

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

**October 26, 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)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Cheran Cordell <i>absent</i>	(PO)
Mr. Mark Hodges <i>absent</i>	(SH)	Mr. Michael Johnson	(SH)
Mr. David Arnold <i>absent</i>	(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. Mark Popovich (IW), 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. Everett Williams (FR), the Pledge of Allegiance, and Roll Call. A quorum was present.

**1. PUBLIC HEARING FOR FEES & CHARGES SCHEDULE**

Chairman Woodall (CH) opened the public hearing relating to the preliminary Schedule of Fees and Charges as adopted at your September 28, 2016 Board Meeting.

To open the public hearing the following statement was read for the record by Chairman Woodall (CH).

**“This public hearing is being held in accordance with Section 15.2-5136 of the Virginia Water and Waste Authorities Act. Its purpose is to take public comment on the proposed Schedule**

of Fees and Charges adopted in preliminary form by the Board of Directors of the Southeastern Public Service Authority of Virginia on September 28, 2016.

The notice of public hearing was published in The Virginian Pilot on September 29th and October 10th as required by law. After conclusion of the public hearing, the Board of Directors will consider comments offered here today and will proceed to adopt a final schedule to become effective November 1, 2016, and to continue in effect until such time as modified by the Board of Directors in accordance with the procedures set forth in the Virginia Water and Waste Authorities Act.

If you wish to submit a written statement, please provide a copy to Blanche Christian. I would also appreciate your registering your attendance at this public hearing with Blanche Christian, if you have not already done so.”

Chairman Woodall (CH) asked if there were any speakers. There being no individuals who wished to speak during the public hearing on the preliminary tipping fee schedule. The public hearing was then closed.

## **2. ADOPTION OF THE FEES AND CHARGES SCHEDULE**

Chairman Woodall (CH) stated that we have three recommended actions. He asked for a motion to approve the new category of “Other SPSA acceptable waste under contract with SPSA” with an effective date of November 1, 2016.

**Mr. McCoy (PO) moved, seconded by Mr. Chesson (IW) to approve the new category of “Other SPSA acceptable waste under contract with SPSA” with an effective date of November 1, 2016, as presented. The vote of the motion was unanimous.**

Chairman Woodall (CH) asked for a motion to approve the increase of the Construction and Demolition waste delivered to landfill rate from \$45 per ton to \$47 per ton with an effective date of November 1, 2016.

**Mr. Eric Martin (CH) moved, seconded by Mr. Keifer (NO) to approve the increase of the Construction and Demolition waste delivered to landfill rate from \$45 per ton to \$47 per ton with an effective date of November 1, 2016 as presented. The vote of the motion was unanimous.**

Chairman Woodall (CH) asked for a motion to approve the decrease the Municipal and Contract Municipal Solid Waste Disposal rates from 125 per ton to 120 per ton with an effective date of November 1, 2016.

Mr. Mike Johnson (SH) offered a substitute motion that the Board defer action on this specific item pending further evaluation of a more equitable use of the proceeds from the Tip Fee Stabilization fund and suggested that a special committee and staff be appointed to consider that as part of the fiscal year 2018 budget process.

**Mr. Taylor Williams (FR) seconded the motion.**

**Chairman Woodall (CH) asked if there was any discussion, hearing none the motion to defer action on this specific item pending further evaluation of a more equitable use of the proceeds from the Tip Fee Stabilization fund, and a special committee and staff be appointed to consider that as part of the fiscal year 2018 budget process was passed. The vote of the motion was unanimous.**

Chairman Woodall (CH) stated that this will be deferred. Mr. Keifer (NO) will Chair the committee and work with Mr. Keaton (IW) and staff.

Chairman Woodall (CH) recommended that if Board members had input they wished the committee to consider please provide it to Mr. Keifer and he'll work with staff and report back at the December 14<sup>th</sup> Board meeting.

**3. PRESENTATIONS**

**A. JULY 1, 2015 TO JUNE 30, 2016 ANNUAL AUDIT BY DIXON HUGHES GOODMAN**

Mr. Chesson (IW), Chairman of the Audit Committee commented that you will be hearing a report from the auditors. Mr. Arnold (SU), Liesl, Bucky and myself met with the auditors and as always, the audit went very smoothly. Again, we received positive comments from the auditors on the efficiency of the staff.

Ms. DeVary welcomed Ms. Leslie Roberts with the accounting firm Dixon Hughes Goodman to present the audit.

Ms. Leslie Roberts stated that we were able to come in and do your audit and do it in the time frame we had scheduled. There were no issues as everybody was prepared for the audit and we were able to complete it in the deadlines that we had established, as has been the case in the past. There are two opinions within the report at your seat. One is our overall audit opinion. It is an unmodified or clean audit opinion, which means we came in and were able to look at your records and opine that they do present fairly your financial position and your operations for the year. What also needs to be included in there for a governmental audit is a report on internal control over financial reporting,

and that's another clean opinion.

If there were any issues with your reporting, material weaknesses or significant deficiencies that would be shown in that report. So both reports within the audited financials were clean.

There's another small document that you have that is a required communication to the board. Page 1 has contact information and the in charge engagement manager. If we had any disagreements with management or any problems completing our audit, then that would be documented here. Of course, we would bring that to your attention before now if that was the case in a verbal manner. Within this document, it talks about the different statements that are embroiled in your financial statements. Estimates are on the lives of property, landfill closure and post-closure costs, OPAB, which is the post-retirement benefits, 2010, and net pitch asset or liability. We did have one issue that we were required to look in for the APA this year for the first time, and it was one that you guys were already taking care of. So we did not put that in writing because you've already taken steps to take care of it regarding conflict of interest forms. Everything was good and we appreciate the opportunity to be of service.

**Mr. Chesson (IW) moved, seconded by Mr. McCoy (PO) that the Annual Audit for the fiscal year ending June 30, 2016 be accepted as presented. The vote of the motion was unanimous.**

**4. INFORMAL ITEMS: DISCUSSION ONLY**

**A. MONTHLY REPORT ON WTE OPERATIONS**

Clint Stratton began the report on the operational stats for Wheelabrator Portsmouth for the month of September. The total waste received by SPSA was 38,627 tons, 62,277 tons of waste was delivered to the RDF facility. The total tons processed for the month was 54,455 and 12,467 tons of ash. was sent to the regional landfill,. The total electricity sold to the grid was 18,163 megawatts and 25,537 K-pounds of steam was sold to the Navy. The overall boiler availability was 90% and the overall generator availability was 98%. We had zero environmental incidents and zero safety incidents this period. In the month of September we had 15.5” of rain. This wet fuel in turn caused low throughput and operational issues at the facility. It was a really challenging month, and Rob and I wanted to thank you for your support with the 1,630 tons of diverted waste.

**B. EXECUTIVE DIRECTOR UPDATES**

Mr. Taylor began his monthly report. There have been no odor complaints.

Wheelabrator requested SPSA to divert waste from several transfer stations. A total of 6,303 tons

were diverted during this period. Landfill operation hours were also required to be extended and we opened on Saturday for the diversions as well.

Transfer station hours were also requested to be extended by several communities. We opened the Landstown transfer station on Sunday afternoon following the Hurricane for the City of Virginia Beach. Some other transfer station hours were extended as well.

Due to the rain events the area of Cell VII has become a lake. We continue to pump water but we project this take several months before the water level is returned to where it was prior to the rain events.

SPSA had to shut down the Suffolk transfer station on the Monday following the Hurricane due to water being in the load-out tunnel and we didn't want to chance any issues with possible leachate occurring due to waste getting mixed with the water.

In regards to the CUP, SPSA staff, engineers and legal council met with the City's development group on October 14<sup>th</sup> to discuss SPSA's responses to the questions previously submitted by the City of Suffolk. The City met on October 25<sup>th</sup>, to continue to discuss the application. Should additional comments be forthcoming which will require further input from SPSA the schedule may shift. Two areas of consideration at this time are the entrance into the landfill when Cell VII is required to begin accepting waste and the need for the CUP to not have a date by which the Cell must be built or the CUP becomes void. Staff anticipates that further discussions may be required.

SPSA received a request from Wheelabrator to extend the due date for the RFP for 30 days. After reviewing the timeline and the and the committee wanting to be able to report to the full Board at the November 30<sup>th</sup> meeting, an extension to the due date was granted by the Committee to November 22, 2016.

A copy of the RePower South monthly report has been included in your agenda. They continue to work toward the financial close and obtaining an off-take agreement for the sale of the pellets. The drop dead for these activities is January 25, 2017.

### C. CHAIRMAN'S COMMENTS

Chairman Woodall (CH) called upon Mr. McCoy (PO).

Mr. McCoy (PO) welcomed Portsmouth's City Attorney Solomon Ashby, who has an update as to where the City of Portsmouth stands on our Use and Support Agreement.

Mr. Solomon Ashby commented that last night, the city council for the City of Portsmouth, after working with your counsel has reaffirmed its position with regards to joining you in the execution of the Use and Support Agreement. It is our effort going forward to establish our position and recommit with regard to our moving forward with this great organization in terms of handling our waste and waste products for our citizens. We will be getting back with you shortly as we progress.

## 5. ACTION AGENDA

### A. MINUTES OF THE BOARD MEETING

Chairman Woodall (CH) moved to the action agenda. The minutes of the September 28, 2016 Board meeting have been distributed and he asked if there were any additions or changes.

**Mr. Taylor Williams (FR) moved, seconded by Mr. Keifer (NO), that he September 28, 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 September 30, 2016, total revenues exceeded total expenses by approximately \$2 million as compared to \$1.3 million in the previous year. Tipping fees reflect a 23% increase or approximately \$ 2.3 million as compared to last year. This increase is largely due to the end of the Ash and Residue Agreement and their corresponding rebate in tip fees. Municipal waste tonnages are up 1% or 942 tons as compared to last year. For the month ending September 30<sup>th</sup> municipal waste tonnages were 106,697 as compared to 105,755 a year ago. Total expenses as of September 30<sup>th</sup> were approximately \$10.7 million as compared to \$9.9 million in the previous year. Cash balances are \$23.5 million representing \$4.4 million in our operating fund, \$3.1 in the tip fee stabilization fund, \$6 million for landfill closure, and \$10 million in the operating reserve.

**Mr. Mike Johnson (SH) moved, seconded by Mr. Keifer (NO) that the SPSA financial reports subject to audit be approved as presented. The vote of the motion was unanimous.**

## 6. 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 the terms of the “form” Waste Services Agreement pursuant to which SPSA may provide designated waste-disposal services to applicable non-municipal third-party customers, including specified pricing terms, 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. Everett Williams (FR) moved, seconded by Mr. Keifer (NO) to approve the certification as read. The vote of the motion was unanimous.**

## **7. 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. Mike Johnson (SH) to approve the certification as read. The vote of the motion was unanimous.**

Following the closed session on the Form Waste Services Agreement (Non-Municipal Contract Waste) a motion was presented by Chairman Woodall (CH).

**Mr. Everett Williams (FR) moved, seconded by Mr. Broad (NO), that the Board of Directors (a) approve the form Waste Services Agreement (Non-Municipal Customers), pursuant to which SPSA may provide designated waste-disposal services to non-municipal customers in exchange for payment of disposal fees to SPSA, in the form presented to the Board today, and (b) authorize the Executive Director to negotiate, execute and enter into agreements with applicable non-municipal customers on substantially the same terms and conditions as those set forth in the form Waste Services Agreement approved here today. The vote of the motion was unanimous.**

## **8. OLD/NEW BUSINESS**

Mr. Huelsberg thanked all the individuals who have already turned in their financial disclosure agreements as part as the new Conflict of Interest Act (COIA). As a reminder we need those turned in by the November meeting, they are due December 15<sup>th</sup>. If you are already filing in your capacity at your day job you don't have to file a separate one for SPSA.

9. **ADJOURN MEETING**

There being no other business to come before this Board of Directors this regular meeting was adjourned.



Rowland L. Taylor  
Executive Director

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Submitted by: Blanche Christian  
Secretary, SPSA Board of Directors