

Board of Directors • Meeting Minutes

DATE: March 16, 2018

TIME: 7:30 a.m.

Attendance

BOARD OF DIRECTORS: Brubaker, Deerin, Dzurik, Gordon, Houck, Musser, Rettew, and Weibel.

STAFF: Adams, Banker, J. Capots, Fetterolf, Henderson (Legal Counsel), Kohr, Lane, Marsh, McGuire, Morrison, Munster, Olson, Reider, Ridinger, Roberts, Sandoe, Saylor, Sultzbaugh, Warner, Wireback, and Zorbaugh.

ALSO PRESENT: Dave Sharp with Covanta, and citizens as listed on the attached sign-in sheet.

BOARD OF DIRECTORS ABSENT: Ulrich

Opening

Chairperson Dzurik requested a moment of silence followed by the pledge to the flag.

Approval of Minutes

Chairperson Dzurik asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of February 16, 2018 as distributed.

Motion: J. Deerin

Seconded: R.E. Gordon

Adopted: Unanimously

Public Comment

Dr. Leslie Osborne expressed her congratulations to Mr. Robert Zorbaugh on being named LCSWMA's next CEO.

Staff Highlight

Lynne Morrison, Community Impact Manager, discussed her role at LCSWMA.

Chief Executive Officer

Mr. Warner reported on the following:

- February was another strong month. Tons are up 9.3% year-to-date, which means more employees are needed to haul the waste.
- SRMC has experienced several operational issues that affected productivity and resulted in several days of energy-production loss. Organic customer traffic remains steady.
- Capital projects continue to progress well, specifically the SRMC Ash Storage/Handling project.
- LCSWMA announced our CEO successor to the staff on March 15th, and the IT Department did an excellent job executing the setup and broadcast to our other sites.
- Highlighted the industry outlook by mentioning several of the national players are reporting positive growth and seeing overall positive trends.

Chief Financial Officer

Mr. Lane reported on the following:

- February was a short month, so our surplus is typically budgeted lower; however, we outperformed our budget by 63.6% (\$410k).
- Expenses came very close to budget, with a less than 1% variance.
- While the SRMC facility has struggled, the Lancaster waste-to-energy facility has performed stronger year-to-date, whereas, last year, it was the opposite. This shows the importance of our total system organization.
- Reviewed a new chart that was added to the report that summarizes tonnage composition and revenue variances by waste type.
- Total Reserve dropped slightly in February from \$35,705,847 to \$35,514,194.
- Staff is putting effort into Accounts Receivables (AR) in order to bring down from 4% to 2017 average of 2%. Currently, AR is at 3.5%.

Action Items

1. BOARD ACTION NO. 2: SUMMARY OF DISBURSEMENTS

Chairperson Dzurik asked for a motion to approve the disbursements for February 2018, totaling \$8,066,436.21

Motion: M. Brubaker

Seconded: G. Rettew

Adopted: Unanimously

Chief Operating Officer

Mr. Zorbaugh reported on the following:

- Making good progress on Capital projects; however, trail progress on the Northwest River Trail was negatively impacted in February from wet weather and river flooding. Stated he would forward photos of the SRMC Ash Storage/Handling project to the Board members as reference.
- The SRMC facility experienced a second consecutive month of significant unscheduled downtime, totaling 245 hours. This downtime led to an average boiler availability of 88%. There has been an ongoing problem with the ash roller mechanisms. Covanta is working a redesign of these components to alleviate the problem. Earlier in the year, there were issues with the stopping and starting of the ash system, which caused a back-up of ash, and ultimately a blockage.
- The Lancaster Waste-to-Energy Facility performed well in February with boiler availability at 95.4%, and strong power output per processed ton contributing to a very solid month of operation.

Action Items

1. BOARD ACTION NO. 3: RESOLUTION 2018-4

A resolution ratifying the purchase of real estate in Manor Township, known at 1305 Breneman Road, Conestoga, Lancaster County, Pennsylvania 17516.

Chairperson Dzurik asked for a motion to approve Resolution 2018-4.

Motion: J. Musser

Seconded: J. Deerin

Adopted: Unanimously

2. BOARD ACTION NO. 4: RESOLUTION 2018-5

A resolution authorizing and approving amendment No. 1 to the Effluent Line Easement Agreement with Turkey Hill, L.P.

Chairperson Dzurik asked for a motion to approve Resolution 2018-5.

Motion: R.E. Gordon

Seconded: M. Brubaker

Adopted: Unanimously

Chief Business Development Officer

Mr. Adams reported on the following:

- An update on the Innovation Committee (IC). The IC was formed in 2016 to accomplish two goals: 1) formalize and institutionalize the process for gathering, vetting, and implementing ideas throughout the organization; and 2) identify professional development opportunities for staff while supporting this process.
- The committee meets monthly to discuss ideas/projects. They utilize a project charter to allocate internal and external resources, set milestones for completion of tasks, and recognize constraints.
- Selected projects for 2018: 1) C/D Recycling; and 2) LCSWMA Properties. The project charter for the C/D Recycling project will be presented at the April meeting.
- The IC will also continue to drive innovation throughout the organization, as part of the Company Meeting, Executive Team site visits, and middle management involvement.

Chief Business Solutions Officer

Ms. Marsh reported on the following:

- Invited Steve Levitsky, Perdue's Vice President of Sustainability, to tour our Lancaster Waste-to-Energy Facility and discuss collaborative opportunities to enhance sustainability initiatives between LCSWMA, Perdue, and Covanta. Through the meeting, we will be working with Steve and the Perdue AgriBusiness team to enhance communication regarding the sustainable advantages derived from the association of our two facilities, as well as building upon this foundation to explore additional opportunities.
- The Federal Excise Tax Credit was retroactively reinstated by Congress in February as part of the Bipartisan Budget Act of 2018. This makes fleets that utilize CNG eligible to receive \$0.50 per gasoline gallon equivalent (GGE) for each GGE purchased or sold in 2017. LCSWMA did not budget this credit in 2018 but will benefit from \$109k on the CNG used by our fleet last year, and up to an additional \$47k on the retail volume sold by Clean Energy to fleets utilizing our station.
- The Redevelopment Assistance Capital Grant (RACP) audit took place at the end of February, and LCSWMA received a strong review with no issues detected. A close out report will be issued in approximately 60 days.
- We had two hedges totaling 8,240 MWh with TransAlta in February, which produced a surplus of more than \$130k vs. budget.

Chief Human Resources Officer

Ms. Wireback reported on the following:

- Introduced Trish Banker as the new HR Generalist.
- Staff partnered with an external vendor to conduct our first fire extinguisher training for employees at our Transfer Station Complex. Twenty employees were trained on a variety of fire extinguishers and how to use them. Training included a hands-on component where employees could demonstrate their knowledge.
- Celebrated 600 work days without a lost time accident; a trend we have not seen in 5 years.
- Results from our culture survey were received, showing participation of 88%, which is very good. The number 1 ranked question was that employees feel safe at work. A plan will be developed to focus on areas in need of improvement, which will be communicated to all staff at the Company Meeting.

Chief Communications Officer

Dr. Sandoe reported on the following:

- LCSWMA took the opportunity to launch a mini-series on Facebook and Instagram called, "What's It Like to Work for LCSWMA?" This series highlighted some of the great talent working for the organization and provided followers with an understanding of the multi-faceted nature of the waste industry. Response from followers and employees has been tremendous.
- Achieved a huge milestone the first week of March. The Lancaster Waste-to-Energy Facility received it's 10 millionth ton.

Personnel

Action Items

1. BOARD ACTION NO. 5: RESOLUTION 2018-6

A resolution authorizing and approving the recommendations of the Succession Planning Committee concerning succession planning.

Chairperson Dzurik asked for a motion to approve the appointment of Robert B. Zorbaugh and James D. Warner as Co-Chief Executive Officers on August 1, 2018, and the appointment of Robert B. Zorbaugh as Chief Executive Officer of LCSWMA effective January 1, 2019.

Motion: K. Weibel

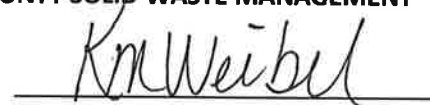
Seconded: M. Brubaker

Adopted: Unanimously

Adjournment

The Board Meeting adjourned at 9:45 a.m. after the Executive Session to discuss litigation. No Board action was taken.

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 20th DAY OF APRIL 2018.



Karen M. Weibel, Secretary