

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

January 23, 2019

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. John Maxwell <i>absent</i>	(CH)	Mr. Steven Jenkins	(CH)
Ms. Sheryl Raulston	(FR)	Mr. H. Taylor Williams	(FR)
Mr. Dale Baugh	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Solomon Ashby <i>absent</i>	(PO)
Mr. Mark Hodges	(SH)	Ms. Lynette Lowe	(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. Eric Martin (CH), Mr. Michael Etheridge (IW) *9:35, Mr. Harvey Howard (NO), Ms. Erin Trimyer (PO), Mr. Hart council (SH), Mr. Scott Mills (SU) and the following SPSA executives, Ms. Liesl R. DeVary, Executive Director and Treasurer, Ms. Blanche Christian, Administrative Coordinator and Secretary, and Warren Tisdale, General Counsel.

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

Mr. Stratton began the operational report for the month of December 2018 for Wheelabrator Portsmouth. There were only three OSHA recordables for the year, which is our best year in the history of the facility. In 2010, we started with 15, and since have slowly carved it down. Last quarter we had some issues with wait times at the facility, and that is something we always try to minimize. Since July, we have had a tremendous amount of trips on the electrical system where we have had a black plant and a turbine down for 13 days. That is a tremendous hit on the facility, and we incurred about \$400,000 worth of damages. Due to the issue, we were diverting tons and trying to manage the wait times for our customers. I had a meeting with the Navy yesterday to address it and we have a plan to take a 12-hour outage, which means no external power, but I will be able to process boilers and keep steam flowing to the yard. I will share that plan with Liesl, once finalized.

These repairs to the underground powerlines should resolve the issue. We do appreciate the support and partnership here, and we are certainly looking forward to getting these repairs done so we can move forward.

Wheelabrator Portsmouth December 2018



Operational Data

41,516 Tons	52,894 Tons	51,468 Tons	12,432 Tons	14,443 MW
Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold
75,906 K-LBS	94%	95%	0	3
Steam sold to U.S. Navy	Overall boiler availability	Overall generator availability	Environmental incidents and OSHA recordable accidents	OSHA recordable accidents YTD

B. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary commented that SPSA is operating effectively and efficiently and our staff are doing a terrific job. Come Friday it has been one year since the new Use & Support Agreements became effective and I think everything is going very well.

Ms. DeVary welcomed Rex Cuffee; he retired on January 1. Rex came to us from the U.S. Army and he remained in the Virginia National Guard after starting with SPSA in December of 1984. He was hired as a Transfer Vehicle Operator (TVO), a truck driver, and then was promoted to a lead TVO in 2012, where he has served since then. He also served several years on our safety committee, and we are sorry to see him go, but he has his 30 plus years. We wish him the best and he has been a great asset to SPSA.

Ms. DeVary continued that there are several handouts at your seat. An updated board manual and a 2018 highlights listing have been provided. The highlights are for your information in case you want to report back to any of your localities on some of the items we've accomplished.

We continue to work with the HRPDC on the Regional Solid Waste Management Plan. We met with them before Christmas, and it has been determined that the HRPDC is the solid waste planning unit and SPSA is a large stakeholder in that plan. SPSA is not required nor expected to adopt the plan. Once it is final, HRPDC might provide a brief presentation to you. We are excited about working with HRPDC, and we hope to improve our flow of communication so we can continue to exchange information. I believe the HRPDC will be getting together with the CAOs sometime this month to talk about the update.

We submitted the leachate Corrective Action Plan update to DEQ on January 8. We are close to finishing all of the items requested and once completed, we will request DEQ to close this, but we will keep you informed.

Recently House Bill 2391 was introduced in this 2019 session. They are proposing a one dollar per 500 pounds of waste disposal fee, which equates to four dollars per ton for a new Greenhouse Gas Fund. The Greenhouse Gas Fund will be promoting the reduction of greenhouse gases in the Commonwealth. We are certainly hoping this does not pass, but it is something we all have to keep in mind for this budget. For any of those at the localities, you need to get with your liaison in Richmond and make sure to let them know how you are opposed to this.

SPSA met with VDOT, HRPDC, the City of Suffolk and City of Chesapeake met in December. We are waiting on VDOT to coordinate a meeting again, and come up with a scope of work to do a study on where might be the best place to place a flyover at the Regional Landfill. We should be having a meeting in the next couple of weeks, but I will keep you informed.

We had a pre-application meeting with DEQ and the Corps of Engineers last week regarding Cells 8 and 9 for landfill expansion. Jeff Murray provided a PowerPoint presentation on where we are and what we believe we need to do. It is certainly going to be an uphill climb, but I think we all knew that. We also received from Jeff an updated cost estimate for the Cell VII construction from HDR. We have not had a chance to go over it, but I will tell you it is approximately \$4 million more than the original estimate he gave me in 2017. The plan is to meet with HDR and firm up the cost estimates for constructing Cell VII and expanding 8 and 9 so that we can come up with a firm plan on funding; when the money is going to be needed and how much we need to set aside. That will be presented in March. The joint permit application for the hydrogeologic work has been submitted, but there is a bit of a snag because of the government shutdown. HDR needed access to a system for GPS coordinates so we might be delayed on that. Another important piece on expanding Cells 8 and 9 is showing demonstration of need analysis. We are fine-tuning that with different capacity scenarios; and hope to have all of this in the next couple of months to give you a complete overview. We are expecting to receive the updated air space study any day.

On January 7, I made a presentation to the Portsmouth City Council. Mr. Keifer and Mr. McCoy joined as well. We thought that this would be a good start for a road show for each of our member communities. It lets your city council get an idea on how we are governed, SPSA operations, a general overview of SPSA and where we are. I would like to be able to set up times to come to each of your communities to make this presentation sooner than later. The presentation was at a work session, which might be what you would suggest too. It lasted about 30 minutes, with another 10-15 for questions. I am anxious to share all the good things going on with SPSA.

Chairman Keifer (NO) commented that I would encourage all of you to have Liesl make this presentation to your governing bodies. We have some good news to share. One of the things that we talked about in the past year was the need to get out and make contact with communities who want to know about SPSA. Luke and I will attend if you like, but I would encourage each of you set something up and I would leave it up to you to contact Liesl. I think it is something we continue to do this in the future.

Mr. McCoy (PO) commented that it was well received by our city council, and we received a letter from the mayor thanking us for the presentation and the amount of information they were able to receive.

Ms. DeVary continued; DEQ regulations require financial assurance for the closure and post closure of the regional landfill and our transfer stations be certified each year. The current projected costs are \$23.6 million, of which the landfill is the bulk of it at \$23.3 million and transfer stations around \$275,000. In years past, SPSA demonstrated the financial assurance through a combination of what's called the Local Government Financial Test and setting up a restricted sinking fund for \$3.95 million. Due to changes in the legislation, SPSA would have to establish a trust account versus a restricted sinking fund. Following further review of the regulations, SPSA could utilize the corporate financial test, and we would not be required to establish a trust fund or even be required to set money aside. DEQ has approved the cost estimates and the use of the corporate financial test to demonstrate financial assurance. Although DEQ did not require SPSA to set aside funds for closure and post closure, SPSA does have over \$16.8 million set aside for landfill expansion and closure.

Ms. DeVary asked Mr. Bagley to provide the operations report.

Mr. Bagley commented that SPSA is at a critical point in the life of SPSA in that many of our employees are at that age where they are retiring, as Rex was earlier today. We had our fleet manager retire just before the first of the year and went on a search for a new fleet manager. I want to welcome Angie Hutchins our new fleet manager. Angie has 34 years' experience and has done everything you can think of in fleet management, from oil changes to motor replacements to selling parts to operating the storeroom. We are certainly fortunate to have her and welcome her aboard.

Mr. Bagley reported that 34,835 tons of materials were placed in the landfill during this reporting period. The total leachate hauled was 1,524,825 gallons. The large increase in leachate hauled was mainly due to the heavy rains. We are moving ten tractor-trailer loads of leachate per day, and that number should be going down now because the SWIFT plant has closed temporarily for some technical issues. They have allowed us to start pumping that leachate back for 30 days at the full rate. So not only are we pumping the 50,000 to Nansemond plant, we're also moving loads with our tractor-trailers to bring the levels down so hopefully we don't have to run ten tractors a day once we stop pumping then. There were no odor complaints during the reporting period.

We were at a meeting with DEQ last week, and we are the gold standard when it comes to leachate management and management on environmental impacts. Next month we are going to give you a live demo of the SCADA system; the amount of information that the SCADA system can extract is unbelievable. I think you will be really impressed, it certainly lets me sleep well at night because we can account for every gallon of leachate we produce, where it is, where it's going, and where it's been.

While the SCADA and loadout project are two different projects, they really are one and the same because the SCADA system is connected to the loadout project and it's an integral part to manage the loadout process. We had pumps with pipes running over top of the ground and we had containment areas for the trucks. If we were to have a problem, the leachate would come up into the containment area and cause these floats to come up to prevent leakage. Mr. Bagley welcomed Henry Strickland to expand on the loadout project.

Mr. Strickland commented that the permanent loadout facility has concrete curbing. It has a good grade to it so that any leachate that escapes would drain directly to the center and drain back to your

pumps. The pipes aboveground are insulated and taped so they will not freeze. There are several different connections and valves where you can control where your trucks hook from, which enables you to pump at various different types of tanks. The SCADA system allows us to program the filling of the trucks. All your driver has to do is hit a simple start button and it is pre-programmed to gallons. It will not fill more than what it is supposed to and once it reaches the pre-programmed gallons it cuts off. You cannot restart it or reset it to fill the same truck, which enables us to prevent any overflows.

Mr. Bagley stated this is not just solid management practices, there's not another landfill in the state that is managing the environmental impacts the way we are with the systems and the investment made in the project.

Ms. DeVary continued future meeting topics include updating the financial policies, meeting with the investment committee and presentation of the fiscal year '20 operating and capital budget.

Mr. Sorrentino (VB) commented we had a wakeup call with the leachate and we did some incredible things, I think that is awesome. We were wringing our hands last year over this and now, we are having tours of our control system. I notice on the landfill matrix that there has never been so much green. From an operational standpoint of the metrics that we have set for the landfill, this is fantastic. So again, Dennis, Liesl, staff of SPSA, absolutely super job. Why has the leachate amount gone way up?

Mr. Bagley commented the rain probably has the most impact.

Mr. Strickland commented the Landfill is producing the same amount of leachate it always has since we started monitoring with our system. The increase you see is from your transfer stations. That is where your runoff is. That is where the majority of your increase will come from, not from the landfill itself. It is somewhat confusing because from our transfer station, it is delivered back to the landfill, put into the treatment ponds and pumped from there. It is at our end number, but it does not start at the landfill.

Ms. DeVary commented that we are looking at the cost to see if it would be prudent at the transfer stations to have that leachate go back to HRSD force main. Instead of us having to gather it in the tank and haul it there and haul it somewhere else.

C. CHAIRMAN'S COMMENTS

Chairman Keifer (NO) congratulated all the good work at the landfill. It is nice to see somebody who is getting excited about being able to check on leachate 24 hours a day. We have a lot of encouraging news. I would recommend that everybody get Liesl out to speak to your governing bodies while the news continues to be good. Last year we did a lot of work, accomplished a lot to get operations under control and in good shape for the immediate future. Now, as you see from Liesl's remarks, we are talking about stuff far into the future. Warren sent out an e-mail on the financial disclosures. If you have not filled out that form, please give it into him.

2. ACTION AGENDA

A. MINUTES OF BOARD MEETING

Chairman Keifer (NO) moved to the action agenda. The minutes of the December 12, 2018 Board meeting have been distributed. He asked if there were any additions or changes.

Mr. McCoy (PO) moved, seconded by Mr. Broad (NO) to approve the December 12, 2018 minutes of the SPSA board as presented. The vote of the motion was unanimous.

B. FINANCIAL MATTERS

1. Financial Reports

Ms. DeVary began by stating for the month ending December 31, 2018, total revenues received year-to-date exceeded expenses by approximately \$4.3 million as compared to \$2.9 million in the previous fiscal year. Tipping fees, fiscal year-to-date, reflect a 5.2% decrease or approximately \$1.2 million as compared to fiscal year 2018 because you were paying a higher rate up until February of last year. The municipal waste tons are up approximately 13% or 25,811 tons due to the bulk waste deliveries and weighing of the residential waste. At the end of December, municipal waste tonnages for the fiscal year totaled 224,956 tons as compared to 199,145 a year ago. Total expenses at the end of December were approximately \$20 million as compared to \$21.1 million in the prior fiscal year. Total expenses are actually slightly under budget. Cash balances are at \$29.1 million, and are designated with \$5.7 million in the operating fund, .57 million for fiscal year '18 rolled purchase orders, and that is largely due to the SCADA and the loadout system \$3.3 million in undesignated fund balance \$2.5 million for the HRSD force main and \$16.9 million for landfill closure.

Mr. Sorrentino (VB) moved, seconded by Mr. Jenkins (CH) to approve the financial reports subject to audit as presented. The vote of the motion was unanimous.

Ms. DeVary asked Mr. Bagley to present the next two contracts for the Board's consideration.

2. Contracts

A. Contract Awards

1. Leachate Loadout – Change Order

Mr. Bagley commented the first contract is a change order for the loadout project to replace the underground feeder cables to Vaults 5, 6, 7 and 8. Wiring for Vaults 1, 2, 3 and 4 were replaced approximately six months ago under change order #2 due to failure. The original wire was aluminum while the connectors used were for cooper wire, which caused deterioration. Staff recommends replacing the remainder of the deteriorated underground feeder cable around the perimeter of Cells V and VI at a cost of \$88,771 to REW, which is higher than the previous change order because of the distance of wiring needed.

Mr. Sorrentino (VB) moved, seconded by Mr. Jenkins (CH) to award the change order to REW, Corporation as presented. The vote of the motion was unanimous.

2. NTS & LTS Scale Replacement

Mr. Bagley continued the next contract is for three aboveground scales, two at the Landstown transfer station and one at the Norfolk Transfer Station. We issued an RFP and received four proposals, Fairbanks Scales, Apple Valley, Carlton Scales, and Contracting Solutions. Contracting Solutions is not a scale company, they are general contractors, but had a scale company working with them. This contract provides for the replacements of the inbound scale at the Norfolk scale house and the inbound and the outbound scales at Landstown with above ground scales. It will also allow for an unattended after hours scale house on the outbound scale of Landstown. It was budgeted at \$255,000 and the price came in at \$276,323.40 after negotiation. The recommendation is to award the contract to Fairbanks Scales for \$276,323.40.

Ms. Raulston (FR) moved, seconded by Mr. Keaton (IW) to award the contract to Fairbanks Scales as presented. The vote of the motion was unanimous.

Ms. DeVary commented we are always looking at ways to improve customer service. At the Norfolk Transfer Station, customers have to get out of their vehicle and walk over to the scale house. In addition to replacing the scale, we are changing the location of the window too. It will face the scales just like at the other transfer stations. Instead of removing the old scale, it will be locked down. The new scale will be placed closer to the window so that customers do not have to get out of their vehicle and this should help the flow of traffic.

Mr. Bagley commented that the change in location did not increase the cost.

3. CLOSED SESSION

Warren Tisdale, General Counsel read the following closed session certification:

I move that a closed session be held for discussion regarding (i) a proposed temporary access agreement between Atlantic Coast Pipeline, LLC and SPSA that would provide road access to ACP across SPSA's property for purposes of installing a gas pipeline on adjacent property not owned by SPSA, in accordance with Virginia Code Section 2.2-3711(A)(3) relating to the disposition of publicly held real property, and in accordance with Virginia Code Section 2.2-3711(A)(8) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel, (ii) the delivery of ash by Wheelabrator Portsmouth, Inc. to SPSA under the current Services Agreement between Wheelabrator and SPSA, and under the Waste Disposal and Services Agreement between Wheelabrator and SPSA with commencement date February 1, 2019, in accordance with Virginia Code Section 2.2-3711(A)(8) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel, and (iii) the annual performance review of the Executive Director, in accordance with Virginia Code Section 2.2-3711(A)(1) relating to the performance of a specific public officer.

Mr. Sorrentino (VB) 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, General Counsel, Warren Tisdale, read the following certification:

The Board 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. Sorrentino (VB) moved, seconded by Mr. Williams (FR) to approve the certification as read. The vote of the motion was unanimous.

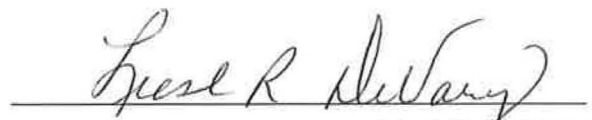
5. **OLD/NEW BUSINESS**

Chairman Keifer (NO) commented this relates to the annual compensation of the Executive Director. I would start by saying that Liesl had some exceptional challenges this year. The first year there have been many new things to be done.

Chairman Keifer (NO) moved, seconded by Mr. Sorrentino (VB) that the Board increase the annual compensation of pay to the Executive Director pursuant to employment agreement by 5%, effective February 1st in connection with the Executive Director's annual review and authorize the Chair to execute an amendment to the Executive Director's employment agreement so that the performance is evaluated annually on or about January 1 instead of on or about July 1. The vote of the motion was unanimous.

6. **ADJOURN MEETING**

There being no other business to come before the Board of Directors the regular meeting was adjourned at 10:17 a.m.



Liesl R. DeVary
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors