

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

January 25, 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 <i>absent</i>	(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. Mark Popovich (IW), Mr. Harvey Howard (NO), Ms. Erin Trimyer (PO), 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, 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 his report on the operational stats for Wheelabrator Portsmouth for the month of November. The total waste received by SPSA was 36,646 tons and 56,558 tons of waste was delivered to the RDF facility. The total tons processed were 57,535 and 13,926 tons of ash were delivered to the regional landfill. The total electricity sold to the grid was 21,632 megawatts and 37,214 K-pounds of steam was sold to the Navy. The overall boiler availability was 89% and overall generator availability was 98%. There were no environmental incidents or OSHA reportable incidents for month of November. Boiler 3 had a scheduled outage. The major work included UT

inspection of the generator and primary and secondary superheater tubes. Boiler 2 had an unscheduled outage due to a bent grate idler beam which resulted in replacement of 75 grate bars and 116 hours of downtime.

For the month of December the total waste received by SPSA was 34,433 tons and 56,807 tons of waste was delivered to the RDF facility. The total tons processed were 55,113 tons and 13,990 tons of ash were sent to the regional landfill. The total electricity sold to the grid was 19,492 megawatts and 54,268 K-pounds of steam was sold to the Navy. The overall boiler availability was 90% and the overall generator ability was 98%. There was one OSHA reportable incident where an individual fell off a ladder, but he has since returned to work. Boiler 1 had a scheduled outage. The major work included UT inspection of generator, primary and secondary superheater tubes along with replacement of SDA wing vane and under grate auger. There was unscheduled downtime on the #3 turbine generator due to an issue with the steam inlet valve staying open. An outside resource was brought in to check the operation of the valve. They were able to seat the valve and the generator was returned to service.

B. EXECUTIVE DIRECTOR UPDATES

Mr. Taylor began his monthly report. No odor complaints have been received at the landfill. All SPSA's operations were closed on Monday, January 9th due to inclement weather. All facilities reopened at 10:00 a.m. on Tuesday January 10th.

The new truck lift that was approved in the budget for the equipment maintenance shop was installed for less than \$28,000. This will really facilitate truck maintenance.

The Private Hauler Waste Committee will be meeting on the 26th (tomorrow) to begin the negotiation process with the two proposers approved by the Board at the December meeting. These two will be Bay Disposal and Wheelabrator Technologies Inc.

The CUP for Cell VII continues to be with Suffolk's review committee and we would anticipate that the applications will be presented to the Planning Commission within the next month or two.

C. CHAIRMAN COMMENTS

Chairman Woodall (CH) asked if anyone had any comments to bring us up to date.

Ms. Cordell (PO) commented that last night the Portsmouth City Council passed a Resolution authorizing the City Manager to sign the Use & Support Agreement without any contingencies with regard to a transfer station. That Resolution passed and we are here today to solicit the SPSA Boards approval of the Portsmouth's Use & Support Agreement.

Chairman Woodall (CH) stated that when we passed the Resolutions for all the communities, Portsmouth was not included, so we will make a motion and enter them into the group.

Chairman Woodall (CH) read the following.

Whereas the City of Portsmouth is now approved executed and delivered to SPSA the final form Use and Support documents, such documentation as executed and delivered by the City of Portsmouth in identical form as to other SPSA members is the Portsmouth post-2018 Use & Support Agreement and whereas the Board found it to be in the best interest of SPSA to authorize the execution, delivery and performance of the Portsmouth post-2018 Use & Support Agreement, further to the continuation of the regional system of municipal solid waste management to be effective through SPSA. Now, I need someone to move that the Board of Directors of SPSA, 1) authorize and direct executive director of SPSA in the name of and on behalf of SPSA to execute the Portsmouth post-2018 Use & Support Agreement and to deliver the same to the City of Portsmouth such execution and delivery conclusively to evidence the new authorization and approval thereof of SPSA; and, B) SPSA to perform its obligations as set forth in Portsmouth 2018 Use & Support Agreement. Do I hear that motion?

Mr. Everett Williams (FR) moved, seconded by Mr. Mike Johnson (SH) to approve the motion as read. The vote of the motion was unanimous, and the Chairman executed the following document to formally memorialize the Board's approval of the foregoing action.

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF FINAL USE & SUPPORT AGREEMENT WITH THE CITY OF PORTSMOUTH FOR THE PERIOD COMMENCING JANUARY 25, 2018

WHEREAS, the Southeastern Public Service Authority of Virginia ("SPSA") was created in 1976 by concurrent resolution of the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the Counties of Isle of Wight and Southampton (the "SPSA Members");

WHEREAS, between 1983 and 1984, the SPSA Members entered into individual Use and Support Agreements with SPSA (such agreements, as originally entered into and subsequently amended, are the "Legacy Use & Support Agreements") which provided, among other things, that each SPSA Member would deliver to SPSA substantially all of the disposable solid waste generated or collected by or within or under the control of such member;

WHEREAS, all of the Legacy Use & Support Agreements will expire on January 24, 2018;

WHEREAS, at a special meeting of the Board of Directors of SPSA (the "Board") held on May 13, 2016, the Board (1) definitively approved, as to form, new Use & Support Documentation for the period commencing January 25, 2018, following the expiration of the Legacy Use & Support Agreements (collectively, as so approved by the Board, the "Final Form Use & Support Documentation"), and (2) directed the Executive Director of SPSA to cause the Final Form Use & Support Documentation to be disseminated to the SPSA Members for execution and delivery to SPSA;

WHEREAS, the Cities of Chesapeake, Franklin, Norfolk, Suffolk and Virginia Beach and the Counties of Isle of Wight and Southampton each approved, executed and delivered to SPSA the Final Form Use & Support Documentation, and on May 25, 2016, at the direction of the Board, the

Executive Director of SPSA, in the name of and on behalf of SPSA, executed the Final Form Use & Support Documentation with each of the foregoing SPSA Members, thereby binding SPSA and each such SPSA Member thereto;

WHEREAS, the City of Portsmouth has now approved, executed and delivered to SPSA the Final Form Use & Support Documentation (such documentation, as executed and delivered by the City of Portsmouth in identical form as the other SPSA Members, is the “Portsmouth Post-2018 Use & Support Agreement”); and

WHEREAS, the Board has found it to be in the best interests of SPSA to authorize the execution, delivery and performance of the Portsmouth Post 2018 Use & Support Agreement, further to the continuation of a regional system of municipal solid waste management to be effected through SPSA;

NOW THEREFORE BE IT RESOLVED, by the Board of Directors of SPSA as follows:

1. The Board hereby authorizes and directs (a) the Executive Director of SPSA, in the name of and on behalf of SPSA, to execute the Portsmouth Post 2018 Use & Support Agreement, and to deliver the same to the City of Portsmouth, such execution and delivery conclusively to evidence the due authorization and approval thereof by SPSA, and (b) SPSA to perform its obligations as set forth in the Portsmouth Post 2018 Use & Support Agreement.
2. The Board hereby authorizes and directs the Executive Director of SPSA, in the name and on behalf of SPSA, to do all such acts and prepare, execute, file and deliver all such other documents, each in the name of and on behalf of SPSA, that he may deem necessary or desirable to carry out the intent and purposes of the foregoing resolutions.
3. The Board hereby authorizes and directs the Executive Director of SPSA, in the name and on behalf of SPSA, to take any and all steps and to do all things that he may deem necessary or advisable in order to effect the purposes of each and all of the foregoing resolutions.

Adopted this 25th day of January, 2017

2. ACTION AGENDA

A. MINUTES OF BOARD MEETING

Chairman Woodall (CH) moved to the action agenda. The minutes of December 14, 2016 SPSA Board of Directors meeting have been distributed and he asked if there were any additions or changes.

Mr. Keifer (NO) moved, seconded by Mr. Eric Martin (CH), that the December 14, 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 December 31, 2016, total revenues exceeded total expenses by approximately \$3.3 million as compared to \$168,362 in the previous year. Tipping fees reflect a 19% increase as compared to this time last year or approximately \$3.8 million. This increase is due to the end of the Ash and Residue Agreement with Virginia Beach and their corresponding rebate in tip fees. Municipal waste tonnages are down 1% or 2,121 tons as compared to last year. For the month ending December 31st, municipal waste tonnages were 204,529 compared to 206,650 a year ago. Total expenses at the end of December were approximately \$14 million as compared to \$13.7 million in the prior fiscal year. Cash balances are \$25.3 million, and they are designated with \$6.2 in the operating fund, \$3.1 million in the tip fee stabilization fund which will be distributed to the 6 communities in the month of February in the form of a credit, \$6 million in landfill closure and \$10 million in the operating reserve. I plan on presenting the budget to the Board at the April 26th Board meeting due to a lot of variables we have to work through in the next 30 to 60 days.

Mr. Davenport (VB) moved, seconded by Mr. Roberts (SU) that the SPSA financial report subject to audit be approved as presented. The vote of the motion was unanimous.

3. 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 (1) SPSA's compliance with various permit and regulatory requirements with respect to its operation and maintenance of the Regional Landfill in the City of Suffolk and (2) the status of RePower South's satisfaction of certain "pre-commencement" contractual obligations under the Waste Supply and Services Agreement between SPSA and RePower South, including consideration of available SPSA legal rights, in each case 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. Roberts (SU) moved, seconded by Mr. McCoy (PO) 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 General Counsel, Trey Huelsberg.

The Board 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. Hodges (SH) to approve the certificate as read. The vote of the motion was unanimous.

5. OLD/NEW BUSINESS

There was no old/new business to discuss.

6. ADJOURN MEETING

There being no other business to come before this Board of Directors this regular meeting was adjourned at 12:05p.m.

Rowland L. Taylor
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors