

**MINUTES OF THE BOARD OF DIRECTORS OF THE
SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA**

December 14, 2016

The Regular Meeting of the Board of Directors of the Southeastern Public Service Authority (SPSA) was held at 9:30 a.m. in the Regional Board Room at the Regional Building, 723 Woodlake Drive, Chesapeake, Virginia. The following members were in attendance or as noted:

Mr. Marley Woodall	(CH)	Mr. Eric Martin	(CH)
Mr. Everett Williams <i>absent</i>	(FR)	Mr. H. Taylor Williams	(FR)
Mr. Roy Chesson	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Cheran Cordell	(PO)
Mr. Mark Hodges	(SH)	Mr. Michael Johnson	(SH)
Mr. David Arnold	(SU)	Mr. Patrick Roberts	(SU)
Mr. William Sorrentino	(VB)	Mr. John Barnes	(VB)

* Indicates Late Arrival

** Indicates Early Departure

(CH) Chesapeake; (FR) Franklin; (IW) Isle of Wight; (NO) Norfolk; (PO) Portsmouth, (SH) Southampton County; (SU) Suffolk; (VB) Virginia Beach

Others present at the meeting included the Alternate Ex-Officio Members, Mr. Steven Jenkins (CH), Mr. Randy Martin (FR), Mr. Harvey Howard (NO), Ms. Erin Trimyer (PO), Mr. Eric Nielsen (SU), and the following SPSA executives Mr. Rowland (Bucky) Taylor, Executive Director, Ms. Liesl R. DeVary, Deputy Executive Director and Treasurer, and Mrs. Blanche Christian, Administrative Coordinator and Secretary, Trey Huelsberg, General Counsel, and staff from SPSA and the Hampton Roads Planning District Commission.

The meeting was then called to order by Chairman Woodall followed by the invocation by Mr. Toney Saunders, the Pledge of Allegiance, and Roll Call. A quorum was present.

1. INFORMAL ITEMS: DISCUSSION ONLY
A. MONTHLY REPORTS ON WTE OPERATIONS

Mr. Rob Johnson began the report on the operational stats for Wheelabrator Portsmouth for the month of October. The total waste received by SPSA was 36,187 tons and 58,506 tons of waste was delivered to the RDF facility. The total tons processed for the month was 56,344 and 14,094 tons of ash was sent to the regional landfill. The total electricity sold to the grid was 19,494 megawatts and 21,894 K-pounds of steam was sold to the Navy. The overall boiler availability was 90% and overall generator availability was 98%. There were no environmental incidents during this period. We did have an OSHA recordable where an electrician slipped off a ladder and hurt his shoulder.

He's been returned back to work full duty. Wet fuel related to Hurricane Matthew continued to affect production and the facilities ability to process fuel due to its impact on the pit and refuse cranes. This caused 6,441 tons to be diverted to the Regional Landfill. I'd really like to thank SPSA and the team for helping us during that time.

B. EXECUTIVE DIRECTOR UPDATES

Mr. Taylor began his monthly report. No odor complaints were received at the landfill during this past period. The water that was in Cell VII caused by Hurricane Matthew has been pumped out and the area is dry.

Proposals for commercial waste hauling and disposal were received on November 22nd, which was an extended deadline. The committee has met and reviewed them. More information will be provided to the Board during closed session.

At the last meeting the Board adopted a new fee schedule that provided for "other" contracted waste. We have two contracts that came as a result of that action. Bay Disposal and TFC signed contracts with us for being able to carry certain waste to the RDF tipping floor under specific terms. A total of 2,557 tons were delivered under these contracts for the month of November. This was a full month for Bay Disposal but only a partial month for TFC. Revenue for the combined tons equaled \$61,511.08.

RePower South continues to work diligently toward their financing and an off-take agreement for sale of the pellets with an Off-Take Supply Partner. By contract RPS is required to have these two items completed by January 25th, 2017.

Staff and engineers met with the City of Suffolk on October 25th in regards to the Cell VII CUP. We received comments from the City on December 8th. We will be reviewing the correspondence and preparing the information that has been requested.

C. CHAIRMAN'S COMMENTS

Chairman Woodall (CH) commented that he met with Senator Cosgrove, RePower, and some of his personnel in Richmond on December 13th. RePower organized the meeting with the intention of informing the Governor what RPS was doing and what it meant to the state of Virginia and what it meant to each individual community. It was a very positive meeting. Apparently they've had a lot of meetings before with his staff and they were very well informed. Senator Cosgrove spoke very highly of this Board and the job we've done and what we've accomplished over the last few years.

2. ACTION AGENDA

A. MINUTES OF THE BOARD MEETING

Chairman Woodall (CH) moved to the action agenda. The minutes of the October 26, 2016, Board meeting have been distributed and he asked if there were any additions or changes.

Mr. Taylor Williams (FR) moved, seconded by Mr. McCoy (PO), that the October 26, 2016 Board minutes be approved as presented. The vote of the motion was unanimous.

B. FINANCIAL MATTERS
(1) Financial Reports

Ms. DeVary began by stating that for the month ending October 31, 2016, total revenues exceeded total expenses by approximately \$2.7 million as compared to \$766,276 in the previous year. Tipping fees reflect a 22% increase or approximately \$2.9 million as compared to last year. This increase is due to the end of the Ash and Residue Agreement and their corresponding rebate in tip fees. Municipal waste tonnages are up about 1% or 1,269 tons as compared to last year. Municipal tonnages were 140,845 as compared to 139,576 a year ago. Total expenses as of October 31st were approximately \$14 million as compared to \$13.7 million in prior fiscal year. We did have 6,440 tons of diverted waste during the month. Cash balances are \$24.4 million, and they are designated with \$5.3 million in the operating fund, \$3.1 million in the tip fee stabilization fund, \$6 million in landfill closure and \$10 million in the operating reserve.

Mr. Eric Martin (CH) moved, seconded by Mr. Keifer (NO) that the financial reports subject to audit be approved as presented. The vote of the motion was unanimous.

(2) DEQ Financial Assurance

Ms. DeVary began by stating that the DEQ regulations require financial assurance for the closure and post-closure care of the regional landfill and the transfer stations be certified each year. The current projected costs are a total of \$23.78 million, and it's comprised of \$22.51 million for the landfill, \$267,587 for the transfer stations and \$1 million for groundwater corrective action. DEQ has once again agreed that the current year's financial assurance can be met through a combination of the local government financial test, meaning that our financials are in good order, and we can decrease our restricted portion of the \$6 million that we have set aside for landfill closure. The restricted part of that can be reduced from \$3.73 million to \$3.31 million. Once again, no letter of credit is required. This is the 7th consecutive year in which SPSA has utilized a combination of allowable financial mechanisms for demonstrating financial assurance. Prior to 2010, SPSA purchased a letter of credit for 100% of the estimated closure and post-closure costs. The seven-year savings has been approximately \$2.1 million. The Board action necessary today is to approve the decrease in the restricted sinking fund by \$422,000, for a total of \$3.31 million. We still have a total of \$6 million; it is just that DEQ requires the restricted piece of that only be \$3.3 million.

Mr. Eric Martin (CH) moved, seconded by Mr. Hodges (SH) to authorize the decrease in the restricted portion set aside for landfill closure as presented. The vote of the motion was unanimous.

(3) Contracts

(a) Professional Engineering Services

Ms. DeVary stated the first contract is for our professional engineering services. This is a new one-year contract with four option years on it. We received one bid from HDR Engineering, who is the incumbent engineer. We recommend that you award this to HDR. It's on a calendar-year basis, from January 1, 2017 to December 31, 2017, with four option years remaining.

Mr. Keifer (NO) moved, seconded by Mr. Broad (NO) to approve the contract of HDR Engineering as presented. The vote of the motion was unanimous.

(b) Roof Replacement – Regional Landfill

Ms. DeVary stated the next contract we have is for roof replacements at the main office and shop building out at the Suffolk regional landfill. Following Hurricane Matthew, it became apparent that we needed a new roof because there was quite a bit of leaking. This is the original roof from 1985, so even though it wasn't budgeted; we felt it was important to at least get the bid on it. The low bidder is River City Roofing at \$88,920. We do have money in an undesignated category within the capital fund that can cover this. We would recommend tacking on a 10% contingency just for a budget purposes.

Mr. Keifer (NO) moved, seconded by Mr. Mike Johnson (SH) that the roof replacement at the Regional Landfill be awarded to River City Roofing as presented. All were in favor with the exception of Mr. Arnold (SU) who abstained from the vote.

(c) Tractor – Regional Landfill

Ms. DeVary continued that the final contract is for a 50,000 pound track type tractor to be used at the Suffolk regional landfill. This was budgeted, and the low bidder was Carter Machinery at a price of \$496,950. They have offered a trade-in amount at \$36,000 so the net price would be \$460,950. The difference between the budgeted amount and what is needed will use the remaining funds in the undesignated category in the capital budget.

Mr. Taylor Williams (FR) moved, seconded by Mr. Keifer (NO) that the 50,000-pound track tractor be awarded to Carter Machinery as presented. All were in favor with the exception of Mr. Arnold (SU) and Mr. McCoy (PO) who abstained from the vote.

C. RECOMMENDATION OF THE AD HOC TIP FEE STABILIZATION FUND COMMITTEE.

Mr. Keifer (NO) began by stating that Randy Keaton and I met with Trey, Bucky, and Liesl and

came up with this presentation and the recommendation. The Tip Fee Stabilization Fund was created by SPSA with the fiscal year 2013 budget. The idea was to set the municipal tipping fee higher so to balance the budget and any excess fees collected would be set aside and used in the future to maintain the level tipping fee of \$125 per ton. During fiscal year 2013 SPSA “deposited” a total of \$3,325,752 into the Tip Fee Stabilization Fund. Due to budgetary savings, no withdrawals from the Tip Fee Stabilization Fund were required in 2014 and 2015. In fiscal year 2016 \$204,602 was used from the fund on capital projects. The current tip fee stabilization balance is \$3.13 million, with no planned uses for the remaining fund amount. Based on the 2013 budget, had the tipping fee reflected what the exact costs were, the tipping fee would have been \$111 instead of \$125 per ton and the \$125 rate in fiscal year 2013 represents an “overcharge” of \$13.76 per ton. Because the stabilization fund was funded entirely by tipping fees in 2013, it's felt the fund balance should be allocated among the communities on a pro rata basis that paid those tipping fees in 2013. The recommendation is that the shares of the funds be applied by using credits to tipping fees payable to future SPSA services beginning January 1st.

Community	FY 2013 Actual			\$13.76 Per Ton Excess Tip Fees Paid to Fund Tip Fee Stabilization Fund
	Municipal Tons	Tip Fees Paid	Average Rate Per Ton	
City of Chesapeake	91,754	\$11,469,348	\$125	\$1,262,829
City of Franklin	2,533	\$316,584	\$125	\$34,862
County of Isle of Wight	17,411	\$2,176,369	\$125	\$239,631
City of Norfolk	63,952	\$7,985,174	\$125	\$880,184
City of Portsmouth	43,334	\$5,416,868	\$125	\$596,415
Southampton County	7,791	\$973,868	\$125	\$107,229
Total	226,775	\$28,338,211	\$125	\$3,121,150
City of Va. Beach Net Tip Fee Paid	134,007	\$8,753,698	\$65.32	N/A
Grand Total	360,782	\$37,091,909		\$3,121,150

Mr. Keifer (NO) moved, seconded by Mr. Keaton (IW), that the Board of Directors (a) approve the handling of the “excess” amounts remaining in the Tip Fee Stabilization Fund as recommended by the Committee today, and (b) in connection therewith, authorize and direct the Executive Director and/or Deputy Executive Director to apply credits to tip fees that are otherwise payable by the applicable communities for future SPSA services in the corresponding amounts reflected in the Committee’s recommendation. The vote of the motion was unanimous.

D. 2017 BOARD MEETING DATES

Chairman Woodall (CH) moved to the 2017 Board meeting dates of January 25, 2017, February 22, 2017, March 22, 2017, April 26, 2017, May 24, 2017, June 28, 2017, July 26, 2017, August 23, 2017, September 27, 2017, October 25, 2017 and December 13, 2017.

Mr. Taylor Williams (FR) moved, seconded by Mr. Keifer (NO) that the 2017 Board meeting dates be approved as presented. The vote of the motion was unanimous.

3. CLOSED SESSION

Chairman Woodall (CH) stated that concludes are open session items and read the closed session request as follows:

I move that a closed session be held for discussions regarding proposals received in response to the RFP issued by SPSA for Solid Waste Hauling and Disposal Services for Non-Municipal Waste, in accordance with (a) Virginia Code Section 2.2 3711(A)(29) for the purpose of considering negotiation and award of new contracts where competition and bargaining are involved and where discussion in open session would adversely affect the bargaining position or negotiating strategy of the public body and/or (b) Virginia Code Section 2.2 3711(A)(7) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

Mr. Taylor Williams (FR) moved, seconded by Mr. Keifer (NO) to approve the certification as read. The vote of the motion was unanimous.

4. ACTIONS ARISING FROM CLOSED SESSION

Immediately upon completion of the closed meeting, the following certification was read by Chairman Woodall (CH).

The Board of Directors of the Southeastern Public Service Authority of Virginia hereby certifies that, to the best of each member's knowledge: (a) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act were discussed in the closed meeting to which this certification applies; and (b) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting just concluded.

Mr. Taylor Williams (FR) moved, seconded by Mr. McCoy (PO) to approve the certification as read. The vote of the motion was unanimous.

Following the closed session on the Commercial waste Proposals/RFP a motion was presented by Chairman Woodall (CH).

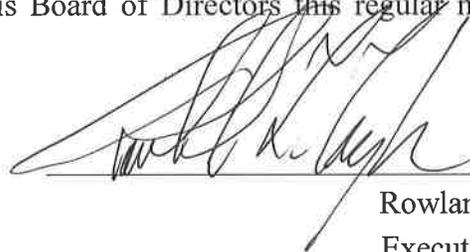
Mr. Roberts (SU) moved, seconded by Mr. Chesson (IW), that regarding RFP 03 17, for Solid Waste Hauling and Disposal Services for Non Municipal Waste Received at SPSA Transfer Stations (the "RFP"), based on the recommendation of the Evaluation Committee with respect to proposals received in response to the RFP, and the Board's evaluation of the presentation just made regarding such proposals, the Board deems the following offerors, which have been deemed responsible, to be fully qualified and best suited among those submitting proposals based on the evaluation criteria set forth in the RFP, and I therefore move that the Board of Directors authorize and direct applicable SPSA leadership personnel to conduct contract negotiations with such following offerors as Bay Disposal and Wheelabrator Portsmouth. The vote of the motion was unanimous.

5. **OLD/NEW BUSINESS**

Mr. Huelsberg thanked everyone who has already submitted their financial disclosure agreements and reminded those who haven't of the deadline of December 15th.

6. **ADJOURN MEETING**

There being no other business to come before this Board of Directors this regular meeting was adjourned at 10:56 a.m.



Rowland L. Taylor
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors