UVDS ok with most of Gary’s recommendations with a few exceptions.

NON STARTERS

1. Problems with Rate model.

 Indexes plus other factors

 Would like a hybrid model.

 UVDS likes operating ratios. They work but we need to agree on selection of appropriate ratio for the expense. They use an accounting firm that just works on franchise agreements. Firm looked at the model and came up with inconsistencies. Looking to gain about another $1.5MM in revenues, about 1/3 of which is on Clover.

Discussed idea of moving to more plain English rate model description. Discussed concept of maximum allowable increase, UVDS to provide certified rate model calcs to JPA. Under current arrangement with county review, wages and depreciation are most closely looked at.

1. Clover wants to set self haul rates. Discussion of letting Clover set rates and JPA eventually removes itself from Clover agreement. JPA would still need provisions in some document to secure landfill space at least through 2047. Clover would take over C&D pad. Current JPA obligation amounts to about $600,000 to $800,000 per year (in UVDS agreement). Self haul volume varies through the year. Important to get this done before next summer to achieve maximum benefit.

OTHER ITEMS

1. Evergreen in UVDS. Terminate upon sale and then fixed 15 year contract. Need to revisit assignment and transfer provisions. One key element in allowable transfer will be provision related to who is in control of day to day operations. New UVDS Board consists of three shareholders and two outsiders, one outsider is industry expert.
2. If we move to one agreement

JPA needs space at Clover until 2047

Some price control for UVDS

 Negotiate rates for green, trash, waste

1. Some concern about revised default provision, amount of time needed to cure. Discussed it could be handled through customary language that allows longer cure period provided the default is capable of cure, they initiate cure within time frame and diligently prosecute cure.

FIRST/NEXT STEPS

1. UVDS to discuss with Board

2. Bryce to put together written summary of rate model issues; suggested changes

3. JPA Board to discuss/approve Gary B to amend and restate UVDS agreement, get it to JPA Board and Company for review.

June 2020 Targets

 CFL – agency does not control self haul; does not control out of county waste anymore; move C&D to Clover and out of agency; raise box price accordingly; secure space til 2047 for Agency; volume confirmation and pricing

 Most likely have to stick with current rate model through June 2020 rates because work begins in March 2020.

 In exchange, JPA needs executed amended and restated UVDS contract

 Fix default/remedies

 JPA Revenue through rates not Clover

 Plain English rate model description. Open issue about whether we move to maximum rate cap and UVDS paying for outside accountant to review their figures and submit report to JPA. Target would be to have model in place for 2021 rate revision [UVDS contract could specify use of old model for 2020 and then switch to new model and procedures for 2021]

 Raise return on investment to UVDS closer to industry standard and in turn impose Franchise Fee. Phase in both over time?