

**REPORT OF
DIVERSION PROGRAM COMMITTEE MEETING**

October 28, 2013

A meeting of the Diversion Program Committee was held on October 28, 2013, at 12:30 P.M. at the Authority's Administrative Office in Conway, South Carolina. In accordance with SWA policy, notices setting forth the date, time and place of meeting were mailed to the news media.

Present were Committee Chairman Norfleet Jones, Committee Members James H. Cokley and Mike Campbell. Also in attendance were Board Members Pam Creech and Dan Gray. Executive Director Danny Knight, Esther Murphy, Donna Crump, Jan Bitting, Mike Bessant, Nannette Powell, Scott Brandon of The Brandon Agency, Doug Smith of Johnson, Smith, Hibbard & Wildman Law Firm, Robert Shepard of RN Shepard Investments, LLC, Scott Montgomery, James W. Bohlig, Justin Converse and Brian Gilhuly from Re-Power South were also in attendance.

Chairman Norfleet Jones called the meeting to order. A copy of the agenda and accompanying documents are attached to this report.

RePower South Waste Diversion Discussion

Committee Chairman Jones asked the representatives from RePower South to introduce themselves to the Committee. They were Brian Gilhuly, Chief Operating Officer, James W. Bohlig, Chief Development Officer, Justin A. Converse, Chairman/CEO, Robert N. Shepard, RN Shepard Investment, LLC, Scott Montgomer and Scott Brandon, Chief Executive Officer at the Brandon Advertising Agency. Chairman Jones stated that he and Mr. Knight had been a lot of places to hear information on "black boxes" and that their information seemed promising. He then asked the representatives from RePower to begin their presentation.

Scott Brandon stated that he wanted the meeting to be a "question and answer session" type of meeting to answer the questions from the Committee.

Committee Chairman Jones asked what were the test results and if they were as anticipated? Mr. Bohlig stated that last week was more of a demonstration than a test. He indicated RePower has been working on this product for the last 8-10 years. He discussed getting people to recycle and how to handle the other waste. RePower has been working the last 2-3 years on building an engineered fuel from the non recyclable polymers that could be used for the coal industry. Mr. Bolig stated this engineered fuel could help reduce emissions from the coal industries; this could be a tremendous tool. He said they hope to reduce the need for coal as a fuel by 10% and reduce the emissions from the coal industries by 60-80% with this product. Mr. Bolig commented that this is the reason that the SWA and many others were invited to the emission testing. He said results were very good.

Mr. Campbell asked how did SCANA respond to the demonstration. Mr. Bohlig stated that they hired some third party contractors to witness the testing and should have these results back within thirty (30) days. He stated that so far they have had very positive feedback from SCANA.

Mr. Converse stated that SCANA has already gotten back some results from their engineers and that there were no combustion issues or failure with the testing. They will also receive a copy of the final formal report from the third party contractors within the next few weeks.

Mr. Knight asked if the discussion with Santee Cooper was going well. Mr. Converse stated that Santee Cooper is being made aware of the technology at this time. SCANA became partners with Re-Power over 2 ½ years ago. At this time, RePower need to make sure that they can meet the needs of SCANA before going to a different utility company.

Mr. Knight asked if Santee Cooper does not come on board with RePower would the distance preclude the SWA from participating in this program. Mr. Converse stated no and commented that Horry County would still be a prime candidate for RePower. Discussion followed about where the engineered fuel might go if the SWA partnered with RePower.

Committee Chairman Jones asked what has been Charleston's response to this program. Mr. Converse stated that Charleston County has had some political issues to discuss and Mr. Doug Smith also commented on these political issues. They hope to discuss this again with Charleston County within a few weeks when they have resolved some property issues.

Committee Chairman Jones asked Mr. Bohlig to define partnership in regards to RePower and the SWA. Mr. Bohlig stated that a partnership recognizes that you want to treat your partner as you would like to be treated. He said it is characterized as a win-win situation and as someone who is willing to be your partner for the long term.

Mr. Bessant asked how the EPA viewed this program. Mr. Bohlig stated the EPA was very much aware of the issues with zero waste and emissions with landfills. He indicated RePower has worked with them for over a year providing them data to make sure that this program would be under the non waste field. Mr. Bohlig said this will allow companies to use this as a replacement for coal and stated in August 2012, RePower was granted a non hazard secondary material rule making status. He said the EPA is very aware of the need to find some workable solutions for the coal industries. Mr. Bohlig indicated there is no replacement for coal so the EPA is very interested in finding a solution for clean coal. He commented that RePower believes the EPA is very interested in their product and they plan to submit the results to them.

Mr. Bessant asked if the status that the EPA gave to RePower was a temporary status. Mr. Bohlig stated that it was a permanent disposition of the request. He indicated that this is all part of a previously approved regulator structure created to handle circumstances such as RePower's product and this EPA structure was created over five years ago. Mr. Bohlig stated RePower just followed the already approved program. Mr. Converse also spoke on this program.

Mr. Bessant asked if they were testing to see if this process changes the fly ash. Mr. Converse stated that they were testing. Mr. Bohlig stated that the fly ash test was better than they anticipated. Mr. Shepard also spoke on this subject and of landfills being all lined in the future.

Committee Chairman Jones asked how many partners does RePower have at this time and where are they getting their recyclables from now. Mr. Bohlig stated that they are using waste from just over the Vermont line from a Canadian community. These units have to be built in the vicinity of a power plant. Mr. Bohlig said in this case it is SCANA and the materials need to come from nearby. He indicated the process requires trying to match where there is waste each day and a utility industry that needs fuel each day. Mr. Bohlig stated RePower wants to match the two bodies that can work together to drive towards zero waste and a clean coal platform.

Mr. Campbell asked if the distance between the SWA and SCANA would be an issue. Mr. Converse stated it would not be a problem. He commented they would hope that Santee Cooper would like to be a part of this program in the future; however, at this time SCANA is their partner and they would need to make sure they supply them the entire amount of product that they need.

Mr. Knight asked what would happen if the utility company goes down. Mr. Converse stated that if they were to go down then the contractual duties would need to continue to be met and they would have to be worked out in the partnership.

Mr. Bessant asked what materials in the waste stream were used to make this fuel. Mr. Bohlig stated that all of the solid waste that comes in has to go through a process and if the waste is larger than 16 inches it has to be shredded down. The material then goes over a screen that drops off through a 2-3 inch opening for items like belt buckles, batteries, etc. Mr. Bohlig said the dirt is separated from the fibers and polymers and then the fibers and polymers are separated to selectively remove the high value recyclables. He said what is left is a co-mingle polymer/fiber stream that is 60% polymer and 40% fiber. Mr. Bohlig stated they then split that stream into a fiber and polymer stream with some small mixture, which is then treated and reduced even more and blended. He stated that the end result of this process is a very clean polymer/fiber material that is then made into this engineered fuel with all of the high value recyclables being removed. There was some discussion on the types of recyclables deemed high value.

Mr. Bessant asked about wet waste. The representative from RePower indicated that wet food waste is not preferred. There was general discussion on wet waste. Mr. Bolig stated the current program will allow organics to fall through in the initial stages but food waste is not what this program needs. There was some additional discussion on possibly using restaurant waste with other programs.

Mr. Knight asked them to explain what happens to the SWA tipping fee with their program. Mr. Bohlig stated that they recognize that for this program to be a success they cannot come into communities and change tipping fees either short term or long term. Mr. Bessant offered a review of the SWA's past tipping fees, current tipping fees and the programs that are funded through these fees. Discussion followed on the types of residential waste and what makes up the

waste. There was additional discussion on what part of the current tipping fee would need to be used for this program.

Committee Chairman Jones stated that the SWA Board answers to Horry County Council and the citizens of Horry County. Mr. Knight stated that the SWA would like to make this program work while protecting our current programs. Mr. Converse stated they also wanted to make sure all of the programs work together.

Mr. Bessant asked if there was a team member with their group that the SWA should contact with additional questions. Mr. Robert (Bob) Shepard indicated he would be the point of contact.

Mr. Shepard stated that he would like to be able to work with the SWA and learn how the programs work. There was general discussion about the two transfer stations within Horry County and how the waste comes to the SWA. It was also discussed that Horry County is the largest recycler in the county with the 24 recycling centers placed throughout the county.

Committee Chairman Jones called a recess for the group to visit the SWA Material Recycling Facility (MRF) at approximately 1:45.

At approximately 3:00 P.M. the meeting was called back to order.

Mr. Bohlig stated that after touring the MRF he would like to set up a meeting for further discussion. He also stated that his group would put together a list of questions for the SWA to answer and they would come back to discuss and try to frame an outline for a partnership.

Committee Chairman Jones stated that once an outline was put together it would go to this same committee before being forwarded to the full Board of Directors.

There being no further business, the meeting was adjourned at approximately 3:05 P.M.