

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

July 25, 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	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad <i>absent</i>	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Solomon Ashby	(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. Harvey Howard (NO), Ms. Erin Trimyer (PO), Mr. Hart Council (SH) 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. ELECTION OF OFFICERS

Chairman Keifer (NO) called upon Mr. David Arnold, Chairman of the nominating committee, to list the recommendations for the slate of officers.

Mr. Arnold (SU) commented the committee recommends the following slate of officers: John Keifer, Chairman; Luke McCoy, Vice Chairman; Liesl DeVary, Treasurer; and Blanche Christian, Secretary.

Chairman Keifer (NO) opened the floor for additional nominations for the election of officer's. Having no other nominations, he asked that a motion to approve the Nominating Committee recommendations be approved as presented.

Mr. Ashby (PO) moved, seconded by Mr. Maxwell (CH) that the election of Mr. Keifer (NO)

as Chairman, Mr. McCoy (PO) as Vice-Chairman, Ms. DeVary as Treasurer and Ms. Christian as Secretary as recommended by the Nominating Committee be approved as presented. The vote of the motion was unanimous.

2. APPOINTMENT OF COMMITTEES

Chairman Keifer (NO) reappointed Luke McCoy, Bill Sorrentino, and Randy Keaton for the Executive committee. David Arnold will chair the Audit committee; other members will include Dale Baugh and Steve Jenkins.

3. INFORMAL ITEMS

A. MONTHLY REPORT ON WTE OPERATIONS

Mr. Clint Stratton the Operations Manager began his operational stats for the month of June. Boiler 1 and 2 had scheduled outages. The routine annual inspection and cleaning of the gas paths, grates, SDA staging was completed. The nine month UT inspection of the super heater was completed to ensure pressure partner reliability. A major overhaul on the bottom drag conveyer and replacement of the grate rails, under grate auger and replacement of all RDF feed chute distributors was completed.

Wheelabrator Portsmouth June 2018

Operational Data



44,317 Tons	59,337 Tons	54,827 Tons	16,289 Tons	21,368 MW
Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold
27,295 K-LBS	93%	98%	0	1
Steam sold to Navy	Overall boiler availability	Overall generator availability	Environmental incidents and OSHA Recordable Accidents	OSHA Recordable Accidents YTD

We had some members of the Board tour the facility. We welcome anybody that would like to attend a tour, if you have not already done so get on the list and Joel and I will give you a tour of the facility, and you can see what we do.

Chairman Keifer (NO) stated if you have not been over to tour the plant than you should as soon as possible. We are going to be discussing some things about that in the next month so take advantage of the opportunity.

Mr. McCoy (PO) commented I have been through the facility several times. I was quite impressed with what they're doing, who the customers are, how much energy they are producing each day and the improvements that they've made to the delivery and the acceptance of trash from the different member communities that use the facility. It is an opportune time for you to look at it as we move

forward making informed decisions.

B. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary commented that SPSA staff continues to operate efficiently and effectively. We have added two new reports for your information. The first one at your place is the annual operating contract list, which is something we have used internally for a number of years. It lists the vendor, along with the original start date, board approval date, current contract start and end date and so forth. We will provide you an updated list as changes occur, but we will also have this on the Board web page so you can access it at any time. The second report is a construction status report, which is in your agenda and will be included each month. It provides the current construction projects, original contract value, any change orders, scheduled completion date, and percentage complete.

If you recall earlier this year, I mentioned VOSH came to do an inspection because we had issue with a gas water heater. We received a citation for not following the manufacturer's specifications on the gas water heaters annual inspection. There was no financial penalty assessed, but to abate this, we replaced the gas water heater with an electric heater.

Next, she asked Mr. Sorrentino to provide an update to the board on the RFP Evaluation Committee. Mr. Sorrentino (VB) commented the SPSA negotiation team is comprised of Richard Broad, Randy Keaton, Liesl DeVary, Dennis Bagley, General Council Warren Tisdale and Special Counsel Brad Nowak. We have continued to meet with Wheelabrator and have come to conditional agreements on the contract's terms and conditions. I say a conditional agreement because until the contracts signed, it is a conditional agreement. At this point, we are sending Wheelabrator the draft contract, which is expected to be out this week, and then we will move to the pricing part of negotiations. I expect my team will be able to brief the Board on our efforts with Wheelabrator at the next board meeting.

Ms. DeVary continued that since we are SPSA 2.0, we needed to refresh and update our website. It is much easier to navigate now especially if you are viewing it through a mobile device. This new site is ADA compliant. It includes a Google Map link for each location and a section for frequently asked questions. We will be providing you a link to our "board" page as that is new as well. Please notify your member jurisdictions to update your member sites, if you have any links to ours, because the IP address has changed. I would also ask if you would please review this, and if there are other frequently asked questions that you think we need to added, please e-mail me or Blanche, and we will be happy to get it updated.

Mr. McCoy (PO) commented Portsmouth is not listed under locations. Seven of the eight member communities are listed with places where they get can information. If a Portsmouth resident goes on that web page, where would they go to get information?

Ms. DeVary responded that we do not have a location in Portsmouth. This lists our locations of transfer stations and the regional landfill.

Mr. McCoy (PO) stated maybe we could add the RDF or Wheelabrator plant.

Ms. DeVary responded that we will add information there with regard to that.

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

Mr. Bagley commented that at the time of printing the landfill operational summary report included in your agenda we had not received the final report from DEQ for item 1.2.1. The reports been received and there were no violations during the latest inspection. We had no odor complaints during the reporting period. The staff at the landfill does a great job. They go into the neighborhoods around the landfill and do a sniff test on a regular basis each week to make sure that we do not have any negative impacts. The total leachate discharged to HRSD for the reporting period was 21,894 gallons. On June 1, 2018, we began to pump and haul. The total leachate hauled for the reporting period was 581,068 gallons, which is lower than we have done previously. That is due to us pumping down all of the leachate ponds prior to the pump and haul because we wanted to get a good data set for how much we were actually going to be able to move. We were originally only able to haul 50,000 gallons a day, which has been increased to 100,000 gallons a day. HRSD is allowing us another 50,000 gallons a day if we go to the plant on the other side of the Monitor-Merrimac. The average quantity of leachate hauled daily was 19,369 gallons. There was 27,424 tons of waste landfilled during the reporting period. A total of 20,889 tons of cover was utilized during the reporting period and that is because we were working on trying to build out the north face of the landfill, and we have requirements about what we can use for coverage during that period. We purchased 1.36 credits from the Great Dismal Swamp Wetlands Bank for the total cost of \$16,320. The credits were purchased to offset a small non-performing section of wetlands SPSA created as a wetlands mitigation area for Cell VII. The requirements of the permit have now been officially satisfied.

The SCADA project and the loadout project scheduled completion date is August 30, 2018. The rain has put a damper on the work. We had a milestone inspection with the engineering company, which we had to cancel due to rain. We are hopeful to maintain the August 30, 2018 completion date, but if the rain continues, it could affect that timeline. The SCADA project is one project in itself, but because the SCADA system is going to tie into the loadout project and the pump station that is being installed, we cannot close out that project until we close out both projects. We can actually see what is going on with the pumps and the leachate levels through SCADA from Henry's office at the landfill. The SCADA project is essentially complete until we tie in the last portion of it, but the loadout project is where we are having a hard time trying to work because of the weather.

I applaud the Norfolk staff working with us in regards to the repairs to the tipping floor. Through all of those efforts and hard work from the staff at the transfer station, we are going to finish that project almost 30 days ahead of schedule and on budget.

The HHW facility improvement project is moving along. We are negotiation a change order on that to put a different type of drain system in so that we can wash down those floors. Even though we will process a lot of metal in that building, we are still going to have to treat that as leachate. The change order might push the project back about five to seven days. That project should be completed around August 30, 2018.

Mr. Barnes (VB) asked if the 100,000 gallons with HRSD forcemain redirects the flow and what is

the status of the SWIFT forcemain.

Mr. Bagley responded no. We contacted HRSD, and they have increased our permit to allow us to pump and haul another 50,000 gallons at another pump station. One of the concerns I had from the onset of this project is how are we going to manage and move the leachate. If we have a hurricane and we need to move more than 50,000 gallons of leachate, how are we going to do that or when we are at full capacity and we know that we can move 70,000 gallons a day, which is more than what our permit allows us to pump under the current permit. Henry and staff contacted HRSD and they understood the issue, and offered the solution and opened this other option up to us. We are not using it, but if we need it, it is there. A tentative schedule for the SWIFT forcemain was put in place at their meeting, but we have not been notified personally of that schedule.

Mr. Barnes (VB) asked if any alternatives besides dirt been considered for daily cover.

Mr. Bagley responded yes, but the issue with alternative daily covers is that we have about \$7 million worth of soil or the cost to remove the soil from the Cell VII. What we are doing is to pull from the borrow pit. This is the best option at this point since you cannot use ADC on the North Slope. It has to be used on the outward slope.

C. CHAIRMAN'S COMMENTS

Chairman Keifer (NO) thanked the board for their confidence in reelecting him. It is rewarding and a pleasure working with such an exceptional group. This is an opportune time for SPSA. A lot is changing, we are making key decisions on contracts, and we have new use and support agreements so it is an exciting and enjoyable time to work through it. I want to thank Liesl; she is extremely competent and responsive. Whenever I have a question or issue, she answers right away in a very professional manner. We have an outstanding executive committee; Bill, Luke and Randy are very helpful. Warren is very helpful and responsive and we rely on him for his wisdom. Bill is doing an exceptional job leading the RFP negotiating committee. It is a pleasure leading this board and I thank you again.

You have before you the Executive Director performance review form which will be done annually. In December of each year, the Chairman will circulate the form to each Board Member for comments and input. In January, the Executive Committee will review and compile the Board comments and report to the Board in January/February to complete the performance review. We are trying to do some additional reporting to ensure the transparency involving the Board. The construction and contract status reports are something new that gives us a listing of all the contracts that we have in place. We will be discussing an attorney engagement agreement, which provides additional transparency. I applaud Liesl for putting those things together.

4. ACTION AGENDA

A. MINUTES OF BOARD MEETING

Chairman Keifer (NO) moved to the action agenda. The minutes of the June 27, 2018 Board meeting have been distributed. He asked if there were any additions or changes.

Mr. McCoy (PO) moved, seconded by Mr. Jenkins (CH) that the June 27, 2018 minutes of the SPSA Board meeting be approved as presented. The vote of the motion was unanimous.

B. FINANCIAL MATTERS
1. Financial Reports

Ms. DeVary began that based on a preliminary analysis, fiscal year 2018 total revenues exceeded expenses by approximately \$1.1 million as compared to \$2 million in the previous year. Last month we were around a half a million, the tons coming in went up higher in June than anticipated. Tipping fees, fiscal year-to-date reflect a 7% decrease or approximately \$3.1 million as compared to fiscal year 2017. This decrease is due to a reduction in the municipal waste stream from year to year, but it is also due to the reduction in the tip fee effective January 25, 2018.

MUNICIPAL TIP FEES	FY 2018 Budget	FY 2018 Projected	FY 2018 Actual	Variance Actual to Projected	FY 2017 Actual	Savings to Member vs FY17
CHESAPEAKE	\$9,350,000	\$8,536,333	\$8,883,083	\$346,750	\$11,365,973	\$2,482,889
FRANKLIN	\$260,000	\$271,079	\$268,421	(\$2,659)	\$336,220	\$67,800
ISLE OF WIGHT	\$1,510,000	\$1,648,530	\$1,675,093	\$26,563	\$1,897,709	\$222,616
NORFOLK	\$6,400,000	\$6,054,948	\$6,162,884	\$107,936	\$8,085,160	\$1,922,276
PORTSMOUTH	\$2,900,000	\$3,270,360	\$3,249,782	(\$20,578)	\$3,752,928	\$503,146
SOUTHAMPTON CNTY	\$850,000	\$853,867	\$863,921	\$10,054	\$1,074,203	\$210,281
VIRGINIA BEACH	\$13,300,000	\$12,620,313	\$12,587,151	(\$33,162)	\$16,332,220	\$3,745,069
SUFFOLK	\$1,056,250	\$848,484	\$1,029,959	\$181,475	\$0	(\$1,029,959)
TOTAL MUNICIPAL	\$35,626,250	\$34,103,914	\$34,720,295	\$616,381	\$42,844,411	\$8,124,116

The municipal waste tonnages were down approximately 5,204 tons as compared to fiscal year 2017. We received approximately \$617,000 more than projected. The reduction in the tip fee saved member communities over \$8.1 million from fiscal year 2017. For fiscal year ending June 30, 2018, the municipal waste tonnages for the year were 383,073 tons as compared to 388,277 a year ago. Total expenses as of June 30, 2018 were approximately \$43.8 million as compared to \$48.8 million in the prior fiscal year. Cash balances are \$24.9, and designated with \$3.6 million in the operating fund, which includes that 1.1 excess, \$4.8 million in the undesignated fund balance, and \$16.5 million in landfill closure. The undesignated fund balance will go up once reconciliation is complete, but I will remind you that in the fiscal year 2019 we planned to use \$2-\$2.5 million for the HRSD forcemain. I do not foresee us having to use any of that money in this next fiscal year. I am planning in September-October providing you an indirect cost allocation report. It will be something new for you to see, but it will show you our cost of operations across each of the major categories from a full cost perspective.

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

2. Willcox & Savage Engagement Letter

Chairman Keifer (NO) commented that Willcox & Savage has been part of our board and has been representing SPSA since the inception of SPSA and we have been very pleased with their services,

but we have not had a specific agreement. In discussions with David Arnold and the executive committee, that is something that we think needs to change. The legal services are exempt from the state procurement act, but we think it is best to have a formal agreement and get approval from the Board on an annual basis. We will have a separate agreement for Brad Nowak, who is our special council. Liesl is going to provide some historical information on legal services at a future meeting.

Mr. Keaton (IW) moved, seconded by Mr. Hodges (SH) to authorize the Executive Director to execute the engagement letter with Willcox & Savage. The vote of the motion was unanimous.

5. OLD/NEW BUSINESS

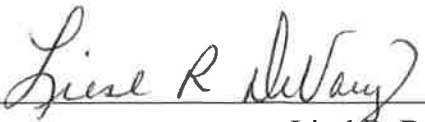
Chairman Keifer (NO) commented that we are proposing to cancel the August 22, 2018 regular board meeting and have a special board meeting on Thursday, September 13, 2018, at 9:30 in the morning. The primary reason for this is to have the opportunity to discuss the RFP. Having those additional couple of weeks will allow the opportunity to present you with good thorough information on what is going on. Therefore I make the motion we have a special meeting on September 13, 2018 at 9:30 in the morning and cancel the August 22, 2018 meeting, and I would note that then we would still have a regular meeting on September 26, 2018 as previously scheduled.

Mr. McCoy (PO) moved, seconded by Mr. Arnold (SU) to cancel the August 22, 2108 regular Board meeting and hold a special meeting on September 13, 2018. The vote of the motion was unanimous.

Mr. Sorrentino (VB) recommended Board members see the SPSA landfill facility if they have not already done so. I strongly suggest that you contact Liesl or Henry and get on the calendar and get on out to the facility and to see how effectively and well run it is.

6. ADJOURN MEETING

There being no other business to come before the Board of Directors the regular meeting was adjourned at 10:12 a.m.



Liesl R. DeVary
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors