

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

September 26, 2018

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

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

Mr. Mike Dougherty began the operational stats for the month of July and August. There were two OSHA recordable accidents for the month of August, and three year-to-date. We accepted an award from the Craddock Civic league for our continued support. We also participated in the Elizabeth River Project State of the River Cruise.



46,033 Tons	56,140 Tons	51,909 Tons	14,872 Tons	17,914 MW	50,345 Tons	62,088 Tons	58,056 Tons	17,651 Tons	21,137 MW
Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold	Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold
27,267 K-LBS	83%	99%	0	1	27,606 K-LBS	92%	98%	2	3
Steam sold to Navy	Overall boiler availability	Overall generator availability	Environmental incidents and OSHA Recordable Accidents	OSHA Recordable Accidents YTD	Steam sold to 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 staff continues to operate efficiently and effectively and I am pleased to have the group of staff that we have. The annual audit is currently underway.

Several months ago, I mentioned establishing a Member Community Technical Committee for the purpose of establishing good communication and see how things are going and what else could be done. We would like it to be comprised of the solid waste administrators. I asked Dennis to put this group together. He's going to be e-mailing the local appointee members of the Board to get contact information of whom you think would be best suited for this. As of right now, we are looking at routine quarterly meetings.

We received concerns regarding the storm debris contracts. If you recall, back in March, the Regional Storm Debris contract that SPSA procured expired. The All-Hazards Advisory Committee, which is a committee of the HRPDC, decided they would let these contracts expire and everybody would use the VDEM contracts that already existed. Some of our members had concerns that they were not getting the information they needed in regards to the tropical storm/potential hurricane that we had a few weeks ago. On the VDEM website there's a link that says request for proposal, but it is actually the pricing sheets. Below that is a link for contact information, which is the contact list for each of the contractors. Following this meeting, I will email the link <http://www.vaemergency.gov/emergency-management-community/procurement-contracts-and-events/emergency-debris-removal/> to you. If you could ensure that, your public works staff receive it. I have also spoken to the HRPDC and the emergency management division will communicate with the members' public works divisions.

Ms. DeVary asked Mr. Bagley to provide an update on the landfill activities.

Mr. Bagley commented we did have one odor complaint during the reporting period, which occurred at the Oceana Transfer station from a restaurant adjacent to the property. They smelled some odor and our environmental staff responded immediately. We immediately sent a truck over and they did air sampling. That particular day it was 97 degrees and it was humid, and that certainly has an impact, and we are taking steps on those kinds of days to minimize the number of problems that we have. We talked to them and told them what we were doing and they seemed to be very satisfied.

The Title V permit reissuance was due in June and has been at VDEQ since March. I have called

them on three different occasions to get updates, and the update I received last week was that they are backed up and we are to continue to work under our current permit. There are no problems with it they just have not gotten to it yet.

The pump and haul is in full operation and I am very pleased with our staff. We have the ability to pump and haul on average 75,000 gallons a day. The total leachate that we hauled for this reporting period was 1,208,992 gallons, which means we actually hauled more than we typically would pump using our equipment to HRSD during the reporting period. The average quantities of leachate hauled daily was 52,564 gallons. That number is well within our limitations. The leachate disposal cost for that period was \$11,643. During the reporting period, 31,029 tons of waste was landfilled. We utilized 19,338 tons of cover during the reporting period.

The SCADA project is structurally complete. There are items that will be connected into the SCADA system from the loadout project, and the loadout project is not complete. Henry and I were on the phone the other night at 11:30 p.m. looking at what was going on at the landfill. It really is an engineering marvel that we can do what we can do now with the leachate at the landfill. We know we can account for every ounce of leachate that we produce and where it comes from because we monitor rainfall. It all comes through the SCADA system, and we are able to monitor it minute by minute, and we will be coming to you shortly with a visual presentation. I will be able to pull up the SCADA system and show you each individual vault, lift station, what is happening at the loadout station, and we can tell you up to the minute where the leachate is and how much we are producing.

The loadout project is behind schedule, and there are a number of reasons for that. We are currently reviewing a change order we received for additional time. In addition, HRSD has requested SPSA take the responsibility of engineering the new pumps to be able to pump 24 hours a day. They will allow us to reconnect to the Nansemond plant if we can stretch our 50,000-gallon limit out over a 24-hour period at 15 gallons per minute. The unfortunate thing is that our pumps are not able to do that currently. We are looking at the loadout project now in a little bit more depth now that we have new requirements from HRSD. We may have to change the size of the pumps and the types of pumps we are using in the loadout project in order to be able to do that. We are evaluating the change order requested by the contractor due to weather and some permitting issues that they had that were not their fault. We are hopeful to have a firm date of when the project will be complete within the next week or so.

We received some deficiency letters and a warning letter from VDEQ. They can come to our property any time and inspect whatever they want. A compliance inspection does not mean there is a list of things they are going check. They might check part of our leachate system today, and come back tomorrow unannounced and inspect our working base. They can give no violations or no deficiency letter, which is what we always try to get. They can give you a no deficiency letter with comments, which is something that they observed. A warning letter is the lowest bar, a deficiency letter, sits a bit higher, and a Notice of Violation is the highest.

We received a deficiency letter for the landfill and have already sent our response. A condensate line was off on one of our gas wells that is maintained by SEP. They had completed some maintenance on the gas well, and left the gas top open on the gas well and there was some leachate

that came out of the condensate into a small ditch that was there. Mike Kelly was there and immediately diked the ditch on both sides, which comprised of approximately a ten foot area. They called SEP in to fix the gas well. Unfortunately, we hold the permit so we get the deficiency letter on it. We responded to that immediately and it was fixed before DEQ left the landfill.

Due to the cost of managing leachate and the testing, we haul leachate from the transfer stations to the SPSA landfill and it is treated with the same leachate from the landfill. We received a deficiency letter for the Franklin transfer station. In this particular case, the leachate tank was nearly full. We pumped the tank the same day. There was no environmental issue, but because there was not a process in place and the level was too high, we received a deficiency letter.

The tipping floor at the Norfolk Transfer Station is elevated and on the outer side of either one of those doors, there is a drain that goes to the leachate system, which drains in the bottom of the tunnel that goes to the leachate system. We received a deficiency letter because the leachate tank was overflowing, but I do not mean overflowing as you would see it. We went and inspected the area and a 1.5-acre of stormwater is going directly into the leachate system; approximately 10,000 gallons. A tank is going to hold about 20 minutes of heavy rain before it is full. There is just more water coming there than you can handle and it has been that way a long time. Regardless of what the level was in the tank before, all of this rainwater was going directly into the leachate system. We have diverted the roof drains away from the leachate system so it goes into the stormwater where it should go, and we are looking at moving the drains that are outside of the door from about five feet from the door further down to about 20 feet from the door.

We received a warning letter from the Boykins transfer station because of a storm drain that had grass overtop of it. There is actually a 40-yard container on top of the drain. SPSA staff does not operate the Boykins station, but we hold the permit. We are going to become more involved in the day-to-day operations of that station and do some housekeeping that will resolve that issue.

We have 20 days to respond to DEQ. We respond to them as soon as we get them so we are not worried about how long it takes. As we started looking at this, we learned that we were dealing with leachate individually and we needed to deal with the leachate from a more holistic way and we created an SOP. We are taking data points now that we have never taken before and in order to be able to look at it, analyze it, and make sure we are making the right move every single day. We have installed new rain gauges at every single piece of property that we own. We know rain is a big issue because it is one of the factors that control how much leachate is produced. The report shows you the details that we are going through every single day to make sure that we know where we are pumping from, so we keep our tanks at a very low level. The environmental staff use these numbers every day to determine where we need to be pump leachate from. In the month of August and September, the region had received on average 23 inches of rain. Toney provides a report for all of the transfer stations and the landfill as to how much leachate we have and then Henry and his staff in environmental analyze the numbers in the pond, the numbers in the cell, and make the decision of where we are going to pump from.

Mr. Jenkins (CH) asked for clarification in regards to the HRSD and the pump and haul.

Mr. Bagley responded that we are doing pump and haul, but it is a lot of liability to pump and haul

leachate. The sooner we can pump directly to the HRSD plant, the better off we are going to be. We are thinking it will be around four years before we are going to be connected to a new forcemain and be able to pump to an HRSD facility.

Ms. DeVary clarified previously HRSD shut us off. After further testing at their new SWIFT plant, they determined they could handle it without additional treatment if it could be sent to them at a much slower rate and over a longer period of time, which is the reason for the different pumps.

Ms. DeVary continued her report that we are still in the process of updating our financial policies. We are looking at an investment advisory agreement to have a professional manage all of our investments. At a future meeting, we will be bringing you the annual DEQ financial assurance. At the next meeting, we will have an HDR task order for expanding the landfill, and update the environmental policy update.

C. CHAIRMAN'S COMMENTS

Chairman Keifer (NO) deferred his comments to the end of the meeting.

2. ACTION AGENDA

A. MINUTES OF THE BOARD MEETING

Chairman Keifer (NO) moved to the action agenda. The minutes of the July 25, 2018 Board meeting have been distributed. He asked if there were any additions or changes.

Mr. Maxwell (CH) moved, seconded by Mr. Williams (FR) to approve the July 25, 2018 minutes of the SPSA Board as presented. The vote of the motion was unanimous.

B. FINANCIAL MATTERS

1. Financial Reports

Ms. DeVary began for the month ending August 31, 2018, total revenues exceeded expenses by approximately \$2.3 million as compared to \$882,000 in the previous fiscal year. The narrative that is in your board packet is wrong. The tipping fees fiscal year-to-date reflect a 2.1% decrease, or approximately \$167,000 as compared to fiscal year 2017, which is due to the decrease in the tip rate. Municipal waste tons are up approximately 14% or 9,516 tons due to bulk waste delivered to the transfer stations. For the month ending August 31, 2018 municipal waste tonnages fiscal year to date were 79,671 compared to 70,115 a year ago. Total expenses as of August 31, 2018 were approximately \$6.5 million as compared to \$7.3 million in the prior fiscal year. Cash balances are \$26.3 million and designated with \$2.1 million in the operating fund, \$1.6 million that is reserved for fiscal year 2018 rolled purchase orders, \$3.3 million in the undesignated fund balance, \$2.5 million for fiscal year 2019 capital budget for the HRSD forcemain, and \$16.8 million in the landfill closure fund. After we adopted our budget, we learned we were not going to be using anything in the next 12 months in regards to the forcemain, but were keeping the money set aside. If you recall, each year, whatever our stated liability is on our books will be the same amount of cash designated for the landfill closure. I have been waiting for us to get to a point where we knew we were going

forward. I think it would be best if we get somebody else in to help us determine the best way that we can get the best return, and we will be putting away three to four million dollars per year for landfill expansion and closure. I will bring that back for your thoughts and discussion in the next month.

Mr. Williams (FR) asked if the process of selecting a company to invest for would be through an RFP.

Ms. DeVary responded HRTAC, our tenant, just issued a contract for their investment with cooperative procurement. I am working with PFM, Public Financial Management; they have worked with almost all our members.

Mr. Roberts (SU) asked do we have any specific self-imposed policy, a percentage, dollar amount, or a designated fund balance.

Ms. DeVary responded that until January 25, 2018 we were required under our bond resolution that we maintain three months operating expenses in fund balance. That is why I am working on updating our financial policies.

Mr. Barnes (VB) asked if the recent change in HRSD's position about the 24-hour pumping period eliminates the other forcemain, or is that until the other forcemain happens.

Ms. DeVary responded as far as we know and understand the other forcemain is still moving forward. They were just trying to help alleviate some of our pumping and hauling. I think long-term they still want to have it diverted from the Nansemond plant. We would need to change the pumps if we want to go back to sending some of it through the forcemain. It is not required, but we would like to reduce our liability for pumping and hauling.

Mr. Bagley commented it is our understanding there is a RFP for design and build on the new HRSD pump station. If they can get to the limits to enable them to be able to treat it, they will treat it until the new pump station is complete, but that does not negate the need for the new pump station. They want us to pump away from that because of the fact they are going to pump that back into the aquifer, and it is so difficult to treat what we are sending them. They can do it if they have to, but it is not something that they want to do. That is why the forcemain is still on the table, and they are moving forward with it.

Mr. Ashby (PO) moved, seconded by Mr. Jenkins (CH) to approve the financial reports subject to audit. The vote of the motion was unanimous.

2. Contracts
 - A. Contract Awards
 - a. Boykins Compactor & Boxes

Ms. DeVary commented that in your packet were two contracts for excavators, they are being deferred due to a discrepancy in specs; we should have them for you next month.

The first contract is to replace a 2005 compactor and 2 compactor boxes at the Boykins Transfer Station. We are purchasing them through Mid-Atlantic Waste System, which is from the Sourcewell Cooperative Procurement contract. Sourcewell was formerly NJPA. The total budget for these was \$65,750. However, the total cost net of the trade-ins is \$75,039. Savings in other capital projects will cover the difference of \$9,289. Just by a chance, Southampton County through Mid-Atlantic is actually purchasing those that we are trading in. Our recommendation is to award the contract to Mid-Atlantic Waste Systems as presented.

Mr. Broad (NO) moved, seconded by Mr. Jenkins (CH) to award the contract to Mid-Atlantic Waste Systems as presented. The vote of the motion was unanimous

b. MSW Tractors

Ms. DeVary continued the next request is to replace eight tractors that are ranging in age from 16 to 19 years old. The plan is to replace and downsize to approximately 30 MSW tractors over the next four to five years. Eight new tractors were purchased in fiscal year 2018. This would be the second round of purchasing eight more. We are recommending awarding the contract to Truck Enterprises, once again, via the Sourcewell Cooperative Procurement contract. The total budget for eight tractors is \$1,036,000, but the total price is \$976,398.92. The surplus tractors will be sold on Public Surplus. Our recommendation is to award the contract to Truck Enterprises as presented.

Ms. Raulston (FR) moved, seconded by Mr. Ashby (PO) to award the contract to Truck Enterprises, Inc. as presented. The vote of the motion was unanimous.

B. Legal Services Agreement

Ms. DeVary commented the next item is a legal services agreement with Brad Nowak with Williams Mullens. If you recall at your last meeting, you approved an engagement letter with Wilcox and Savage and this is in a similar nature. SPSA has a long working relationship with Mr. Nowak back to 2009 when he was part of the team that negotiated the sale of the Waste-to-Energy plant to Wheelabrator. We use him as special counsel on different waste disposal contracts that we have done over the years. His hourly rate is \$448 an hour, and our recommendation is to approve the legal services agreement with Williams Mullens as presented and authorize the executive director to sign the letter.

Mr. Maxwell (CH) moved, seconded by Mr. Jenkins (CH) to authorize the Executive Director to sign the engagement letter for legal services with Williams Mullens. The vote of the motion was unanimous.

3. AMENDMENT TO SUFFOLK HOST & GOOD NEIGHBOR AGREEMENT

Ms. DeVary stated the next item is the First Amendment to the Suffolk Host and Good Neighbor Agreement. This amendment reflects that no host fee will be paid on tons of peanut hulls, processing residue that we receive at the landfill provided that we do not charge a tipping fee for it. SPSA receives peanut hulls from Birdsong Peanuts, which is located in the City of Suffolk. In fiscal

year 2018, we received approximately 9,366 tons, but the prior year it was like 7,000 tons. The peanut hulls are used for dust and erosion suppression on the landfill roads and other active areas. SPSA does not charge a tipping fee due to the beneficial use. The City of Suffolk approved the amendment on August 1, 2018. This amendment does require a 75% vote of the Board, and our recommendation is to approve the resolution as presented.

RESOLUTION

FIRST AMENDMENT TO HOST COMMUNITY AND GOOD NEIGHBOR AGREEMENT

WHEREAS, the City of Suffolk, Virginia (“Suffolk”), and the Southeastern Public Service Authority of Virginia (“SPSA”) made and entered into that certain Host Community and Good Neighbor Agreement dated May 23, 2016;

WHEREAS, Suffolk and SPSA desire to clarify and confirm by amendment to the Host Community and Good Neighbor Agreement that SPSA is not obligated to pay to Suffolk a Host Community Fee for certain peanut processing residue SPSA accepts as beneficial use material on or around the Landfill, provided that SPSA does not charge tipping fees on such peanut processing residue;

WHEREAS, following due consideration of the proposed amendment and presentations by SPSA’s executive staff and legal advisors, the Board has determined it is in the best interest of SPSA to approve the amendment.

NOW, THEREFORE, be it resolved by the Board of SPSA as follows:

1. The Board approves, adopts and accepts the First Amendment to Host Community and Good Neighbor Agreement substantially in the form attached hereto as Exhibit A, to be deemed effective as of January 25, 2018.
2. The Board hereby authorizes and directs the Executive Director of SPSA in the name of, and on behalf of SPSA, to execute the First Amendment to Host Community and Good Neighbor Agreement and to deliver it to Suffolk, such execution and delivery conclusively to evidence due authorization and approval thereof by SPSA, and to perform SPSA’s obligations as set forth in the Host Community and Good Neighbor Agreement as amended.
3. The Board hereby authorizes and directs the Executive Director of SPSA, in the name of, and on behalf of SPSA, to do all such acts and prepare, execute, file and deliver all such other documents, instruments, certificates and agreements, each in the name of and on behalf of SPSA, that she may deem necessary or desirable to carry out the intent and purposes of the foregoing resolutions.
4. The Board hereby authorizes and directs the Executive Director of SPSA, in the name of, and on behalf of SPSA, to take any and all steps and to do all things that she may deem necessary or advisable in order to effect the purposes of the foregoing resolutions.

5. The Board hereby ratifies, confirms and approves all actions heretofore taken by the Executive Director of SPSA, in the name of and on behalf of SPSA, in connection with the foregoing resolutions.

Adopted this 26 day of September, 2018.

Mr. McCoy (PO) moved, seconded by Ms. Raulston (FR) to approve the Resolution for the First Amendment to Suffolk Host Community and Good Neighbor Agreement as presented. The vote of the motion was unanimous.

4. NORFOLK TRANSFER STATION ANCILLARY AGREEMENT

Ms. DeVary stated the ancillary service agreement with the City of Norfolk is for SPSA to operate the Norfolk Transfer Station on Saturdays and Sundays from noon to 4 p.m. each day. This is something that we have been doing for a long time. Under our new Use and Support Agreements and our SOP, we must prepare an ancillary service agreement for any kind of ancillary disposal services we provide. The City will pay the current municipal tip fee of \$62 (per ton) for each ton of residential waste received with a minimum payment of \$1,500 per day to cover the minimum daily costs to operate the transfer station. The City approved the agreement on July 26, 2018.

RESOLUTION NORFOLK TRANSFER STATION ANCILLARY AGREEMENT

WHEREAS, the Southeastern Public Service Authority of Virginia (“SPSA”) has entered into identical Use and Support Agreements (being identical, they are referred to herein as the “U&SA”) with its eight member localities (“Member Localities”) to provide for safe and environmentally sound disposal of the Member Localities’ municipal solid waste; and

WHEREAS, pursuant to the terms of the U&SA, SPSA from time to time may provide ancillary solid waste management and disposal services to Member Localities, either by separate agreement with a Member Locality and/or pursuant to an arrangement set forth in SPSA’s Strategic Operating Plan (“SOP”);

WHEREAS, prior to entering into a separate agreement with a Member Locality or acting pursuant to a global arrangement under the SOP, (i) the providing of such ancillary services shall be approved by SPSA’s Board, and (ii) unless otherwise approved by the Board, (A) the fees charged to the Member Locality at a minimum shall be sufficient to cover the costs incurred by SPSA to provide the ancillary services, and (B) the ancillary services shall be available at identical fees to all Member Localities;

WHEREAS, the City of Norfolk has requested that SPSA provide ancillary services to operate the Norfolk Transfer Station at 3136 Woodland Avenue, Norfolk on designated days and at designated hours to be available for residents of the City of Norfolk to deliver waste directly to the Norfolk Transfer Station;

WHEREAS, SPSA's management has made presentations to the Board demonstrating that (i) SPSA is capable of operating the Norfolk Transfer Station as contemplated to provide the ancillary services, (ii) the proposed fees for such ancillary services, at a minimum, will cover the costs incurred by SPSA to provide the ancillary services, and (iii) SPSA is capable of and prepared to offer the ancillary services under similar circumstances to other Member Localities at identical fees;

WHEREAS, after due consideration the Board has determined it is in the best interests of SPSA to provide the described ancillary services.

NOW, THEREFORE,

1. The Board hereby approves, adopts and accepts the Ancillary Services Transfer Station Agreement substantially in the form attached hereto as Exhibit A, to be deemed effective as of July 1, 2018.

2. The Board hereby directs the Executive Director of SPSA, pursuant to the terms of the U&SA, to include in her annual operating budget presentation to the Board a report (i) identifying the ancillary services being provided to the City of Norfolk in accordance with the Ancillary Services Transfer Station Agreement, and (ii) including relevant financial data demonstrating whether the fees charged by SPSA covered the costs incurred by SPSA to provide the ancillary services.

3. The Board hereby authorizes and directs the Executive Director of SPSA in the name of, and on behalf of SPSA, to execute the Ancillary Services Transfer Station Agreement and to deliver it to the City of Norfolk, such execution and delivery conclusively to evidence due authorization and approval thereof by SPSA, and to perform SPSA's obligations as set forth in the Ancillary Services Transfer Station Agreement.

4. The Board hereby authorizes and directs the Executive Director of SPSA, in the name of, and on behalf of SPSA, to do all such acts and prepare, execute, file and deliver all such other documents, instruments, certificates and agreements, each in the name of and on behalf of SPSA, that she may deem necessary or desirable to carry out the intent and purposes of the foregoing resolutions.

5. The Board hereby authorizes and directs the Executive Director of SPSA, in the name of, and on behalf of SPSA, to take any and all steps and to do all things that she may deem necessary or advisable in order to effect the purposes of the foregoing resolutions.

6. The Board hereby ratifies, confirms and approves all actions heretofore taken by the Executive Director of SPSA, in the name of and on behalf of SPSA, in connection with the foregoing resolutions.

Adopted this 26 day of September, 2018.

Mr. Roberts (SU) moved, seconded by Mr. Jenkins (CH) to approve the Resolution for the

Norfolk Transfer Station Ancillary Agreement as presented. The vote of the motion was unanimous.

5. NAVY CONTRACT

Ms. DeVary commented the last contract I have for you is the U.S. Navy Waste Disposal Contract. The Board authorized me to negotiate a contract with the Navy at the June 27, 2018 meeting. The new contract terms are follows. It was effective September 1, 2018 and it goes through August 31, 2019 and has four option years. The tip fee is \$49 per ton for waste delivered to transfer stations and \$75 per ton for waste delivered to the Regional Landfill and these rates automatically escalate 3% per year on each option year. There were 26,653 tons delivered in 2018 of which the Navy hauled 12,021 tons, and the Navy's contracted hauler (Dorado) hauled 14,632 tons. Navy waste is received at the Norfolk, Landstown and Oceana transfer stations, the Regional Landfill, and the Wheelabrator RDF plant.

RESOLUTION

SOLID WASTE AGREEMENT WITH UNITED STATES NAVY

WHEREAS, the Southeastern Public Service Authority of Virginia (“SPSA”) for a number of years has had an agreement with the United States Navy (the “Navy”) for the acceptance of the Navy’s solid waste at a negotiated rate;

WHEREAS, the Board of SPSA at its meeting on June 27, 2018, authorized the Executive Director to negotiate with the Navy for the purpose of continuing to accept the Navy’s solid waste;

WHEREAS, the Executive Director of SPSA consulted with the Executive Committee of the Board of SPSA, and obtained the advice of counsel, regarding negotiations with the Navy, and met with Navy representatives on August 15, 2018;

WHEREAS, the Executive Director of SPSA and the Navy representatives negotiated an agreement for SPSA under specified terms and conditions to continue to accept the Navy’s solid waste (the “Navy Agreement”);

WHEREAS, the Executive Director of SPSA has executed and delivered the Navy Agreement, as has the appropriate Navy representative;

WHEREAS, the Executive Director of SPSA has presented to the Board the terms and conditions of the Navy Agreement, including without limitation the negotiated rate.

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

1. The Board hereby ratifies, confirms and approves the actions of the Executive Director of SPSA in negotiating, executing and delivering the Navy Agreement attached hereto as Exhibit A.

2. The Board hereby authorizes and directs the Executive Director of SPSA, in the name of, and on behalf of SPSA, to do all such acts and prepare, execute, file and deliver all such other documents, instruments, certificates and agreements, each in the name of and on behalf of SPSA, as she may deem necessary or desirable to carry out the intent and purposes of the foregoing resolution.

3. The Board hereby authorizes and directs the Executive Director of SPSA, in the name of, and on behalf of SPSA, to take any and all steps and to do all things that she may deem necessary or advisable in order to effect the purposes of the foregoing resolutions.

Adopted this 26 day of September 2018.

Mr. Jenkins (CH) moved, seconded by Mr. Williams (FR) to approve the Resolution for the U.S. Navy Waste Disposal Contract as presented. The vote of the motion was unanimous.

6. CLOSED SESSION

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

I move that a closed session be held for discussion regarding the proposed renewal of an agreement to accept waste from the United States Navy, in accordance with Virginia Code Section 2.2 3711(A)(29), 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.

Mr. Sorrentino (VB) moved, seconded by Mr. Etheridge (IW) 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, General Counsel, Warren Tisdale, read the following certification:

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

Ms. DeVary began the following presentation on RFP 06-18 for Municipal Solid Waste Disposal Services.

RFP for Waste Disposal Services Summary

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- RFP 06-18 for MSW Disposal Services issued January 3, 2018
- Three (3) responses received February 20, 2018
 - Wheelabrator Portsmouth, Republic Services, RDS
- RFP Evaluation Committee established February 28, 2018
 - Bill Sorrentino, Chair
 - Randy Keaton
 - Richard Broad
 - Liesl DeVary
 - Dennis Bagley
- SPSA hired Bob Gardner with SCS Engineers to independently review and evaluate responses with focus on potential fiscal impact to SPSA's system-wide costs and resulting tip fee.
- SCS presented its report to the SPSA Board at its April 25, 2018 meeting.

Summary continued

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- At its April 25, 2018 meeting, the SPSA Board determined Wheelabrator is clearly more highly qualified and directed the Evaluation Committee to conduct negotiations with Wheelabrator.
- The Evaluation Committee met 11 times since March.
- Following numerous negotiation sessions, SPSA received an irrevocable offer from Wheelabrator on September 18, 2018, which offer expires on October 25, 2018

Basic Terms & Conditions

4

- All MSW received at the Chesapeake, Landstown, Oceana and Norfolk Transfer Stations committed for delivery to the RDF plant
- Member communities may haul directly to the RDF plant
- Term:
 - Initial: February 1, 2019 – June 30, 2027
 - Extension: SPSA has option to extend contract for 2 additional periods of up to 5 years each, price to be mutually agreed
- SPSA will pay Wheelabrator \$32 per ton (as escalated) for disposal
- Wheelabrator will deliver all ash to Regional Landfill at a rate of \$25 per ton (as escalated) .
- No rate increase until July 1, 2020 (2.9% - 3 years; 2.5% - 4 years)
- No minimum tons or minimum fee
- As a result, the projected municipal tip fee will be \$59 per ton (+/-) given projected tonnages and current assumptions

Pro's

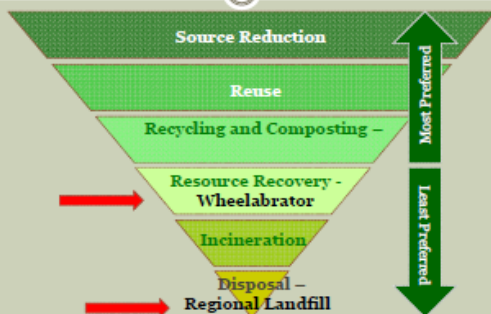
5

Pro's:

- Known vendor with demonstrated experience and technical ability through operations at its Portsmouth facility and 12 other waste-to-energy/processing facilities
- Portsmouth RDF/WTE facilities utilize known technology and existing operating infrastructure, systems and processes – capable of accepting and processing SPSA's estimated deliveries of 300,000 tons annually
- Overall favorable "net system cost" to SPSA, including waste tipping fee, distance from SPSA transfer stations/direct haul and residue disposal fee
 - Also extends life of Cell 6 from 2024 to 2029 based on current assumptions
- Processing technology (resource recovery) higher on waste hierarchy – generates renewable energy (steam/electric) and recovers recyclables (metals)

Regional Solid Waste Management Plan for Southeastern Virginia Waste Management Hierarchy

6



Other Associated Benefits

7

- Wheelabrator Portsmouth facility supports the U.S. Navy by providing steam and backup power
- Economic contributions to the community (taxes, workforce, etc.)

Con's
8
<p><u>Con's:</u></p> <ul style="list-style-type: none"> > Higher cost than landfilling (\$55 per ton +/-) > Decrease in landfill gas production

Recommendation
9
<ul style="list-style-type: none"> > SPSA Board consider adopting a resolution authorizing the issuance of an intent to award and, upon satisfaction of certain conditions, awarding the contract for waste disposal services in response to RFP 06-18 to Wheelabrator Portsmouth Inc.

Mr. Sorrentino (VB) moved that the SPSA board consider adopting a resolution authorizing the issuance of an intent to award and, upon satisfaction of certain conditions yet to be read, award the contract for disposal services in response to RFP 06-18 to Wheelabrator Portsmouth, Incorporated. Mr. McCoy (PO) seconded it.

Mr. Nowak, Special Counsel read the following Resolution authorizing the issuance of an intent to award and, upon satisfaction of certain conditions, award of a contract for waste disposal services in response to RFP 06-18.

RESOLUTION AUTHORIZING THE ISSUANCE OF AN INTENT TO AWARD AND, UPON SATISFACTION OF CERTAIN CONDITIONS, AWARD OF A CONTRACT FOR WASTE DISPOSAL SERVICES IN RESPONSE TO RFP 06-18

WHEREAS, the Southeastern Public Service Authority of Virginia (“SPSA”) owns and operates an integrated solid waste disposal system in the geographic area of its Member Communities, including a landfill located in Suffolk, Virginia (the “SPSA Landfill”);

WHEREAS, SPSA is party to an existing contract for disposal and processing of residential solid waste generated by its Member Communities at the refuse-derived fuel and waste-to-energy facilities (the “Portsmouth Facilities”) owned and operated by Wheelabrator Portsmouth Inc. (“Wheelabrator”), which contract expires on January 31, 2019, unless extended by SPSA;

WHEREAS, on January 3, 2018, SPSA issued a Request for Proposal for Municipal Solid Waste (MSW) Disposal Services (RFP 06-18), as subsequently amended (the “RFP”), to establish one or more contracts through competitive negotiation for the acceptance and processing, recycling and/or disposal of solid waste by or on behalf of SPSA to contractor’s permitted facility (as revised, the “Services”);

WHEREAS, in response to the RFP, SPSA received three (3) proposals (each a “Proposal”) describing, among other things, each offerors’ respective experience, pricing, performance and interest in being selected to perform the Services, including a Proposal from Wheelabrator;

WHEREAS, on April 25, 2018, following due consideration of all Proposals, the SPSA Board of Directors (the “Board”) determined that Wheelabrator was clearly more highly qualified

than the other RFP offerors under consideration, and directed SPSA's RFP evaluation committee (the "RFP Committee") to conduct negotiations with Wheelabrator;

WHEREAS, with the assistance and advice of legal counsel, the RFP Committee conducted extensive negotiations with Wheelabrator, including multiple in-person meetings, regarding the RFP, its Proposal and the financial and other terms and conditions pursuant to which Wheelabrator would provide the Services;

WHEREAS, in accordance with the RFP, SPSA determined, during the course of negotiations, that it was in the best interest of SPSA to revise the scope of the Services to include the acceptance and processing of MSW delivered directly to such facility by SPSA Member Communities and/or the U.S. Navy, in each case, under contract with SPSA;

WHEREAS, as specified in Wheelabrator's Proposal, the RFP Committee considered and determined that, in connection with a contract for the Services, it would be in the best interest of SPSA to accept for disposal, at the SPSA Landfill, all ash generated by the Portsmouth Facilities (up to an amount not to exceed 180,000 tons in any billing year) resulting from the processing of all solid waste accepted by Wheelabrator at the Portsmouth Facilities, including without limitation from the processing of solid waste delivered by or on behalf of SPSA, in consideration of payment by Wheelabrator of a residue disposal fee to SPSA;

WHEREAS, the Board and SPSA staff have spent considerable time and effort over the past eight (8) months on the RFP process, including consideration of all Proposals and numerous negotiation sessions with Wheelabrator, and SPSA has incurred significant transaction expenses, costs and expenses of attorneys, consultants, advisors and engineers, in conducting the RFP process;

WHEREAS, based on negotiations with SPSA conducted through such date, on September 18, 2018, SPSA received a binding irrevocable offer from Wheelabrator for the provision of the Services, a copy of which is attached hereto as Exhibit A (the "Wheelabrator Offer"), including but not limited to, (i) a Waste Disposal and Services Agreement, in the form attached hereto as Exhibit B (the "Service Agreement"), (ii) a letter agreement terminating that certain Solid Waste Disposal Agreement (Portsmouth/Navy Waste) dated as of January 3, 2018, by and between SPSA and Wheelabrator, a copy of which is attached hereto as Exhibit C (the "Portsmouth Letter Agreement"), and (iii) a Guaranty, in the form attached hereto as Exhibit D (the "Guaranty"); and

WHEREAS, following due consideration of the Wheelabrator Offer, including consideration of the analysis and presentations prepared by SPSA's Executive Staff and its advisors and the terms and conditions of the Service Agreement, the Board has determined that it is in the best interests of SPSA and its Member Communities to (a) approve and issue an intent to award a contract ("Intent to Award") to Wheelabrator pursuant to the RFP with respect to the Services based on the Wheelabrator Offer, and (b) following expiration of the time period provided in Section 2.2-4360 of the Virginia Public Procurement Act (the "VPPA") or, if any protest or appeal is timely submitted or filed with respect to the subject procurement, following satisfactory resolution of such matter in SPSA's favor (as determined by SPSA's Executive Director in her discretion), then and only then, award a contract to Wheelabrator pursuant to the RFP with respect to the Services, and (i) approve the Wheelabrator Offer and (ii) authorize the execution, delivery and performance by SPSA of the Service Agreement, the Portsmouth Letter Agreement and related documents.

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

1. The Board, having made a determination on April 25, 2018, that Wheelabrator was clearly more highly qualified than the other RFP offerors who provided Proposals, and having reconfirmed that determination by this Resolution, now hereby determines, based on the Board's review and consideration of the Wheelabrator Offer and information and advice provided by SPSA's Executive Staff, legal counsel and other advisors, including application of SPSA's evaluation criteria included in the RFP with respect to the Services, that the Wheelabrator Offer, including but not limited to the terms and conditions reflected in the Service Agreement, is the best proposal and represents the best value.

2. Based upon information and advice provided by SPSA's Executive Staff, legal counsel and other advisors, the Board hereby (a) tentatively selects the Wheelabrator Offer as the Proposal for the provision of Services; (b) approves, authorizes and directs the Executive Director of SPSA to issue an Intent to Award to Wheelabrator based on the Wheelabrator Offer in accordance with applicable law, with such final award to be subject in all respects and in all circumstances to and conditioned upon the conditions specified in paragraph 3 below; and (c) authorizes and directs the Executive Director of SPSA to countersign the Wheelabrator Offer for the sole purpose of acknowledging the receipt thereof by SPSA and payment of the irrevocability consideration.

3. Following expiration of the time period provided in Section 2.2-4360 of the VPPA or, if any protest or appeal is timely submitted or filed with respect to the subject procurement, following satisfactory resolution of such matter in SPSA's favor (as determined by SPSA's Executive Director in her discretion), then and only then does the Board hereby (a) award a contract to Wheelabrator pursuant to the RFP with respect to the Services and approve, adopt and accept the Wheelabrator Offer, inclusive of the Service Agreement and Portsmouth Letter Agreement; and (b) authorize and direct the Chairman or the Executive Director of SPSA, in the name of and on behalf of SPSA, to (i) execute the Service Agreement, the Portsmouth Letter Agreement and related documents with Wheelabrator, and to deliver the same to Wheelabrator, such execution and delivery conclusively to evidence the due authorization and approval thereof by SPSA and (ii) perform SPSA's obligations as set forth in the Service Agreement. The Board further specifically reiterates that SPSA shall have no liability or obligation to Wheelabrator if SPSA does not execute and deliver the Service Agreement to Wheelabrator for any reason whatsoever.

4. That any and all lawful actions taken by SPSA Executive Staff or the RFP Committee, prior to the date hereof that are within the authority conferred on such parties are hereby ratified, confirmed and approved in all respects as the act and deed of SPSA.

Adopted this 26 day of September, 2018

Roll call to approve the Resolution authorizing the issuance of an intent to award and, upon satisfaction of certain conditions, award a contract for waste disposal services in response to RFP 06-18.

Mr. Maxwell (CH): Yes
Mr. Jenkins (CH): Yes
Ms. Raulston (FR): Yes
Mr. Williams (FR): Yes
Mr. Baugh (IW): Yes
Mr. Etheridge (IW): Yes
Mr. Keifer (NO): Yes
Mr. Broad (NO): Yes
Mr. McCoy (PO): Yes
Mr. Ashby (PO): Yes
Ms. Lowe (SU): Yes
Mr. Roberts (SU): Yes
Mr. Sorrentino (VB): Yes
Mr. Barnes (VB): Yes

The vote of the motion was unanimous 14-0 and passed.

8. OLD/NEW BUSINESS

Chairman Keifer (NO) commented the last major decision with the revised waste management program is in effect. It has taken many years and my compliments to the current and prior board members. Since the start of this process, the Board has reconstituted the Board with new Use and Support Agreements, a new Host Agreement with Suffolk, paid off the debt, reduced the tipping fee from \$125 to \$62, and promoted a new Executive Director. It is with great pleasure that we enter into a continued relationship with Wheelabrator. It has been a very successful partnership with a reliable and capable partner at a fair price, and we continue to support the Navy's energy needs in an environmentally responsible manner. The costs that we are going to be entering into is a little bit greater than landfilling but constitutes better than with use, we bargained for fuel and steam for the Navy instead of using fossil fuels, and it preserves our landfill for the future. Waste to energy is higher on the waste disposal hierarchy supported by our cities, and we are relying on the private sector, which is preferable to having the public sector do it. This is an excellent contract. I want to thank Bill Sorrentino, Randy Keaton, Richard Broad, Liesl DeVary, Dennis Bagley, Warren Tisdale, and Brad Nowak for their efforts on this. I believe it is a fair price to SPSA and Wheelabrator. The contract is in effect until 2027 with an option to extend another ten years.

Mr. Sorrentino (VB) commented given the action you took today and the timing of existing contracts. *I hereby move that the Board authorize the Executive Director (i) to provide notice to Wheelabrator Portsmouth Inc. promptly, and in any event prior to October 3, 2018, that SPSA exercises its right to extend the term of the Service Agreement dated September 9, 2009 between Wheelabrator and SPSA through June 30, 2019, in accordance with Section 16.1.1 of the Service Agreement and based on the condition described in Section 3(b) of Wheelabrator's Irrevocable Offer relating to the Waste Disposal and Services Agreement dated September 18, 2018, and (ii) to take any other action she may deem necessary or desirable consistent with this motion.*


Mr. Sorrentino (VB) moved, seconded by Mr. McCoy (PO) to approve the extension of the

service agreement as presented. The vote of the motion was unanimous.

Mr. Ashby (PO) commented that on behalf of the City of Portsmouth, I want to thank everyone for your efforts in this transition. I would just say that it is indeed a pleasure to see ourselves rejoined and lined back up, one tied to another, and we know things going forward will be great for all of us. Thank you.

9. ADJOURN MEETING

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



Liesl R. DeVary
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors