

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

July 27, 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	(FR)	Mr. H. Taylor Williams	(FR)
Mr. Roy Chesson	(IW)	Ms. Mark Popovich	(IW)
Mr. Donald Williams	(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 <i>absent</i>	(VB)	Mr. John Barnes <i>absent</i>	(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. Randy Martin (FR), Mr. Harvey Howard (NO), Ms. Trimyer (PO), Ms. Lynette Lowe (SH), 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, 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 (FR), the Pledge of Allegiance, and Roll Call. A quorum was present.

1. ELECTION OF OFFICERS

Mr. Everett Williams (FR) opened the floor for additional nominations for the election of officer's. Having no other nominations he asked that a motion to approve the Nominating Committee recommendations from last month's meeting be approved as presented

Mr. Taylor Williams (FR) moved, seconded by Mr. McCoy (PO) that the election of Marley Woodall (CH) as Chairman, Mr. Mark Hodges (SH) as Vice-Chairman, Ms. Liesl DeVary as Treasurer and Ms. Blanche Christian as Secretary as recommended by the Nominating Committee be approved as presented. The vote of the motion was unanimous.

2. INFORMAL ITEMS: DISCUSSION ONLY

A. MONTHLY REPORT ON WTE OPERATIONS

Mr. Rob Johnson began his report on the operational stats for Wheelabrator Portsmouth for the month of June. The total waste received by SPSA 39,832 tons and 64,638 tons of waste was delivered to the RDF facility. The total tons processed were 61,322 and 15,565 tons of ash was sent to the regional landfill. The total electricity sold to the grid 23,831 megawatts and 29,118 K-pounds of steam was sold to the Navy. The overall boiler availability was 90% percent and overall turbine availability was 97%. There were no environmental incidents, but we did have an OSHA reportable incident. A gentleman was clearing one of the feed shoots to the boiler and a valve came unscrewed and hit him in the chin. He was sent to be evaluated and he returned to work with a minor incident. Boiler 3 had a scheduled outage, major work included grate cleaning, baghouse inspection and weld buildup of feed screws and boiler tubes. The boiler came up 33 hours favorable to plan.

B. EXECUTIVE DIRECTOR UPDATES

Mr. Taylor began his monthly reports. There was no odor or other environment issues at the landfill the past month.

The CUP and Rezoning Applications were submitted to the City of Suffolk on June 30th. An update to the Public Facilities portion was submitted the week of July 4th. Suffolk staff is reviewing the information. Our time line has not changed at this point.

The Commercial/Private Hauler Waste Committee met on July 11th to continue its discussions on the direction the Committee would recommend to the full Board of Directors in the coming months. Items relating to the particular Proposal and potential contract will be presented by the Committee's Chairman in Closed Session this morning.

The 2015 Recycling Rate Report has been received. The final regional recycling rate was 31.76%.

RePower will be providing us a monthly report on activities. The facility lease was completed with an effective date of July 1st. SPSA should receive a copy within 15 days. In regards to the project financing Wells Fargo is the investment banker and Black and Veatch (BB&V) is the 3rd Party Independent Engineer. A draft report from BB&V will be completed in late July. The report will be finalized in August and the rating activity will be available after Labor Day. The State of Virginia Small Business Finance Authority (VSBFA) On July 7th the Governor of Virginia issued formal approval for the issuance of up to \$90 million dollars tax exempt for non-recourse bonds. The final approval from DEQ for waste processing has been issued and the CUP was approved by the City of Chesapeake. The critical path method schedules will be forwarded to SPSA in August as part of the project milestone scheduling. Discussions regarding an offtake agreement for the Bio-fuel pellets continue.

Chesapeake held a recycling event on July 23rd. They had a total of 135 participants. SPSA as always is glad to help in these events.

Mr. Roberts (SU) commented that we will have a report from the Commercial Waste Committee in closed session, but I encourage anybody who is interested to stick around after the closed as we may be able to provide an update in the open session.

C. CHAIRMAN'S COMMENTS

Chairman Woodall read the following Resolution of Appreciation for Don Williams.

WHEREAS, Donald L. Williams, has been a representative of the City of Norfolk, and has served on the Board of Directors of the Southeastern Public Service Authority of Virginia from January 1, 2014 through May 31, 2016, and,

WHEREAS, his willingness to support the regional solid waste management programs of the Authority with his knowledge, experience and his personal time has rendered an invaluable service to the citizens of the City of Norfolk, southeastern Virginia, the Commonwealth of Virginia, and to this Authority, enhancing the quality of life for all; and,

WHEREAS, with a feeling of deep gratitude, on this occasion, his associates in the Southeastern Public Service Authority of Virginia express their respect and appreciation for his professional service to the Authority and to the citizens that it serves.

NOW, THEREFORE, BE IT RESOLVED, with great pride, the Board of Directors of the Southeastern Public Service Authority of Virginia recognizes, thanks and commends Donald L. Williams, for his service to the Authority, and upon completion of his service presents this Resolution as a token of its esteem and orders a copy be spread upon the minutes of this meeting.

Mr. Keifer (NO) moved, seconded by Mr. Broad (NO) that Resolution of Appreciation for Donald L. Williams be approved as presented. The vote of the motion was unanimous.

3. ACTION AGENDA

A. MINUTES OF THE BOARD MEETING

Chairman Woodall (CH) moved to the action agenda. The minutes of the June 22, 2016 Board meeting have been distributed and he asked if there were any additions or changes.

Mr. Eric Martin (CH) moved, seconded by Mr. McCoy (PO) that the June 22, 2016 Board minutes of the SPSA Board of Directors meeting be approved as presented. The vote of the motion was unanimous.

B. FINANCIAL MATTERS

(1) Financial Reports

Ms. DeVary began by stating that based on a preliminary analysis for the fiscal year ending June 30,

2016, total expenses exceeded total revenues by approximately \$373,000 as compared to total revenues exceeding expenses by approximately \$2.6 million in fiscal year 2015. Tipping fees reflect a 14.2% increase or approximately \$5.3 million as compared to fiscal year 2015. The majority of this increase is due to an uptick in municipal waste tonnages and the fact that Virginia Beach is no longer receiving a rebate on its tipping fees. A deficit of \$2.5 million was budgeted to be covered by the tip fee stabilization fund; however, tipping fee revenue exceeded the estimates by approximately \$1.87 million whereby reducing the amount needed from the tip fee stabilization fund. For the fiscal year ending June 30, 2016 municipal waste tonnages were 402,951 as compared to 395,479 a year ago. Total expenses for fiscal year 2016 were approximately \$45.3 million as compared to \$37 million in the prior fiscal year. Operating expenses came in a less than fiscal year 2015 by approximately \$5 million. We spent about \$1.5 million more in capital expenses which was primarily for equipment replacement. The biggest increase you will see is our scheduled debt service went up \$4.7 million as compared to the prior year. Virginia Beach O&M dropped to \$1 million because the ash and residue agreement ended December 31, 2015. The Wheelabrator service fee was approximately \$3.1 million more than the prior year. That was a combination of the annual increase as well as the drop in commercial tons. We didn't haul as much waste to the RDF, but we also didn't receive as many credits for the Wheelabrator service fee. Cash balances are at \$22.1 million and designated with \$3.2 million in the operating fund, \$2.9 million in the tip fee stabilization fund (preliminary), \$6 million in landfill closure and \$10 million in the operating reserve.

Mr. Everett Williams (FR) 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) Contracts
 - a. Laboratory Analysis Services

Ms. DeVary stated that we have one contract for your consideration. It is for the laboratory analysis services for our environmental monitoring program primarily at the landfill, but as well as any other testing and analysis that is done at the transfer stations. An RFP was issued and we received four different bids. We are recommending that you award it to Air, Water & Soil, who happens to be the incumbent as well.

Mr. Popovich (IW) moved, seconded by Mr. Broad (NO) that the contract for laboratory analysis services be awarded to Air Water & Soil Laboratories as presented. The vote of the motion was unanimous.

4. CLOSED SESSION

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

I move that a closed session be held for discussions regarding updates with respect to the operating policies and procedures that SPSA will establish to assist in the management and disposal of

Commercial Waste through its Disposal System, in accordance with Virginia Code Section 2.2 3711(A)(29) for the purpose of considering modifications to the terms of existing contracts and/or 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.

Mr. Popovich (IW) moved, seconded by Mr. Hodges (SH) 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 as read by Mr. Huelsberg, General Counsel:

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. Eric Martin (CH) to approve the certification as read. The vote of the motion was unanimous.

Mr. Patrick Roberts (SU) provided an update from the Commercial/Private Hauler Waste Committee. SPSA will seek the most "transparent" method to determine the cost for SPSA to handle Commercial Waste in Post January 2018. SPSA is seeking to have one contract with one offeror to both haul and dispose of the commercial waste which it brought to a SPSA transfer station. Disposal will be at a "nonSPSA" facility. An RFP will be developed, approved by the SPSA Board and issued to seek qualified offerors. This is scheduled to be accomplished in the next 90 days. Proposals will be received 30 days from the date of issuance of the RFP. A contract will be negotiated and submitted to the SPSA Board. This is currently proposed to be accomplished by February of 2017. The purpose of the Proposals is to acquire the most economical rates possible in order to provide commercial haulers with the best rate that SPSA can obtain.

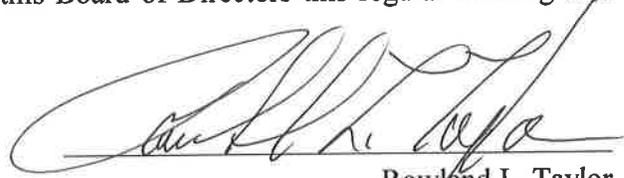
6. OLD/NEW BUSINESS

Mr. Eric Martin (CH) commented that an order of dismissal for the Chesapeake/SPSA Lawsuit was filed July 25th in the Chesapeake court system. As soon as a judge signs off on the order the lawsuit will be concluded.

Mr. Popovich (IW) commented that the Isle of Wight Board of Supervisors has appointed Mr. Randy Keaton as the new County Administrator.

7. **ADJOURN MEETING**

There being no further business to come before this Board of Directors this regular meeting was adjourned at 10:32 a.m.



Rowland L. Taylor
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors