

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

December 11, 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)	Ms. Amanda Jarratt (<i>absent</i>)	(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 (<i>absent</i>)	(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. Chad Edwards (FR), Mr. Michael Etheridge ((IW), Ms. Trista Pope (NO), Ms. Erin Trimyer (PO), Mr. Bobby J. Wheeler (VB), the following SPSA executives, Ms. Liesl R. DeVary, Executive Director and Treasurer, Mr. Dennis Bagley, Deputy Executive Director, Ms. Tressa Preston, Secretary and Executive Administrator, Mr. Warren Tisdale, General Counsel, and Mr. Brett Spain, Attorney with Willcox & Savage.

1. CALL MEETING TO ORDER

Mr. Keifer, Chairman of the Board, called the meeting to order at 9:30 a.m.

2. PUBLIC COMMENT – No public comments received.

3. CHAIRMAN'S COMMENTS

Chairman Keifer opened the meeting by speaking of the impending retirement of SPSA's General Counsel, Warren Tisdale. Chairman Keifer, Mr. Ashby, and Mr. McCoy all spoke of what a valuable asset Ms. Tisdale has been to SPSA and how much he will be missed. The Board wished Mr. Tisdale well in his future endeavors and the following resolution of appreciation was presented as a token of the Board's thanks for his service.

RESOLUTION OF APPRECIATION TO WARREN L. TISDALE IN RECOGNITION OF HIS SERVICES TO THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY

WHEREAS, Warren L. Tisdale, has been the General Counsel for the Board of Directors of the Southeastern Public Service Authority of Virginia (SPSA) beginning July 26, 2017 and culminating on December 31, 2019; and,

WHEREAS, his dedication, integrity, professionalism and expertise have provided the organization with legal advice relating to all aspects of SPSA's multifaceted business; and,

WHEREAS, Warren has participated in and provided expert advice in numerous negotiations involving documents which have led to the continued viability which will provide a firm basis for extended services required by the region; and,

WHEREAS, with a feeling of sincere gratitude, on this occasion, the Board of Directors of the Southeastern Public Service Authority of Virginia expresses its deepest respect and appreciation for his professional service to the Authority and to the citizens of this region.

NOW, THEREFORE, BE IT RESOLVED, with great pride, the Board of Directors of the Southeastern Public Service Authority of Virginia recognizes, thanks and commends Warren L. Tisdale, for his service to the Authority, and presents this Resolution as a token of its esteem and orders a copy be spread upon the minutes of this meeting.

Mr. Sorrentino moved, seconded by Mr. Ashby, to vote on the Resolution of Appreciation to Warren L. Tisdale in Recognition of His Services to the Southeastern Public Service Authority. The vote on the resolution was unanimous.

Chairman Keifer went on to speak of another legal matter reminding the Board that annual conflict of interest disclosures will need to be completed at the first of the year. Mr. Tisdale told the Board that toward the end of the month he would email the forms and the reference to the website that explains how to fill them out. He encouraged the Board to begin filling out the forms, but to please not sign them until after January 1, 2020. The first week of January 2020, Ms. Preston will reach out to the Board and begin collecting forms which, when compiled, she will send to Mr. Spain for filing.

Chairman Keifer also reminded the Board that the end of the calendar year is when the Board completes their evaluation of the Executive Director. The Board is asked to fill out the evaluation form either in hard copy or in the electronic format that Ms. Preston will send to them after the meeting. The Board was instructed to mail hard copies to Ms. Preston or email electronic forms to Mr. Keifer, Mr. McCoy, and Ms. Preston by December 31, 2019. Once all evaluations have been submitted and compiled, the Executive Committee will review ahead of the January meeting.

Finally, Chairman Keifer wished the Board happy holidays and thanked them for their exceptional contributions throughout the year. He went on to say that SPSA has had some major events in recent years and Ms. DeVary and her team continue to strengthen and solidify the organization. 2019 has brought new hires and adjusted pay plans for front-line employees. Tipping fees have been reduced from \$62 to \$57 and today's audit report is favorable. There is much work to do in the coming year, but this year has been a very good one and the Chairman extended his thanks to everyone who has contributed to that success.

4. APPROVAL OF MINUTES

The minutes of the October 23, 2019 Board meeting have been distributed. Chairman Keifer asked if there were any additions or changes.

Ms. Raulston moved, seconded by Mr. Ashby to approve the October 23, 2019 minutes of the SPSA board as presented. The vote on the motion was unanimous.

5. PRESENTATION OF THE ANNUAL AUDIT

The Audit Committee, on which Mr. Jenkins, Ms. Lowe, Mr. Baugh, and Ms. Raulston serve, met with the auditors from Brown Edwards on November 12, 2019. Ms. DeVary asked if any of the members of the Committee would like to make a comment, but they declined. Ms. DeVary introduced Ms. Leslie Roberts to present the audit.

Ms. Roberts explained that while she reviewed the audit in detail with the Audit Committee, she would be presenting an overview to the Board. Ms. Roberts stated that the audit went very well, noting that SPSA staff was well-prepared and helpful throughout the process.

Ms. Roberts directed the Board to the independent auditor's report which states that the records present fairly SPSA's year-end financial position and operations throughout the year resulting in a clean, unmodified audit. Ms. Roberts encouraged the Board to review management's discussion and analysis on page eight of the report as it contains a good high-level analysis of this year's accomplishments compared to last year's numbers. SPSA holds a strong net position for a government entity with an overall net position of about 47.1 million dollars. Of that, about 29 million is net investment in capital assets and 11 million in unrestricted funds that the Board can use at their discretion. On the statement of revenues, expenses, and changes in net position there was a positive change of about 8.8 million dollars, even with reducing tipping fees.

The auditors found no instances of deficiencies or material weakness and no instances of noncompliance with governmental accounting standards. Conflict of interest forms were adequately filed and there were no new GASB pronouncements or changes in financial policies or procedures this year. Ms. Roberts pointed out her and her colleague's contact information in the report should any member of the Board have any issues or questions they would like to address. She thanked Ms. DeVary and her team for their cooperation and assistance throughout their engagement and opened the floor for questions.

With no questions for Ms. Roberts, Chairman Keifer commented that though it has become commonplace for the Board to be presented a favorable audit year after year, it's important to recognize all of the hard work that takes place all year long to create that result. Chairman Keifer thanked staff for their efforts and requested a motion to approve the annual audit.

Ms. Lowe moved, seconded by Mr. Jenkins to accept the SPSA annual audit as presented. The vote on the motion was unanimous.

6. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary reported that it is business as usual at SPSA and staff continue to keep operations running smoothly.

Ms. DeVary updated the Board on the permitting process for landfill cells VIII and IX stating that the RFP for the third-party consultant to perform an environmental impact statement was issued on October 28th and SPSA received six responses by the November 21st due date. The proposals are being reviewed by HDR, Ms. DeVary, and Mr. Bagley. Ms. DeVary is discussing next steps with the Army Corp of Engineers later today and hopes to have a recommendation to them next week. Once the Corp agrees on the firm selected, staff will bring a contract to the Board to entertain for approval at the January meeting, if all goes well.

The Citizens Advisory Committee has met twice since the last Board Meeting and Ms. DeVary let the Board know how pleased she is with their participation, calling the community representatives engaged and intelligent. The CAC plans to meet on January 7, 2020 to formulate their recommendation.

On October 24, 2020 there was a follow-up meeting on the proposed flyover where primary stakeholders the City of Chesapeake, the City of Suffolk, VDOT, HRTPO and SPSA discussed next steps. There is a proposed long-term solution, as well as a short-term solution in the interim, but cost estimates and funding sources remain unclear. Those details are being firmed up with the goal of applying for funding in the spring. Ms. DeVary commented that she encouraged the group to move toward the long-term solution in a short-term timeframe. She hopes to have more information to present at the January or February meeting.

Ms. DeVary hopes that the Board has had the opportunity to take a look at the new website. Staff is very excited about it because of the improved format and new information it provides. She wanted to take this opportunity to direct the Board to the featured project page on the landfill expansion permitting process which is being created by HDR as a part of the strategic communications task order. Ms. DeVary pointed out the location on the website's home page, as well as tabs on permitting and education on landfills, and the page for the Citizens Advisory Committee, which houses information on the CAC including all the documents presented at meetings and meeting minutes.

Mr. Bagley added a follow-up about the CAC, reiterating that each of the committee members have been wonderful to work with and that he has personally given tours of the landfill to all

but one committee member either individually or in pairs. The committee members have been very complimentary about what they saw at the landfill and staff is very proud of the work being done to keep the facility in such good condition. Staff is working with Southampton County to bring some people in for tours and several school groups have expressed interest. Mr. Bagley offered to give tours to any interested Board members. Ms. DeVary thanked Dennis and the landfill staff for their hard work, stating that this is the best she has ever seen total landfill operations look. She strongly encouraged the Board to take Mr. Bagley up on his offer for a tour so that they can see for themselves.

Mr. Bagley went on to present the operations report stating that in the upcoming financial report the Board will see that waste numbers are down, but landfill numbers are up. This is due to a nearby project, from which the landfill was gifted virgin soil at no cost. This soil will be used to reshape the north slope and counts as tonnage being brought into the landfill, accounting for the discrepancy.

The topographic study at the landfill was completed yesterday and there is time set aside for HDR to complete the airspace utilization study during the first part of January. Staff is optimistic about what this data collection will reveal and will be bringing that information to the Board.

Total leachate hauled for the period was 180,100 gallons with 786,659 gallons pumped to HRSD with a total of 938,759 gallons. Wheelabrator delivered 13,084 tons of residue to the landfill and 5,376 tons were reclassified as nonqualifying. These numbers are improving as Wheelabrator's operators become more familiar with the machinery and as more new machinery gets installed. The tippers at the RDF plant are finished and SPSA is using them. No waste has been diverted for the reporting period. Mr. Bagley reiterated that Wheelabrator has made tremendous strides in improving their operations and he looks forward to continued improvement with their partnership.

There was an odor complaint received about the landfill on November 7, 2019. SPSA staff responded immediately, taking wind direction and speed readings, along with meter readings, but could not detect an odor from the landfill. Staff followed all proper procedures including reporting to the City of Suffolk and the Department of Environmental Quality. The DEQ found the report to be unsubstantiated and staff's investigation into the issue indicates that the odor was likely coming from a nearby coffee plant. There have been no further complaints and although no odor was detected, landfill and environmental staff always take odor complaints seriously.

On the 13th of November there was unauthorized waste from a TFC truck hauling waste from Ecolab dumped on the tipping floor at the Suffolk Transfer Station. TFC was contacted and they responded immediately, along with Eco Lab. SPSA contacted their hazardous material vendor and they removed the hazardous waste. The transfer station was temporarily closed and waste was diverted directly to the landfill with little disturbance to service. The DEQ came to the landfill the following day and determined that SPSA staff followed all proper procedures. SPSA is not currently accepting waste from Ecolab as they resolve issues with the Department of Agriculture and DEQ, but as soon as they are able to meet appropriate standards, SPSA will provide service to them again.

Chairman Keifer pointed out that SPSA has completed another year without any lost time accidents and directed the Board to the red/yellow/green report on landfill leachate that shows no items in the red, and complimented staff on those achievements.

Mr. Sorrentino asked Chairman Keifer to return to a matter from Ms. DeVary's report. Mr. Sorrentino inquired about the selection of a third-party contractor for the environmental impact statement asking if the intention was to return to the Board for approval after the Army Corp of Engineers approves SPSA's selection. Ms. DeVary confirmed that was the intention. Mr. Sorrentino asked Counsel if there was a method by which that could be circumvented in order to expedite the process and prevent delays in beginning the work, perhaps by granting Ms. DeVary to enter into the contract without bringing it to the Board. Mr. Tisdale replied that the Board could vote to allow the Executive Director, in consultation with the Executive Committee and legal counsel, to select the company and formulate a contract for the work.

Without posing an objection, Mr. Arnold asked Chairman Keifer and Mr. Tisdale for clarification that, in authorizing the Executive Director to execute this contract, the Board would be setting aside the requirement that contracts exceeding a certain dollar amount be brought to the Board for a vote. Mr. Tisdale confirmed that was correct, that the action would be to allow the Executive Director to execute the third-party contract for the EIS in the same way she regularly executes contracts of \$30,000 or less.

Mr. McCoy added that when the Executive Committee, along with HDR, makes that selection they should send an email advising the Board as to the decision so that they are aware of the actions taken.

Mr. Keaton asked for clarification on the selection process, inquiring about the selection being subject to final approval by the Army Corp of Engineers. Ms. DeVary clarified that the Corp will have to give approval to SPSA's selection, likely in the form of an email, after reviewing basic information on SPSA's top three preferred contractors.

Chairman Keifer asked for the approximate value of the contract and Ms. DeVary replied that of the six nonbinding fee estimates received, one was as low as 250,000 and one was as high as 1.2 million. Ms. DeVary went on to say that this is a time and material contract, so it will be based on how long the project takes to complete. She estimates about a half a million dollars. The project could take one or two years to complete, but there is hope that it will take less time and therefore be less costly. There are already funds set aside for this project.

Chairman Keifer stated that this is an unusual request, so that if a Board member has any reservations that would be understandable. He asked for additional questions or comments.

Mr. Jenkins asked if there was a capital project for this contract, and if so, is that project already in the budget. Ms. DeVary confirmed that there is a capital project, but that the budget would need to be amended to move the funds from reserve accounts, which could be accomplished by a vote to be brought to the Board in January, once all the details are finalized.

Mr. Ashby asked Chairman Keifer to confirm that there is no fixed amount for this contract. He raised this question to make certain that if the Board decides to deviate from standard procedure, they will not create an issue for an award challenge. Ms. DeVary responded that this contract is being awarded through an RFP process. Each proposal is being evaluated on five criteria, including nonbinding fee estimate. Ms. DeVary stated that she would expect a relatively firm estimate initially and then, as the project progresses, should it take more time, staff would have to bring a new request to the Board for additional funding. At the time of contract approval, the approval would be for a specific dollar amount.

Chairman Keifer and Ms. DeVary outlined the proposed process again stating that of the six proposals received, there will be a selection of a preferred firm which will be sent to the Army Corp of Engineers for approval. Once that approval is received, the RFP team will meet with the company, negotiate the contract in consultation with General Counsel, and should the Board vote to authorize the action, the contract could be awarded without an additional vote from the Board so that the scheduling process can begin as quickly as possible. Chairman Keifer asked for other comments or reservations and there were none.

Mr. Sorrentino moved, seconded my Mr. McCoy to authorize the Executive Director, in consultation with the RFP team and legal counsel, to award the contract for the environmental impact statement and keep the Board advised. The vote on the motion was unanimous.

7. WHEELABRATOR PORTSMOUTH MONTHLY REPORT

Mr. Clint Stratton of Wheelabrator congratulated Mr. Tisdale on his retirement and SPSA staff for completing the year without any lost time accidents. He went on to say that Wheelabrator is thankful for their partnership with SPSA, the member communities and their work with Ms. DeVary and Mr. Bagley and the rest of SPSA staff.

Mr. Stratton presented the October and November 2019 operational reports for Wheelabrator Portsmouth:

Wheelabrator Portsmouth October 2019
Operational Data



44,723 Tons	59,560 Tons	31,279 Tons	13,300* Tons	19,034 MW
Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold

32,271 K-LBS	95%	100%	0	2
Steam sold to U.S. Navy	Overall boiler availability	Overall generator availability	OSHA recordable accidents	OSHA recordable accidents YTD

*This total includes 9,746.35 tons of non-qualifying residue delivered to the landfill this period. This was driven by downtime on rental screen unit. New unit has been rented from another supplier, and we began screening on this unit on 10-11-19.

Wheelabrator Portsmouth November 2019
Operational Data



40,389 Tons	53,174 Tons	46,435 Tons	13,084* Tons	14,115 MW
Total waste received by SPSA	Waste delivered to RDF	Total RDF processed	Ash sent to landfill	Electric power sold

67,658 K-LBS	98%	100%	0	2
Steam sold to U.S. Navy	Overall boiler availability	Overall generator availability	OSHA recordable accidents	OSHA recordable accidents YTD

*This total includes 5,375.83 tons of non-qualifying residue delivered to the landfill this period. This was driven by downtime on rental screen unit.

After reviewing the operational data, Mr. Stratton discussed plans for equipment replacement and maintenance and provided a video of one of SPSA's drivers operating a tipping trailer at the RDF Plant. While the video is a little over a minute, Mr. Stratton stated that the average tipping time is six to seven minutes depending on driver and trailer, while a walking floor trailer generally takes 17 to 22 minutes to offload.

Mr. Stratton opened the floor for questions and Mr. McCoy confirmed the time savings in using tipper trailers. Chairman Keifer commented on the positive trend of reduction of non-qualifying ash now that new equipment is in place and asked Mr. Stratton to estimate how low that percentage is expected to fall when optimal performance is achieved. Mr. Stratton stated that Wheelabrator has budgeted for 85% qualifying ash and 15% non-qualifying though current numbers are somewhere between 30% and 40%, with previous months seeing that number as high as 90% nonqualifying. At Mr. Sorrentino's prompting Mr. Stratton reiterated that 15% non-qualifying ash is a realistic expectation.

With no further questions, Mr. Stratton introduced Mr. Pete DiCecco, Wheelabrator's VP of Waste Energy. Mr. DiCecco told the Board that he has been in his role for three months and has been in operations in power generation for 25 years. He gave his commitment to the Board that he will make the Wheelabrator Portsmouth facility run as smoothly as possible. Mr. DiCecco went on to say that it is clear to their organization that they need to improve their operations and, under his direction, they have made significant changes in the last two month and will continue to make improvements. Mr. DiCecco looks forward to working with SPSA and making the Portsmouth facility the best running operation in Wheelabrator's fleet.

8. FINANCIAL REPORT

Ms. DeVary reviewed the financial information for the month ending October 31, 2019. Total revenues exceeded total expenses for the fiscal year-to-date by approximately \$3.2 million as compared to \$3 million in the previous fiscal year. Tipping fees reflect an increase of 2.4% or \$353,000 as compared to October of 2018. The municipal waste tons are up approximately 1.9% or 2,873 tons from what was received last October. However, November numbers will show that tonnage has decreased. The total municipal waste received fiscal year-to-date was 155,628 compared to 152,755 a year ago. As the charts indicate, year-to-date municipal waste is essentially unchanged from last year at this time. There is an anticipated decline in December, January, and February.

Ms. DeVary went on to say that total expenses for the month ending October 31, 2019 were approximately \$13 million as compared to \$13.8 million in the prior fiscal year. Cash balances are at approximately \$35.3 million; currently designated as \$1.8 million in operating, \$546,520 still outstanding for FY2019 purchase orders from projects not yet completed, \$5.9 million in undesignated fund balance, which is the equivalent of two months' operating expenses under the current budget, \$2.5 million for the proposed HRSD Force Main, and \$24.5 million in the landfill expansion and closure fund.

Ms. DeVary opened the floor to questions and Mr. Barnes raised the subject of plans for increasing SPSA's number of tipping trailers, citing that additional tippers would increase efficiency and hauling capacity resulting in cost savings. Ms. DeVary and Mr. Bagley replied that current trailers are in good condition and not scheduled for replacement until 2022. At that time, it is likely that staff will recommend the purchase of tipper trailers. After initial analysis it was determined that there would be cost savings in using tipping trailers, but in order to see full operational savings, the full fleet would have to be replaced. SPSA sees no need to spend capital for replacement when trailers are still in good condition. The plan is to replace ten to fifteen trailers a year over a four-year period. In order to meet all of the Authority's needs, including landfill offloading, serving the western communities, and tipping ash, SPSA must continue to have a mixed fleet of both tipper trailers and walking floor trailers. Mr. Barnes encourages staff to continue to look for opportunities to integrate more tipper trailers into the blended fleet sooner rather than later because the increase to efficiency would create significant savings. Ms. DeVary responded that staff will continue to explore options.

Chairman Keifer requested a motion to approve the financial reports.

Mr. Ashby moved, seconded by Mr. Jenkins to approve the SPSA financial report as presented. The vote on the motion was unanimous.

7. CONTRACTS

Ms. DeVary presented for consideration a renewal contract with HDR Engineers to exercise option year three of four possible renewals. This contract, which operates on the calendar year, covers a multitude of professional engineering services in areas including but not limited to environmental regulatory compliance, site plans, landfill gas, construction management, groundwater, stormwater, and VPDES permit coordination. The contract is based on time and materials and the hourly rates that are proposed increase approximately 2.35 percent. The operating budget for this contract is \$275,764. Staff recommends approving the contract renewal for professional engineering services with HDR for the period of January 1, 2020 to December 31, 2020.

Ms. Raulston moved, seconded by Mr. McCoy to award the contract renewal with HDR Engineering. The vote on the motion was unanimous.

8. 2020 BOARD MEETING DATES

Ms. DeVary presented the proposed Board Meeting dates for 2020, which adhere to the standard format of the fourth Wednesday of the month, with the exception of November, where there will be no meeting, and December where the meeting will take place on the second Wednesday of the month. The time of 9:30 a.m. and the location of the Regional Board Room remain the same, as well.

Ms. Raulston moved, seconded by Mr. Roberts to approve the meeting dates for 2020. The vote on the motion was unanimous.

9. **OTHER BUSINESS**

Mr. Roberts suggested, as a topic for future discussion, clarification on the Navy's on long-term plans for power and steam generation. Chairman Keifer agreed that the topic was an important one already being discussed by the Executive Committee and that there are attempts being made to gather the information for that discussion.

Chairman Keifer also welcomed Chad Edwards, the new alternate Ex-Officio Board Member representing the City of Franklin.

10. **ADJOURN MEETING**

There being no further business to come before the Board of Directors the regular meeting was adjourned at 10:48 a.m.



Liesl R. DeVary
Executive Director

Submitted by: Tressa Preston, Secretary, SPSA Board of Directors