

AT A MEETING OF THE NEW RIVER RESOURCE AUTHORITY
HELD ON FEBRUARY 24, 2021 AT NOON,
NRRRA ADMINISTRATION BUILDING,
DUBLIN, VIRGINIA:

PRESENT: Mr. Barry Helms, Chairman
Mr. Paul Baker, Vice-Chair
Ms. Peggy Hemmings, Secretary
Mr. Robert Asbury, Member
Dr. Chris Kiwus, Member
Mr. Andy McCready, Member
Mr. Tom Starnes, Member
Mr. Jonathan Sweet, Member

STAFF: Mr. Joseph Levine, NRRRA Executive Director
Ms. Marjorie Atkins, NRRRA Recording Secretary
Mr. David Rupe, NRRRA Purchasing & Compliance
Mr. Howard Estes, NRRRA Legal Counsel

ATTENDEES/
GUESTS: Mr. Andrew Monk, Thompson & Litton
Mr. Tye Kirkner, Town of Dublin

Chairman Helms called the meeting to order at noon.

The motion to approve the February 24, 2021 Agenda with the addition of a Closed Meeting was made by Mr. Sweet. The motion was seconded by Mr. McCready and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCready	<u>yes</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

The motion to approve the minutes of the January 27, 2021 Board Meeting was made by Mr. McCready. The motion was seconded by Mr. Starnes and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCready	<u>yes</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

The Check List and the Financial Statement for the month of January 2021 were listed on the Agenda under "Items of Consent".

The motion to approve the Items of Consent was made by Mr. Asbury. The motion was seconded by Mr. Baker and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCready	<u>yes</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

Mr. Sweet stated, "I move that the Board of Directors of the New River Resource Authority convene in closed session for the purpose of consultation with legal counsel, specifically regarding Ingles Mountain and NRRRA liability exposure per the Code of Virginia Section 2.2-3711(A)(7)". The motion was seconded by Mr. McCreedy and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCreedy	<u>yes</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

The motion to reconvene the regular meeting and adopt the following certification was made by Mr. McCreedy, "I hereby move to reconvene the regular meeting and for certification pursuant to Section 2.2-3712(D) of the Code of Virginia, that the Board of Directors, to the best of each Director's knowledge, heard, discussed or considered only public business matters lawfully exempted from open meeting requirements by the Freedom of Information Act in the closed meeting of this date, and only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Directors of the New River Resource Authority". The motion was seconded by Mr. Asbury and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCreedy	<u>yes</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

The "New River Resource Authority Reserve Funds Policy", presented at the January meeting and tabled for up to sixty days, was on the Agenda under Old Business. Ms. Hemmings stated that it was her understanding that the Policy would not be considered until the March 24, 2021 meeting. Mr. Estes explained that it could be voted on at the meeting or could remain tabled until the March meeting. The policy follows:

**New River Resource Authority
Reserve Funds Policy**

Eff. 1/27/2021
Last Rev. 1/27/2021

I. Purpose of Reserve Funds

Reserve Funds are established and used by the New River Resource Authority (NRRRA) in order to meet its financial commitments, including, but not limited to: requirements in indebtedness agreements, security for financings, revenue pledge shortfalls, surety requirements, short-term operational budgetary shortfalls, emergency or crisis funding shortfalls, maintenance and replacement funds for equipment, funding for planned capital projects, meeting federal and state statutory and regulatory requirements, and long-term environmental protection and financial assurance. At all times management of reserves shall be consistent with federal and state law requirements, requirements by operation of contract (including Member agreements) and NRRRA policy.

Unless otherwise agreed upon in writing or by operation at law, NRRRA reserves are exclusively subject to direction, use, investment or other commitment consistent with the following policies as established and revised from time-to-time by the Board of Directors, as further implemented by the Executive Director. The Board may establish a subcommittee(s) to direct the use, commitment or investment of operational or long-term reserve funds. The Board may establish certain requirements or management criteria for each reserve fund.

II. Source of Reserve Funds

Reserves are funded through several sources, including, annual budgeted amounts or carry-forward balances from operational revenues and tip fees paid by NRRRA Members and customers of the NRRRA's facilities and services, grant sources, Member contributions designated as reserves, and borrowing. The reserve fund contributions and estimated balances shall be projected annual during the budget process and approved with the annual budget, consistent with this policy.

III. Type of Reserve Funds

Each reserve fund shall be designated either operational or long-term and consistent with Governmental Accounting Standards Board policies. If not so designated, a reserve will default to an operational designation so that it is re-committed annually.

a. Operational Reserves

Operational reserves are those reserves established to meet annual financial commitments. These reserves are used in cases where there are unexpected budgetary shortfalls or irregular operational revenues.

The Board's Budget Committee shall annually review and re-commit such funds as needed to ensure annual operational and debt service expenditures are met.

b. Long-Term Reserves

Long-term reserves are those reserves established for multi-year funding commitments. These commitments can include funding of equipment and capital expenditures (often to avoid financing costs), providing a resource to meet large-scale unexpected expenditures, meeting the requirements of financial assurance commitments, and meeting federal and state legal requirements where there is no discretionary decision-making of NRRRA.

The Board's Budget Committee shall annually review long-term reserve funds. Under such review, the Committee shall determine adequacy of balances in each fund. The determination as a result of such review shall be based on, in order, legally required amounts (whether by federal or state requirements or by contractual agreement), balance amounts as recommended by the NRRRA auditor or financial advisor as applicable, and the amounts set forth in this Policy.

Any shortfall in required long-term reserves shall be budgeted in the upcoming fiscal year for either (i) full funding of shortfalls or (ii) recommending to the full Board establishing a plan to fully fund the shortfall within an expected timeframe and budget the initial deposit into the reserve under such plan.

IV. Release of Reserves

At all times, reserve funds may be used in case of unforeseen projects and expenses as approved by the Board of Directors, provided such use is consistent with federal and state law and contractual requirements, including Member agreements.

The Board's Budget Committee shall identify in the annual budget process any operational reserves that are no longer committed, along with a recommended use of such funds.

The Board's Budget Committee shall identify any potential excess in long-term reserves as established at law and this policy. The Committee shall make a recommendation to the full Board regarding any excess, with recommendation by the full Board to (i) release of such excess, in full or in some portion, (ii) adjust the reserve amount accordingly, in full or in some portion or (iii) some combination of (i) and (ii). The Committee shall report to the Board annually on such recommended actions annually during the NRRRA budgeting process. The full Board shall then determine the use of such funds, including, but not limited to, capital or operational expenses of NRRRA, re-designation as another reserve account or distribution to NRRRA Members. Such use shall be consistent at all times with federal and state law and contractual requirements, including financing agreements and Member agreements.

V. Investment of Reserve Funds

At all times reserves shall be invested consistent with the Virginia Investment of Public Funds Act and the Virginia Public Deposits Act. Commitment of funds in excess of \$500,000 for longer than two (2) years shall require approval of the Board.

VI. Specified Reserves

a. Development and Closure Reserve – Long-Term

The Development and Closure Reserve is intended for the use of landfill cell development, landfill partial closure projects, infrastructure improvements, capital projects, post closure care expenses, including administrative requirements. The annual estimated contributions are to be based on waste tonnage, investment earnings, and miscellaneous sales, grants and other revenues. The long-term reserve needs will be estimated annually with the planned projects in accordance with the Development Plan. Any shortfall or identified funding need into this reserve will be recommended and approved with the annual budget process.

b. Equipment Reserve Fund - Operational

The Equipment Reserve Fund is intended for the purchase of equipment, leasing equipment funds, and equipment expenses. The annual estimated contributions is to be based on waste tonnage, interest, miscellaneous sales, grants and other revenues. The reserve needs will be estimated annually with the planned projects in accordance with the Development Plan, Equipment Replacement Schedule and approved with the annual budget.

c. Ingles Mountain Reserve Fund – Operational

The Ingles Mountain Reserve Fund is intended for planned, scheduled and approved operational expenses in addition to current and future environmental liabilities related specifically to Ingles Mountain Landfill. The responsibility for the environmental liabilities, known and unknown, for the Ingles Mountain facilities are unique to Members Pulaski County, the Town of Dublin and the City of Radford. As such, this reserve and its funding are subject to the specific Member agreements. The funds will be maintained for the primary use of imminent post closure/continued care needs. If the reserve funds intended for Ingles Mountain are not adequate, the NRRRA Board of Directors will administer procurement and funding in accordance with the Member agreements. The NRRRA Board of Directors seeks to maintain \$5,000,000 in this fund. The reserve needs will be estimated annually with the planned projects in accordance with and approved with the annual budget.

d. Financial Assurance – Long-Term

Financial Assurance for all NRRRA facilities is required through the Virginia Department of Environmental Quality (VDEQ). The financial assurance estimate is performed annually by a third party. The financial mechanism and estimate must be approved by VDEQ annually. The NRRRA currently utilizes a collateralized letter of credit to meet the requirement. These reserve funds are restricted and invested in trust accounts, per VDEQ requirements. The reserve needs will be estimated annually and any adjustments to the reserve amounts will be approved with the annual budget, consistent with the general provisions of this policy.

e. NRRRA Environmental Fund – Long-Term

In accordance with state law and by NRRRA's licensing by VDEQ, an environmental fund must be maintained and restricted for the intent of financial insurance policy for no less than one million dollars (\$1,000,000). The NRRRA Environmental Fund is currently restricted in a trust account and funds are used to collateralize a letter of credit for the required financial assurance. The reserve needs will be reviewed annually and any adjustments to the reserve

amounts will be approved with the annual budget, consistent with the general provisions of this policy.

f. Ingles Mountain Environmental Fund – Long-Term

In accordance with state law and by NRRRA's licensing by VDEQ, the Ingles Mountain Environmental Fund must be maintained and restricted for the intent of financial insurance policy for no less than one million dollars (\$1,000,000). NRRRA, in order to safely cover the initial costs associated with post-closure management of the Ingles Mountain site. The Ingles Mountain Environmental Fund is currently restricted in a trust account and funds are used to collateralize a letter of credit for the required financial assurance. The reserve needs will be reviewed annually, including review by the NRRRA auditor, and any adjustments to the reserve amounts will be approved with the annual budget, consistent with the general provisions of this policy.

Ms. Hemmings made the motion to table discussion on the "Reserve Funds Policy" until the March Board meeting. The motion was seconded by Mr. McCready and failed by a tied recorded roll call vote of the Board as follows:

Mr. Asbury	<u>no</u>	Mr. McCready	<u>yes</u>
Mr. Baker	<u>no</u>	Mr. Starnes	<u>no</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>no</u>

Mr. Asbury noted that the "Reserve Fund Policy" had been reviewed by the Budget Committee and that the Committee recommended its adoption by the Board of Directors.

The motion to adopt the "New River Resource Authority Reserve Fund Policy" as presented was made by Mr. Asbury. The motion was seconded by Mr. Starnes and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCready	<u>no</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>no</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

Mr. Levine presented the Executive Director's Report. Revenue was 4.3% above projections; expenses were 9.2% below projections. 12,907.75 tons of waste was managed in the month of January. Staff had been researching shredders along with site visits to West Virginia and Maryland to observe operations.

The motion to approve the Area D Phase I Project Pay Request 8 in the amount of \$201,901.26 was made by Mr. Baker. The motion was seconded by Ms. Hemmings and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCready	<u>yes</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

Mr. Levine presented the Engineering Section of the Agenda.

Ingles Mountain – Regular maintenance.

NRSWMA – Mr. Monk updated Area D construction progress. Main Street's projected completion date is April 5.

West Fork – No activity.

The Chairman invited Public Comments.

No public comments were presented.

The motion to adjourn the meeting was made by Mr. McCready, seconded by Mr. Asbury and approved by a recorded roll call vote of the Board as follows:

Mr. Asbury	<u>yes</u>	Mr. McCready	<u>yes</u>
Mr. Baker	<u>yes</u>	Mr. Starnes	<u>yes</u>
Ms. Hemmings	<u>yes</u>	Mr. Sweet	<u>yes</u>
Dr. Kiwus	<u>yes</u>	Mr. Helms	<u>yes</u>

The meeting adjourned at 12:53 pm.

The next regularly scheduled meeting of the Board of Directors of the Authority is scheduled for Wednesday, March 24, 2021, 12:00, NOON at 7100 Cloyd's Mountain Road.

Respectfully Submitted,



Marjorie W. Atkins
NRRA Recording Secretary

Approved at 3/24/2021 Board Meeting.



Barry Helms, Chair