

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

June 28, 2017

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	(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 absent	(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. Mark Popovich (IW), Mr. Harvey Howard (NO), Mr. Eric Nielsen (SU), Mr. Phil Davenport (VB), 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, Warren Tisdale, 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. Everett Williams, the Pledge of Allegiance, and Roll Call. A quorum was present.

1. INFORMAL ITEMS: DISCUSSION ONLY

A. MONTHLY REPORT ON WTE OPERATIONS

Mr. Michael Dougherty began the monthly report on the operational stats for Wheelabrator Portsmouth for the month of May. The total waste received by SPSA 43,657 tons and 66,558 tons of waste was delivered to the RDF facility. The total tons processed were 64,895 and 16,800 tons of ash was sent to the regional landfill. The total electricity sold to the grid was 22,375 megawatts and 23,422 K-pounds of steam was sold to the Navy. The overall boiler availability was 92% and the overall generator availability was 99%. There were no environmental incidents or OSHA reportable accidents during this period.

B. EXECUTIVE DIRECTOR UPDATES

Mr. Taylor began his monthly report. Jeff Murray will be making a presentation to update you on the leachate project. Suffolk staff is scheduled to have a meeting June 30th to discuss what's needed so that the Conditional Use Permit and rezoning applications can move forward before the Planning Commission. RePower will be discussed in closed session if the Board so directs.

C. CHAIRMAN'S COMMENTS

Chairman Woodall (CH) commented that the Executive Director will be retiring at the end of July and the Mercer Group is looking for a replacement, but in the interim we will need a substitute. I would like to nominate Liesl to take over as the "acting: Executive Director starting August 1, 2017 at a salary level that is in-between her salary and Mr. Taylor's salary; \$175,000 a year.

Mr. Everett Williams (FR) moved, seconded by Mr. Chesson (IW) that Liesl DeVary be named interim Executive Director starting August 1, 2017 at a salary of \$175,000. The vote of the motion was unanimous.

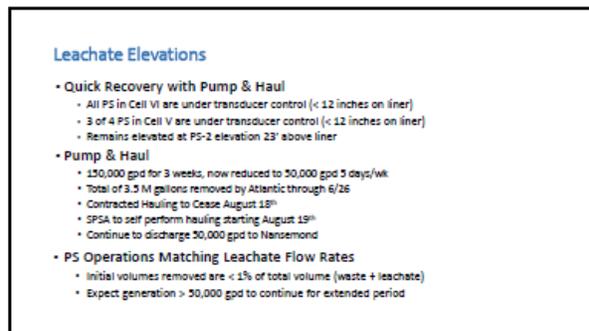
D. NOMINATION COMMITTEE REPORT

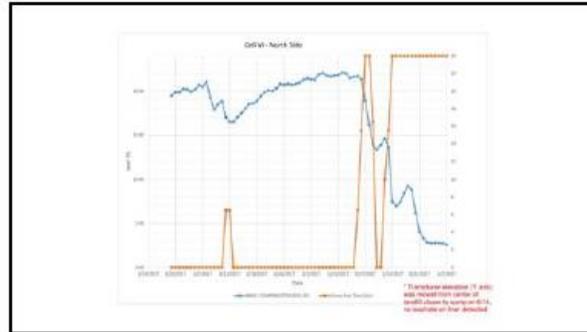
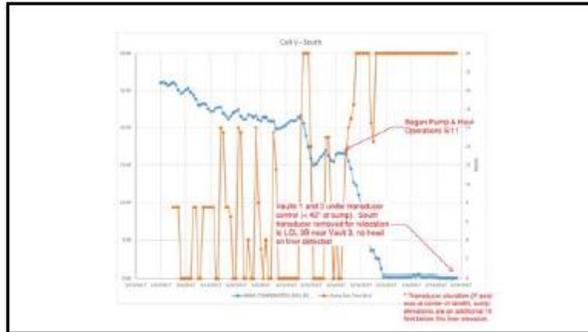
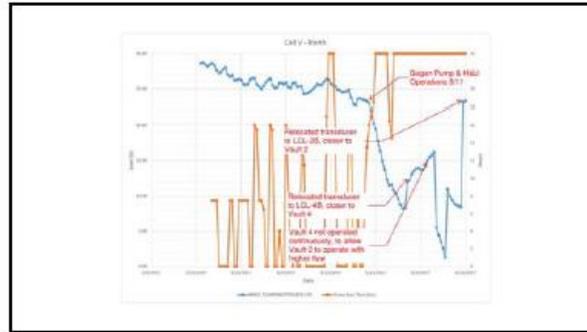
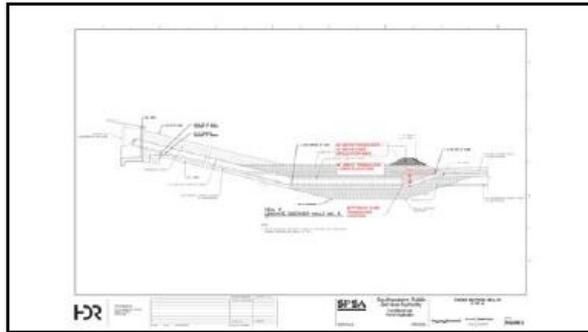
Mr. Everett Williams (FR) began his report for the proposed slate of officers for the coming year beginning at the July meeting. Ms. Blanche Christian as Secretary; Liesl DeVary as Treasurer, Mr. Luke McCoy for Vice Chairman and Mr. John Keifer (NO) for Chairman. We will be voting on this slate of officers at the July meeting.

Chairman Woodall (CH) commented that at the next meeting any nominations can be made from the floor.

E. PRESENTATION: LANDFILL LEACHATE PROJECT

Mr. Jeff Murray, Senior Project Manager from HDR Engineering began his presentation with an update on the current status of the leachate project.





- ### DEQ Coordination
- Draft Consent Order under Public Review
 - 30 day review period ends July 2nd
 - Anticipate effective date July 17th
 - CAP to be submitted within 30 days of effective date
 - Met on 6/23 to Review Loadout Station Project
 - Amendment to Minor Permit Modification is Required
 - Corrective Action Plan
 - Compliance Schedule
 - Leschete Pump and Haul Operation
 - Operational Changes
 - Physical Controls (loadout and SCADA)
 - Bi-weekly status updates continue

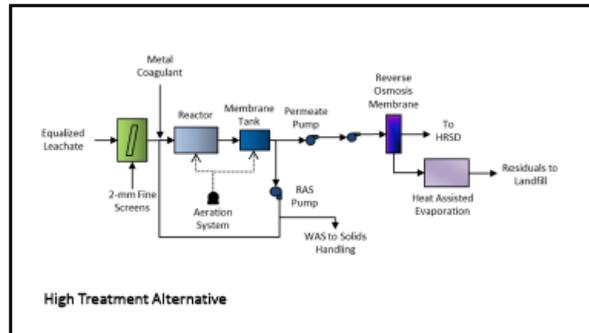
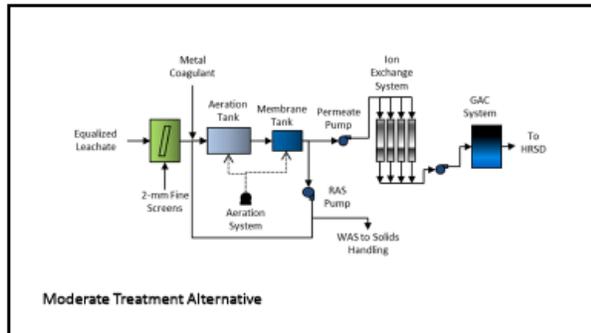
- ### HRSD Coordination
- HRSD Continues to Assess COD loading and SWIFT Criteria
 - No updates
 - Freeman Drive removed from available disposal locations due to abutter impacts
 - Requested temporary cessation of hauling to Washington Street 6/26 to 7/1
 - Continued hauling 49,999 gpd to Terminal Avenue in Newport News

- ### Ongoing Work
- Cell VII CUP and Rezoning
 - City is moving applications to Planning Commission for consideration in July
 - Carbon Adsorption Full Scale Pilot RFP
 - 3 Proposals Received 6/26 for 6 month Pilot
 - Evaluation of Proposals Ongoing
 - Goals
 - Understand Carbon Performance on COD and Other Parameters
 - Provide Additional Flow to Nansemond WWTP
 - Flexibility for Back-up to Pump & Haul
 - NTP Could Wait Until HRSD COD Update is Received

- ### Ongoing Work
- SCADA System RFP Issued 6/22
 - Proposals Due 7/13
 - Anticipate Requesting Award at July Board Meeting
 - Loadout Design and Pump Station Modification
 - Pre-Application Meetings held with Suffolk and DEQ
 - Design is > 60% complete
 - Permitting Submittals - July
 - Bidding - July

- ### Ongoing Work
- Treatment Assessment
 - Proposals received from over 20 vendors
 - Assessment based on assumed effluent criteria (moderate and high)
 - Technologies Assessment Criteria
 - proven technology (including number of North American installations)
 - equipment budgetary proposals
 - complexity of operation
 - operating and maintenance (O&M) considerations
 - additional utility requirements
 - anticipated performance

- ### Ongoing Work
- Treatment Assessment
 - Moderate Treatment – MBR, Ion Exchange and GAC
 - \$4M Capital, \$0.031/gal
 - High Treatment – MBR, RO and Heat Assisted Evaporation
 - \$11 M Capital, \$0.094/gal
 - Individual Discharge Permit
 - Would likely require higher treatment level than discharge to HRSD
 - Permitting would require Wasteload Allocation offsets for nitrogen and phosphorous and wetland mitigation offsets
 - While feasible, not recommended for further consideration
 - June 30th - Final Report and Recommendation
 - Confirm Recommendations once SWIFT Criteria Finalized



There has been significant progress made in the last month due to the accelerated pump and hauling operation. Cell VI is back in full transducer control and in Cell V, three of the four are operating with transducer control. One quadrant of the landfill still has elevated leachate in it. We are remediating that pump situation and expect that to be back into compliance and under transducer control here the next few weeks as that pump will be operating more continuously.

We've removed 3.5 million gallons thus far through Atlantic's contract. We had to scale back their operations due to leachate not coming to the leachate pump stations quickly enough to continue to provide them 150,000 gallons for hauling. We reduced their contract for hauling to 50,000 gallons per day just five days a week and believe we can sustain that volume in addition to 50,000 pumped to Nansemond on a daily basis through the next couple of months. They have been given notice of termination for August 18th. At that time SPSA anticipates performing the hauling operations internally going forward as needed for the additional volume that is in excess of what can be pumped to the Nansemond plant. Pump station operations are functioning as designed, removing leachate as it flows to the pump stations. We anticipate that generational rate or flow rate will be in excess of 50,000 gallons per day which can currently pump to Nansemond for some extended period of time at least through August and into the fall we will need to continue to pump and haul for discharge at alternate locations.

The draft consent order has been signed and executed by Mr. Taylor. That has been advertised for a 30-day public comment period which expires July 2nd. We anticipate getting the consent order executed by DEQ between the 2nd and 17th; and then our formal corrective action plan needs to be submitted to the state within 30 days of that effective date, mid-August time frame. We anticipate submitting that next month in advance of the required dates.

Mr. Davenport (VB) asked if we start putting a lot of trash in the landfill do we have anyway to predict what that increased level of leachate from that might be. Additionally if we open up Cell VII and begin using that, then do we have any way of predicting what that might be and what that does to the different pumping treatment options that we have.

Mr. Murray responded that Cell V and VI have got a buffer so that any additional waste that may come would still have to percolate through all that waste. So we wouldn't see a significant spike because the operating areas will remain the same as now. There is an operational change that can be made to tighten up that footprint and maybe even shed some additional clean storm water off Cell V and VI. In the interim another aspect looking at with operations maybe get us down below those 50,000 gallons so we don't have to haul. Cell VII, that time frame is subject to a number of different moving parts but when Cell VII is constructed and operating, the generation will be well

above the 50,000 gallons so either you'll need additional storage on site to reduce that peak flow. Storm events are the most worrisome until you get that bottom layer installed.

Mr. Davenport (VB) asked when we think the SCADA system might be in operation. Mr. Murray responded it's at least six-month project, end of this year early 2018 before that system is up and running.

2. ACTION AGENDA

A. MINUTES OF BOARD MEETING

Chairman Woodall (CH) moved to the action agenda. The minutes of May 24, 2017 Board of Directors meeting have been distributed. He asked if there were any addition or changes.

Mr. Taylor Williams (FR) moved, seconded by Mr. Keifer (NO) that the May 24, 2017 minutes of the SPSA Board meeting 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 May 31, 2017, total revenues exceeded total expenses by approximately \$3.16 million as compared to a shortfall of approximately \$366,000 thousand in the prior fiscal year. Tipping fees reflect a 9.3% increase or approximately \$3.5 million as compared to last year, and this increase is largely due to the end of the Virginia Beach Ash and Residue Agreement and their associated tip fee rebate. Municipal waste tonnages through May are down less than half percent or 1,693 tons as compared to last year. Bay Disposal canceled its waste services contract with SPSA effective June 12. If you recall, that was a special waste contract that we did with them for them to take waste directly to the RDF facility. The impact in fiscal year 2018 budget is \$405,000, so I will include that in my revisions. TLC is still utilizing the contract. Total expenses as of May 31st were approximately \$43.1 million as compared to \$40.8 million in the prior year. Cash balances are \$22 million and designated with \$3.7 million in the operating fund, \$600,000 in undesignated fund balance, \$6.3 million in the landfill closure fund, \$1.4 million reserved for accrued leave and \$10 million in the operating reserve.

 Summary of Leachate Costs		
Description	Previous Amount	Current Amount
Remediation & Maintenance Costs:		
Costs to date (incl. pump & haul)	\$2,402,136	\$1,053,539
Leachate & Site Maintenance	\$152,431	\$184,160
Two Additional 150 days of 3 rd Party Hauling of Leachate	\$4,500,000	\$0
Pump & Haul by SPSA (50,000 – 75,000 per day, 5 days per week)	- 0 -	\$300,000
Projected Future Remediation Costs	\$319,500	\$100,000
Total Remediation Costs:	\$7,374,067	\$1,637,699
Permanent Solutions (Leachate System Improvements) such as:		
New SCADA System		
Carbon Treatment Pilot Program		
Permanent Improvements for Pump & Haul		
DEQ Notice of Violation/Consent Order	\$190,435	\$258,418
Total Leachate Costs	\$11,339,502	\$5,671,117
FY 2017 Budget	\$3,339,502	\$3,339,502
FY 2018 Budget	\$8,000,000	\$2,336,615

Future Pre-Treatment System could cost from \$4 – \$11 million in order to meet HRSD Swift Program Criteria

The biggest significant piece is we are not planning on having a third-party pump and haul for an additional 150-day period. Each 150-day period would have hauled 30 million gallons. In next year's budget I had included those two additional rounds which is about \$4.5 million dollars so we don't plan on using that, which that reduction alone will bring your January municipal tipping fee down to \$65; however, we don't know when the SWIFT program is going to be implemented and what and when will be the solution for future treatment with this leachate.

As mentioned we looked at our future pump and haul operations. Currently we have one tanker trailer that one of our drivers goes around to a couple of the transfer stations to pump out the tanks that they have. It is primarily washed-down water from the tipping floors, but then that is hauled out to our landfill and put into the leachate system. We took a look at this and primarily the only thing we would need to do is invest in the purchase of two tanker trailers and we believe we can get them for around \$65,000 each. We have the staff on hand to handle this. In order to drive a tanker you have to have a special endorsement on your CDL and we already have seven of our drivers that are capable. We used the time frame to haul to the Washington site, then we estimated at a max if we haul 75,000 gallons per day, five days a week, 50,000 of it would go to the Washington Street site and the other 25,000 thousand would go to the Newport News site. Between the time, the mileage, the gas, the investment in the two tankers and amortized them over a five-year period, our cost are two cents a gallon. I used a higher number on estimating for gas fuel and tires just to make sure we are on the high end of things. With those estimates it would cost us \$300,000. I estimated about 40 weeks for about \$300,000. We plan on bidding the trailers and at that time will bring them back to you for your approval and allocation of the funds.

Mr. Sorrentino (VB) commented that from the previous briefing we thought it would be another year before we got the leachate down to the point we won't have to do this additional hauling, so I am questioning if we can wrap it up in a year, why would we make this investment?

Ms. DeVary responded that the investment you are making is on the two tankers which once again the one that we have now is from 2012/2013, which will need to be replaced regardless. We looked at the rental costs and it is more efficient to purchase them. If for some reason we wouldn't ever have to haul again we can always sell them. There is such a market for them.

Mr. McCoy (PO) commented that you have got the costs down to two cents a gallon. Contracting that out now what does that cost?

Ms. DeVary responded that currently due to the reduction in volume it is at 17 cents per gallon, we were originally at 6.

Mr. Davenport (VB) commented that with all of the new regulations, the water quality, with all the increase in regulations related to water quality and discharges, with or without SWIFT, won't there be additional requirements put on us in the future that will require some additional treatment that we are not doing today?

Mr. Murray responded that if it is not SWIFT then there is other discharge criterion that's going to be put on the users in Chesapeake Bay that will get passed onto industrial whether it's SWIFT or another program with a different name at some point here in near term. We are not treating leachate right now at our site.

Mr. Johnson (SH) moved, seconded by Mr. McCoy (PO) that the financial reports subject to audit be approved as presented. The vote of the motion was unanimous.

- (2) Contracts
 - (A) Contract Awards
 - a. Diesel Fuel Delivery

Ms. DeVary stated that we received several bids. The low bid is with Dime Oil Company. If you are not familiar with them they are headquartered in Connecticut and have a local facility in Cape Charles on the Eastern Shore. They have been in business for 27 years. They don't sub out any of their deliveries, and they are giving us a penny credit back per gallon at two of the locations which is operations and the landfill. Based on the estimated gallons and we assumed a rack price of \$1.4896 cents. Their bid came in at \$501,696, so that includes rack price plus markup plus credit so we would recommend that you award to Dime Oil Company.

Mr. Arnold (SU) stated that I would like the minutes to reflect that I intend to abstain from all contract awards and renewals in this particular meeting.

Mr. Eric Martin (CH) moved, seconded by Mr. Hodges (SH) to award the diesel fuel delivery contract to Dime Oil Co. LLC as presented. All were in favor with the exception of Mr. Arnold (SU) who abstained from the vote.

- b. Loader Tire Service

Ms. DeVary continued to the next contract award for loader tire service that we bid it for a 5-year program. Colony Tire is the incumbent and, once again, we recommend that you award it to them. Their price is an 8% decrease in price from the prior fiscal year, and it is fixed for the five years. We would recommend the award to Colony Tire.

Mr. Keifer (NO) moved, seconded by Mr. Everett Williams (FR) to award the loader tire service to Colony Tire Corporation as presented. All were in favor with the exception of Mr. Arnold (SU) who abstained from the vote.

- B. Contract Renewals

Ms. DeVary moved to the contract renewals for the annual independent audit services, data fuel cards, grounds maintenance, laboratory analysis services, truck tire management program, uniform rental services and the property, liability and worker's compensation programs (VMLIP).

Mr. McCoy (PO) moved, seconded by Mr. Keifer (NO) to approve the annual independent audit services, data fuel cards, grounds maintenance, laboratory analysis services, truck tire management program, uniform rental services and the property, liability and worker's compensation programs (VMLIP) contract renewals as presented. All were in favor with the

exception of Mr. Arnold (SU) who abstained from the vote.

3. OLD/NEW BUSINESS

Chairman Woodall (CH) welcomed Mr. Maxwell; Executive Vice President of the Mercer Group to provide an update on the Executive Director search.

Mr. John Maxwell commented that we have been engaged by you to conduct an executive search for a new Executive Director. We sent out a resume and a questionnaire for you to fill out to give us some information with respect to the type of person, education and experience that the new executive director should have. We compiled that information not only in terms of what you provided but the staff provided us as well. It contains information about the Hampton Roads area, how the organization is governed, a position description that we received from the staff, as well as the candidate profile, what you are looking for in terms of education, experience, and management style. I want to ask for approval of this because subsequent to this we will prepare a recruitment brochure that this will contain the information that we will submit to various people that we think would be interested in this position. The information that was provided to us from you in the survey that we sent out stated a starting salary of \$175,000-\$180,000 and I want to be sure that's accurate. Assuming that we get your approval today, we would put the deadline for receipt of resumes as August 11. That gives us about five to six weeks to submit our recruitment brochure to effective candidates and place the appropriate announcement in various publications as well as various web sites. After August 11th, we will start the process of narrowing them down to a reasonable number, present some semi-final candidates to review and narrow them to number of final candidates before conducting interviews. We're looking probably somewhere in the process of 90 to 150 days. With that, Mr. Chairman, all I am asking is some sort of consensus from you-all that this generally meets what you-all have said in terms of what you are looking for in the new Executive Director for SPSA.

Hearing no objections in regards to the Mr. Maxwell's update Chairman Woodall (CH) moved on to the closed session portion. Discussion was had in regards to having an open or closed session on RePower South.

Mr. Huelsberg commented that if we are going to discuss legal rights and remedies, I recommend we do it in closed session.

4. CLOSED SESSION

Mr. Huelsberg, General Counsel read the closed session request as follows:

I move that a closed session be held for discussions regarding SPSA's available legal rights and remedies in light of status of certain pre-commencement contractual obligations under the Waste Supply and Services Agreement between SPSA and RePower South, in accordance with 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. Eric Martin (CH) moved, seconded by Mr. McCoy (PO) to approve the certification as read. The vote of the motion was unanimous.

5. ACTIONS ARISING FROM CLOSED SESSION

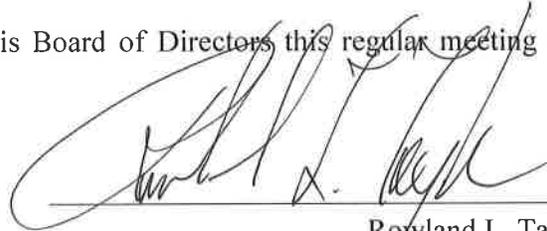
Immediately upon completion of the closed meeting, the following certification was read by General Counsel, Trey Huelsberg.

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

6. ADJOURN MEETING

There being no other business to come before this Board of Directors, this regular meeting was adjourned at 11:37 a.m.



Rowland L. Taylor
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors