

# MORRIS COUNTY IMPROVEMENT AUTHORITY

MINUTES of the Regular Board Meeting held on August 15, 2017 at 4:00 p.m.  
Township of Morris Municipal Building

At 4:00 p.m., John Bonanni, Chairman to the Morris County Improvement Authority called the meeting to order. The following persons were in attendance:

John Bonanni, Chairman  
Joseph Kovalcik, Commissioner  
Scott Gallopo, Commissioner  
Matthew Jessup, Esq., McManimon, Scotland and Baumann, LLC  
Deena Leary, Assistant County Administrator  
Doug Bacher, NW Financial  
Heather Litzebauer, NW Financial

Public: Tim Quinn, Business Administrator, Township of Morris  
Ara Barsamian, Resident – Township of Morris  
Cathy Wilson, Resident – Township of Morris  
Shannon Faulkner, Resident – Township of Morris  
Rozella Clyde, Resident - Chatham

1. Commissioner Bonanni asked for the reading of the public statement in accordance with the Open Public Meetings Act, which was then read by Cynthia Rueter, Recording Secretary.
2. Commissioner Bonanni asked for "roll call" for the Authority, three (3) Commissioners were in attendance, Mr. John Bonanni, Mr. Joseph Kovalcik and Mr. Scott Gallopo. A quorum was established.
3. Executive Session – No Executive Session requested.
4. Commissioner Bonanni asked for approval of the July 19, 2017 meeting minutes including executive session. Commissioner Kovalcik made a motion to accept the minutes of the July 19, 2017 meeting. Commissioner Gallopo seconded the motion. All others in favor to accept the minutes of the July 19, 2017 meeting.
5. Official Action

Agenda item 5(i) was discussed – Resolution authorizing the transfer of funds from the County Security fund to pay administrative expenses in the amount of \$30,545.59 The breakdown is as follows - \$28,430.59 for two (2) invoices payable to Matrix New World and \$2,115.00 for one (1) invoice payable to McManimon, Scotland and Baumann. Commissioner Kovalcik made a motion to adopt this resolution, Commissioner Gallopo seconded the motion. Roll was called. The resolution was unanimously approved. Resolution No. 17-32 “RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE TRANSFER OF FUNDS AND PAYMENT OF CERTAIN ADMINISTRATIVE EXPENSES IN CONNECTION WITH THE MORRIS COUNTY IMPROVEMENT AUTHORITY’S COUNTY OF MORRIS GUARANTEED RENEWABLE ENERGY PROGRAM LEASE REVENUE BONDS, SERIES 2011 AND CERTAIN OTHER MATTERS RELATED THERETO” (No. 17-32) was adopted.

Agenda item 5(ii) was discussed – Resolution authorizing and directing the transfer of the 1603 Grand Funds that were received by Sunlight General on July 19, 2017 in the amount of \$3,108,583.00. All the funds were received by the Improvement Authority via wire transfer and deposited into the County Security Fund which is being held by the Improvement Authority Trustee. Commissioner Gallopo made a motion to adopt this resolution, Commissioner Kovalcik seconded the motion. Roll was called. The resolution was unanimously approved. Resolution No 17-33 “RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY RATIFYING THE EXECUTION OF THE DIRECTION TO TRANSFER 1603GRANT FUNDS AND OTHER ACTIONS IN CONNECTION THEREWITH AND AUTHORIZING THE PAYMENT OF CERTAIN OPERATING EXPENSES IN

CONNECTION WITH THE MORRIS COUNTY IMPROVEMENT AUTHORITY'S COUNTY OF MORRIS GUARANTEED RENEWABLE ENERGY PROGRAM LEASE REVENUE BONDS, SERIES 2011 AND CERTAIN OTHER MATTERS RELATED THERETO" (No. 17-33) was adopted.

Agenda item 5(iii) – Resolution approving the payment of bills as listed on the Schedule of Warrants. Commissioner Gallopo made a motion to adopt this resolution, Commissioner Bonanni seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution "Bill List" (No. 17-34) was adopted.

6. Possible Actions after Executive Session – Nothing at this time.
7. Discussion – Nothing at this time.
8. Further Official Action – Nothing at this time
9. Additional Reports – Nothing at this time.
10. The public portion of the meeting was opened – Mr. Barsamian from Morris Township posed several questions to the board. What is the status of the solar project? Has the project been completed? Are we in the hole for it? What is the performance of this system? Has it accomplished its objective?

Commissioner Bonanni responded both projects have been completed and are performing, however the SREC values have decreased. Matt Jessup, Esq. Counsel for the Authority, commented that although the questions cover a broad spectrum he would explain: There are two solar programs in Morris County, Solar I which started in 2009 and Solar II which started in 2011. Solar II is broken down into a Phase I and a Phase II. Phase I was completed in 2011 and 2012 prior to the contractor dispute. Phase II was completed by the 12/31/17 deadline in order to get the 1603 credits and all sites are up and running. All are earning SREC's, all are providing the local units (municipalities, Board of Ed's and the County) power and energy savings. Solar I has been challenged due to the assumption in 2008 & 2009 that the SREC values would be approximately \$400 per SREC, however, the actual value today is between \$215-\$220 per SREC.

Ms. Cathy Wilson from Morris Township stated that at the last Township Committee meeting one of the Committee members said that the County Budget increase accounts for an average of \$110 increase in taxes per Township resident and that increase is attributed to the failed Solar Project.

Commissioner Bonanni responded that the majority of the County Budget increase is related to increased Health Care costs, approximately \$6 - \$7 million dollars, not the solar project.

Ms. Shannon Faulkner from Morris Township asked considering the \$7.8 million settlement, is it fair to say that over the life of the project will it come into the black.

Matt Jessup responded – the project has the opportunity for that; however, it will be based on the decisions made many years into the future. It would depend upon 1) whether or not the bonds are refinanced, which could lower the debt service and decrease the \$7.8 million amount. 2) After the 15 years are up, there will be a long period of time that the assets will be profitable but how would you monetize that. It depends on several variables that will be decided upon by the Improvement Authority, the Freeholder Board and the local units.

Ms. Faulkner also asked that if, at the State level, there is a mandate to increase the percentage of renewable energy by the energy companies, would that help the SREC values?

Matt Jessup responded – Certainly, if the State increased the required energy portfolio standards as it did once before, the effect should be that the SREC values would increase.

Ms. Faulkner asked if there would be an effort by the Authority to communicate with State legislators that we are in favor of increasing the percentage of renewable energy required in the State portfolio.

Commissioner Bonanni responded that in 2010 the Morris County Improvement Authority collaborated with Somerset County, along with Energy Consultants and Energy Counsel that advocated for legislation that helped stabilize the SREC market. Commissioner Bonanni commented that it is always an advantage for us to stay in that.

Ms. Rozella Clyde, of Chatham stated that now that Solar I and Solar II projects have been completed, there has been some very negative publicity not due to renewable energy at all, but due to contract problems. First of all, she would like to laud the Improvement Authority for moving forward wrapping up the project and providing solar energy opportunities to a number of municipalities as well as County facilities. Just as a citizen, she would encourage the Authority to look for additional opportunities in the future to save our environment and save taxpayers money by bringing in new forms of energy that are not reliant upon dirty fossil fuels.

11. Adjournment - Commissioner Gallopo made a motion to adjourn the meeting. Commissioner Kovalcik seconded the motion.

The August 15, 2017 meeting of the Morris County Improvement Authority was adjourned at 4:30 p.m.

The next Improvement Authority meeting will be held on **Monday, September 18, 2017 at 6:00 p.m. in the Knox Conference Room.**

Respectfully submitted,

Cynthia Rueter, Recording Secretary  
Morris County Improvement Authority