presentation to the group was frankly weak. Mesirov's presentation was pretty solid all the way across and their pricing as reflected frankly, they were not chosen on price initially, but their price is the lowest of the group. The interesting part about a bond financing is the firm that you pick as lead banker, you can negotiate the price, but their price started off as the lowest cost. All of the other firms are bound by a component of that price, which is called a take

down. There is no additional cost by having a large group as they are bound by the lowest cost presented.

Mr. Canzano added that the Senior Manager, John Schopfer, who was lead with Bear Stearns, so we have some continuity as far as expertise. The rating agencies know them and know us.

Mr. DiMondi asked how staff feels they can do a better job than CitiGroup and even possibly Roosevelt & Cross as far as getting the bonds out to individual investors.

Mr. Guthorn replied that is the reason for the team. You essentially lose nothing by having CitiGroup as a co-manager on distributing to retail. There is also the likelihood that we will try to put a selling group together, which is not a co-manager position and that we can pick up some other firms that would sell retail bonds to constituents in the State of Delaware. We've always had a policy of making our bonds available to Delawareans. Mesirow was cognizant that they did not have an individual retail presence. The more bonds that are sold retail, the fewer bonds go to institutional investing, which is probably a portion of what Mesirow normally sells to.

Mr. Ryan asked if it cost more money to have three co-managers.

Mr. Guthorn replied that it does not cost any more money. The underwriter's services work between now until the time of pricing at no fee, if they were to stop services three days before the bond issue, DSWA would not owe them a dime. What happens is they actually buy the bonds from you, and in that price of what they are going to pay you for the bonds, is the cost of their services, which essentially is \$4.25 per bond, although it is subject to some variation. That does not occur until you price the bonds, and during the time between now and then, there will be a contract called the bond purchase agreement upon which are the conditions of purchase by the underwriter of your bonds. When you sign that, which happens on the day of the sale, in all likelihood you sign it the afternoon of the sale or the following morning. That will fix the price of the contract then and there. We will be working on the price up until the last few minutes of the sale.

Mr. DiMondi - Yes
Mr. Esposito - Yes
Ms. Parks - Yes
Mr. Ryan - Yes
Mr. Sheldon - Absent

Mr. McCabe – Yes
Mr. Pryor – Yes

Motion Adopted
(6 Yes 1 absent 0 No)

Report of Citizens' Affairs Committee

D. STATEWIDE SOLID WASTE MANAGEMENT PLAN

Motion D – Mr. Ryan

“The Committee recommends the Board authorize the staff to conduct workshops and hearing for the proposed Statewide Solid Waste Management Plan.”

Second – Ms. Parks

Mr. Canzano stated that staff has been developing a Statewide Solid Waste Management Plan and it will totally replace the existing plan. Michael Parkowski has taken the lead and has been working with Rick Watson. It will totally replace the current plan that was adopted in 1994. It is a totally different plan, it focuses on recycling and encompasses the principles of zero waste. It is consistent with the Governor's announcement with respect to universal recycling and our plan dovetails into that concept. We've had a presentation before the Recycling Public Advisory Council and our consultant DSM and Michael did a great job in giving an overview of the Plan. It got rave reviews from RPAC. We subsequently gave a presentation to the House Natural Resources Committee and Ms. Parks, Mr. McCabe, Mr. Ryan and Mr. Esposito attended. The Secretary of DNREC praised the plan and now calls it the “master plan”. Jim Black of the Clean Air Council also supported our plan. Their mission is to move in the direction of zero waste. They were trying to develop a plan, but they like our plan so much, they may put theirs aside. The next step is hold workshops in each of the three counties and a public hearing.

Michael Parkowski added that once it has been posted on the state register's office website the beginning of March, we can proceed with workshop and a public hearing. After the workshops and hearing, the hearing officer will file a report and the staff will make a recommendation for approval by the Board.

Mr. Canzano stated that the recommendation is for the Board to approve staff going forward with the workshops and public hearing as proposed.

Mr. DiMondi - Yes
Mr. Esposito- Yes
Ms. Parks - Yes
Mr. Ryan - Yes
Mr. Sheldon - Yes
Mr. McCabe - Yes
Mr. Pryor - Yes

Motion Adopted
(7 Yes 0 absent 0 No)

**E. CHERRY ISLAND LANDFILL EXPANSION PROJECT
CONTRACT C-06-562-NC**

Motion E – Mr. DiMondi

“The Committee recommends the Board approve a change order to Severson Environmental Services, Inc. in the amount of \$155,359 for the landfill gas modifications.”

Second – Mr. Ryan

Ms. Germain stated that about half of the header line work is being done now. The original request from Severson was \$185,000 and Lynsey Kocenko negotiated the price down approximately \$30,000. This covers about half of the work to be done, Severson hasn't given us a quote for the other half. Staff is requesting a change order in the amount of \$155,359 for now and will be coming back to the Board for an additional change order in the upcoming months.

Mr. DiMondi - Yes
Mr. Esposito- Yes
Ms. Parks - Yes
Mr. Ryan - Yes
Mr. Sheldon - Yes
Mr. McCabe - Yes
Mr. Pryor - Yes

Motion Adopted
(7 Yes 0 absent 0 No)

PUBLIC COMMENT

No public comment

Moved by Mr. Pryor

“The Board of Directors go into Executive Session.”

Second – Mr. Sheldon

Vote – Unanimous
(DiMondi, Esposito, Parks, Ryan
Sheldon, McCabe, Pryor)

Motion Adopted
(unanimous)

Moved – Mr. Esposito

“The Board of Directors return to regular session.”

Second – Mr. Ryan

Vote – Unanimous
(DiMondi, Esposito, Parks,
Ryan, McCabe, Pryor)

Motion Adopted
(unanimous)

F. CLEARING AND GRUBBING FOR THE AREA F PHASE 1 DISPOSAL AREA AT CENTRAL SOLID WASTE MANAGEMENT CENTER – C-09-619-CS

Motion F – Mr. DiMondi

“The Committee recommends the Board award the contract for Clearing and Grubbing for the Area F Phase Disposal Area to Greggo & Ferrara in the amount of \$224,515.”

Second – Mr. Esposito

Mr. DiMondi – Yes
Mr. Esposito – Yes
Ms. Parks – Yes
Mr. Ryan – Yes
Mr. Sheldon – Absent

Mr. McCabe - Yes
Mr. Pryor - Yes

Motion Adopted
(6 Yes 1 absent 0 No)

G. CLEARING AND GRUBBING FOR THE CELL 5 DISPOSAL AREA AT SOUTHERN SOLID WASTE MANAGEMENT CENTER – C-09-618-SS

Motion G – Mr. DiMondi

“The Committee recommends the Board award the contract for Clearing and Grubbing for Cell 5 Disposal Area to Tri-State Dredging in the amount of \$382,660.

Second – Ms. Parks

Mr. Ryan asked if we could delay this project until we have dry weather. Mr. Canzano said that under the draft permit, we cannot do any construction from April 1 – July 31. Based on advice from legal counsel, we are going to advertise the bid package for the construction of Cell 5 next week. We need to get the clearing and grubbing done so that we can get in there and do the construction. We are already 6 – 7 months behind schedule waiting for the permit.

Mr. DiMondi - Yes
Mr. Esposito- Yes
Ms. Parks - Yes
Mr. Ryan - Abstain
Mr. McCabe - Yes
Mr. Pryor - Yes

Motion Adopted
(6 Yes 1 absent 1 abstain)

H. Personnel

No action

I. Discount Disposal Fee Agreement

Motion I – Ms. Parks

“Staff be authorized to implement proposed fees and 3 – year Discount Disposal Fee Program in a form acceptable to staff and approved by legal counsel.”

Second – Mr. Esposito

Mr. DiMondi – Yes
Mr. Esposito – Yes
Ms. Parks – Yes
Mr. Ryan – Yes
Mr. Sheldon – Absent
Mr. McCabe – Yes
Mr. Pryor – Yes

Motion Adopted
(6 Yes 1 absent 0 No)

J. GTP Lo-Cat System

No action

Motion – Mr. Ryan

“The Board Meeting is adjourned.”

Second: Mr. Esposito

Vote – (DiMondi, Esposito, Parks,
Ryan, McCabe, Pryor)

Motion Adopted
(unanimous)

Respectfully submitted,

Libby J. Kelley

Meeting Adjourned: 6:30