

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

October 28, 2020

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. Earl Sorey	(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	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Mr. Burle Stromberg	(PO)
Mr. Mark Hodges (<i>absent</i>)	(SH)	Ms. Lynette Lowe	(SH)
Mr. David Arnold	(SU)	Mr. Albert Moor	(SU)
Mr. William Sorrentino (<i>absent</i>)	(VB)	Mr. John Barnes (<i>absent</i>)	(VB)

(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. Michael Etheridge (IW), Mr. L.J. Hansen (SU), Mr. Greg Martin (CH), Ms. Trista Pope* (NO), and Ms. Erin Trimyer (PO), SPSA executives, Ms. Liesl R. DeVary, Executive Director and Treasurer, Mr. Dennis Bagley, Deputy Executive Director, Ms. Tressa Preston, Secretary and Executive Administrator, and Mr. Brett Spain, General Counsel.

*Indicates early departure.

Also present at the meeting electronically via GoTo Webinar was Alternate Ex-Officio Member, Mr. Chad Edwards (FR) who participated from his office in Franklin for medical reasons. There were no objections to Mr. Edwards' electronic attendance.

To encourage social distancing during the COVID-19 pandemic state of emergency, through the meeting notice, members of the public were also invited to listen to and view presentations displayed at the meeting by registering for attendance using a GoTo Webinar teleconferencing platform. Members of the public were also invited to speak at the SPSA Board of Directors Meeting during the designated public comment period at the beginning of the meeting by registering in advance with the Secretary through contact information published in the meeting notice. Members of the public were also invited to listen to the SPSA Board Meeting via toll-free telephone.

1. CALL MEETING TO ORDER

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

2. PUBLIC COMMENT

Ms. Preston reported that she received no requests to make a public comment.

3. CHAIRMAN'S COMMENTS

Chairman Keifer began the meeting by commenting that there are many important issues on the agenda, including the flyover access to the landfill and the landfill expansion process. He also reported that the Board will be presented with a clean audit, and though this has become a common occurrence at SPSA in recent years, the hard work that made it happen should not be taken for granted. Chairman Keifer thanked staff for their diligence in keeping SPSA in superb financial condition, which assures the member communities that funds are being properly managed with solid procedures.

4. APPROVAL OF MINUTES

The minutes of the September 23, 2020 Board Meeting have been distributed. Chairman Keifer asked if there were any additions or changes and there were none.

Mr. McCoy moved, seconded by Mr. Stromberg to approve the September 23, 2020 minutes of the SPSA Board of Directors as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

5. ANNUAL AUDIT

Before Ms. Lauren Harden and Mr. Logan Booth of Cherry Bekaert presented the annual audit to the Board of Directors via the GoTo Webinar platform, Mr. Baugh, Chairman of the Audit Committee offered his comments at Chairman Keifer's request. Mr. Baugh reported that the Audit Committee met with Ms. Harden and Mr. Booth and fully interrogated, assessed, and evaluated the financial audit. The Committee was particularly impressed with the new auditors' abilities to conduct a detailed audit while accommodating COVID-19 restrictions, and also commented that Ms. DeVary and staff did an incredible job interfacing with the auditors. Mr. Baugh concluded that the Committee highly recommends that the Board accept the audit.

Ms. Harden and Mr. Booth provided a brief overview of their findings and offered an unmodified opinion of the fiscal year 2020 financial statements. They noted no material weakness in internal control and compliance with all laws and regulations and there were no disagreements or difficulties in performing the audit. For information purposes, the auditors also mentioned upcoming governmental accounting and financial reporting standards that will become effective in coming years. Ms. Harden and Mr. Booth concluded their presentation and offered to answer any questions that the Board might have. There were no questions, but Mr. Keaton asked if there would be coverage of details beyond the positive results of the audit. Ms. DeVary mentioned that the actual revenue and expenses as compared to the budget were covered at the previous meeting, but allowed that more detail could be presented at future meetings.

Mr. Maxwell moved, seconded by Mr. Arnold to accept the SPSA annual audit as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

6. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary informed the Board that there are no new updates regarding the Norfolk Naval Shipyard's proposed power plant and the Wheelabrator steam contract, as Wheelabrator is still waiting for the Navy to respond to their submitted extension proposal. As Ms. DeVary has mentioned at previous meetings, DEQ held a public hearing on the Navy's application for an air permit. A recent news article reports that DEQ has received over one hundred comments from environmentalists and others concerned about possible increases in pollution, which has the potential to further delay the Navy's permitting process. The Board will be kept informed of any new developments.

The wetlands permitting process required for expansion at the Regional Landfill is taking much longer than originally expected, and subsequently additional funding will be required to complete the project. The original contract with VHB did not include funds for looking at alternatives to the landfill, because at that time the Corps had not fully defined the scope of work and level of detail that would be required. As mentioned at previous meetings, six potential alternative sites have been identified and VHB is still in the process of requesting permission from those landowners to examine the property more closely for the identification of any wetlands. So far there has been only one response allowing access. Also, the public scoping process yielded ten comments with significant responses from the Southern Environmental Law Center and the EPA, which will have to be addressed in the draft EIS. Each of these developments will require additional time and funding. VHB is working with the Corps on a cost to complete along with a revised schedule, which will be reviewed with the Board at the December Meeting. While roughly 50% of the funds from the original contract are still available, it is important to plan to accommodate the latest developments in the process.

Staff is still in the process of reviewing Mas Energy's request to make changes to the Landfill Gas Agreement. As they outlined in their July Board presentation, Mas Energy plans to install a system to convert methane to renewable natural gas to sell through the pipeline. Due to the substantial changes, Ms. DeVary will have a recommendation during the contract portion of the meeting.

Regarding the Flyover, there will be a presentation later in the meeting which is based on the Executive Committee's extensive discussions of the alternative landfill entrance project. When Ms. DeVary informed the Board that SPSA was not successful in their BUILD Grant application, it was requested by Mr. Maxwell that more information be gathered. A debriefing with the grant administrators informed SPSA that roughly 700 qualifying applications were received, with requests totaling \$9.2 billion, and only \$1 billion was allocated for awards. The process was highly competitive, but SPSA was given helpful information for possible future applications. Unfortunately, the RSTP funding award allocation has been delayed, but there should certainly be information to bring to the Board at the January Meeting.

DEQ regulations require financial assurance for the closure and post-closure of the landfill and transfer stations, which must be certified at the closing of each fiscal year. As of June 30, 2020, the total projected costs are \$24.6 million, with \$24.3 allocated for the landfill and \$286,000 for the transfer stations. Ms. DeVary is pleased to report that DEQ has once again approved the cost estimate through use of the corporate financial test, which is a mechanism defined in the Code of Virginia to demonstrate financial surety.

Mr. Bagley delivered the operations report, stating that 29,834 tons of material were landfilled in the reporting period, which is a decrease of about 2,000 tons from the previous month.

1,223,229 gallons of leachate were sent to HRSD, with 641,093 gallons pumped and 582,136 gallons hauled. 90% of the ash received from Wheelabrator qualified for use as daily cover, which Mr. Bagley noted was an excellent number and that staff continues to be pleased with the quality of ash. There were no odor complaints for the reporting period. Mr. Bagley ended his report by making the Board aware that PFAS (polyfluoroalkyl substances), a manmade chemical carcinogen which can be found in a wide variety of types of municipal waste, is increasingly becoming an environmental concern for landfilling. SPSA is working to understand the full impact of PFAS so that operations can remain on the cutting edge of best practices. He plans to go over this issue more thoroughly at the December Board Meeting. Mr. Bagley asked if there were any questions he could answer, but there were none.

Ms. DeVary brought to the Board's attention Section 15.2-5102.1 of the Virginia Code, amended in 2009, which is commonly known as House Bill 1872 or the Cosgrove Bill. This piece of legislation was the first step in transforming SPSA into the organization it is today. As it has been ten years since this legislation was passed, Ms. DeVary, under the advisement of General Counsel and the Executive Committee, has some humble suggestions for updates to strengthen and clarify the requirements. Board members were provided full strike-through versions of the suggested modifications to the document, as Ms. DeVary reviewed each item. Included in the suggestions are correcting Suffolk's designation as a city, rather than a county, modifying the option to nominate and the number of required nominees, codifying a 5-year financial plan, clarifying outsourcing policies, adding compliance with the Virginia Public Records Act, correcting references to debt and accounting certifications, and altering authority for the Executive Director to commit the authority in matters with a value less than \$100,000 and that are consistent with the authority's Board approved budget and purchasing policy.

Mr. Arnold asked about the process moving forward with these suggestions. Ms. DeVary confirmed that she and Chairman Keifer will be sending the suggestions to Senator Cosgrove with a letter requesting his support in bringing the changes before the legislature, as well as asking to meet with him for his suggestions. The Board will be copied on that correspondence.

Also, regarding the suggested modification on number of nominees, Mr. Arnold suggested that while the change may seem minimal, it could inadvertently put the Governor in the unfortunate position to appoint a Director he or she may deem unfit due to lack of presented options. Ms. DeVary, Chairman Keifer, and Mr. Spain agreed that this was an important point, and the language "up to" was removed from the suggested changes in section 1.

Chairman Keifer mentioned that if someone on the Board would like to make a phone call to Senator Cosgrove, that would be welcome. He also added that although the suggested changes would allow the Executive Director purchasing authorities up to \$100,000, if the Board chooses, they could adopt a purchasing policy with further restrictions. Ms. DeVary added that she is in the process of updating the authority's purchasing policies and will be bringing a draft of those updates to the Board at the December Meeting. Mr. McCoy spoke about the positive changes that SPSA has seen since the adoption of this legislation and that these suggestions will be beneficial to bringing House Bill 1872 up to date.

Moving on to her presentation on the flyover and alternate landfill entrance options, Ms. DeVary reminded the Board of the July meeting where HRPDC made a presentation on the funding options available for the flyover. At that meeting an idea for a back entrance that was raised in the past was brought up again. Those conversations led the Executive Committee to an extensive exploration of all of the possible options and their individual considerations. Ms. DeVary took the Board through the below presentation which serves as a final summation of

the Committee's investigative efforts. Ms. DeVary covered the background of the situation, including SPSA's Conditional Use Permit (CUP), which requires the flyover to be in operation before accepting waste in Cell VII. Any alternative to the flyover would require renegotiating the CUP. Currently projected to cost \$23 million, the flyover will eliminate left-hand turns and U-turns at the landfill entrance, which are a major safety concern. As mentioned earlier, the question was raised if there was a less costly alternative, such as a back entrance or a new transfer station for Suffolk.

Ms. DeVary supplied a view of the corridor which illustrated the challenging traffic pattern and reviewed a chart indicating that annually there are approximately 130,000 left-hand and U-turns at the SPSA entrance. The total project goals of cost-effectiveness, safety, meeting CUP requirements, operational efficiency, and timely execution were outlined and the individual options were reviewed. While a back entrance would have lower up-front costs than the flyover, it would require rezoning land and renegotiating the CUP, along with issues around property acquisition, environmental justice, and operational concerns, in addition to presenting an untenable timeline for completion. A new transfer station would also have fewer upfront costs, but, like the back entrance, does not meet CUP requirements or address the safety issue at the landfill entrance, and would increase annual operating costs. Additionally, siting a new transfer station is a challenging matter and is unlikely to have a positive result. The flyover, though costly at the outset, will require no additional operating costs for SPSA. More importantly, it is the preferred solution for the CUP and entirely eliminates the safety issue at the entrance to the landfill. Even if alternate funding is not attained and the project must be funded through the municipal tipping fee, staff and the Executive Committee agree that the flyover is the only option that fulfills the project goals.

Funding options and timing are being evaluated as staff awaits the announcement of RSTP grant awards. Ms. DeVary will be able to bring that information to the January Board Meeting. Her initial projections indicate that by funding the process over several years, the impact to the tipping fee will be minimal, especially if RSTP funding is secured. Due to the time required to complete a project like the flyover and the urgency of the safety concern, it is recommended that SPSA consider entering an agreement with VDOT to provide initial funding to begin environmental and engineering work on the flyover in January of 2021.

Chairman Keifer added that looking at all the options, there is a lot of money concerned, but SPSA made a long-term commitment to the City of Suffolk. Extensive discussions have been had with the staff at Suffolk, as well as staff at the HRTPO. In order to have this project operational before waste enters Cell VII, the design process needs to begin right away, as it is likely the project will take about five years to be complete. SPSA is committed to building the flyover and if grant funding is not secured, it will be financed through the tipping fee.

Mr. Arnold commented that as both a representative of Suffolk and as someone who regularly travels the corridor in discussion, he cannot overstate the public safety concern surrounding the existing traffic situation. In his opinion, the flyover is the only option that will address the issue properly and he thanked staff for their efforts. Mr. McCoy agreed with Mr. Arnold, adding that safety is a paramount issue and that the project should move forward as quickly as possible.

Mr. Sorey mentioned that RSTP funding, like other grants, are in very high demand and that the allocations available are relatively modest. He encourages the Board to manage their expectations for funding, stating that partial funding may be available, but that total funding is unlikely. Mr. Sorey went on to ask the projected opening date for Cell VII. Ms. DeVary

responded that the required date depends on several factors that are in flux. If operations at Wheelabrator continue as they are, SPSA could potentially not need Cell VII until 2029, but if operations change or waste streams increase, it could be needed as early as 2027. Ms. DeVary went on to say that the uncertainty about when Cell VII will be needed is further cause to focus on the urgency of the safety issue in the corridor, which should be corrected as soon as possible, regardless of landfill capacity. Staff is working to manage all of the variables.

Mr. Maxwell asked if all funding alternatives have been explored. Ms. DeVary replied that, as shown in HRPDC's July presentation, the BUILD grant and RSTP funding were the limited options for this project because SMART SCALE and CMAQ funding deal with congestion and the flyover doesn't qualify. Ms. DeVary continued that with the information received in the BUILD grant debriefing, SPSA will have a better chance at applying for funding in the future. Mr. Maxwell asked for confirmation that if SPSA does not receive grant funding that the flyover will be funded through the tipping fee, and if so, what that amount would be. Ms. DeVary replied that yes, funding may need to come from the tipping fee, but without more information, she is unable at this time to accurately and responsibly project the amount of impact. Ms. DeVary assured him that information would be presented at the January Meeting and that she is sensitive to the communities' need to plan for the future, noting that the sooner she can get the information to the Board the better.

Mr. Keifer asked for other comments or questions, but there were none.



Flyover and Alternate Landfill Entrance Options

October 28, 2020



Background

- SPSA's CUP to construct cell 7 at the landfill requires a flyover must be completed and in operation prior to accepting waste in cell 7
- An alternative to the flyover, such as a back entrance or new transfer station would require renegotiation of the CUP
- Projected cost to build flyover is \$23 million
- The need for the flyover is to eliminate left hand turns (and u-turns) at the landfill entrance (heading east from Suffolk)
- Is there a less costly alternative?



Left Hand Turns

2020	Annual	Daily	% of Total
SPSA From West	2,100	8	2%
Suffolk	6,700	26	5%
Residents	15,600	60	12%
Other Customers	2,500	10	2%
U-turns	<u>103,100</u>	<u>397</u>	<u>79%</u>
Total	130,000	500	100%

Source: HRPDC (existing traffic studies confirmed by VDOT StreetLights web based program)



Project Goals

- **Cost-effective** Able to be funded through a reliable source; responsible use of funds; short-term and long-term costs taken into account.
- **Safety** Eliminates left hand turn at landfill entrance.
- **Meets Requirements of CUP with Suffolk**
- **Operationally Efficient**
- **Timely** Able to be accomplished before Cell VII would be required.

02/04/18 2018



Landfill Entrance Options

- Back Entrance
- New Suffolk Transfer Station
- Flyover
 - Grant Funded
 - Tipping Fee Funded

02/04/18 2018



02/04/18 2018



Projected cost
\$8.5 million

Back Entrance Pros and Cons

PROS

- Upfront costs lower than flyover
- Minimal increase in travel miles for SPSA trucks
- Likely would decrease travel miles overall for Suffolk trucks

CONS

- Must renegotiate Cell VII CUP with Suffolk
- Requires acquisition of property
- Suffolk is unlikely to approve re-zoning of acquired property
- Environmental Justice issues
- Increase in annual operating costs by a minimum of \$55,000 per year
- Creates operational and security issues for the RLF and the Suffolk Transfer Station
- If this option is taken and final approval is not obtained, it would be too late to start construction of the flyover
- May hinder landfill expansion permitting process

02/04/18 2018



New Transfer Station in Suffolk Pros and Cons

Projected cost
\$7.5 million

PROS

- Upfront costs lower than flyover
- Minimizes left turns into the RLF for Suffolk trucks and residents

CONS

- Must renegotiate Cell VII CUP with Suffolk
- Does not completely resolve safety concerns at RLF entrance
- Siting a transfer station in any location is difficult
- Increase in annual operating costs by a minimum of \$540,000 per year

02/04/18 2018



02/04/18 2018



Projected cost \$23 million**

Flyover Pros and Cons

PROS	CONS
<ul style="list-style-type: none"> CUP preferred solution Resolves all safety concerns Closes median at entrance to RLF VDOT would manage design and construction and maintain the flyover No additional operating costs for SPSA 	<ul style="list-style-type: none"> Upfront costs of approximately \$23 million Funding Challenges <ul style="list-style-type: none"> RSTP funds would require the project be funded over multiple years due to project costs RSTP funds are allocated through FY 2025 If approved, RSTP funds would require another locality in the region to swap funding years for design and construction to begin prior to FY 2027 Increase in MSW tip fee if grants are not approved

**Cost Estimate provided by Michael Baker Int'l, consultant for VDOT. A copy is attached for your reference.



Summary

	Cost-effective	Improves Safety	Meets CUP Requirements	Operationally Efficient	Timely
Flyover	Y	Y	Y	Y	Y
Back Entrance	N	Y	N	N	N
New Transfer Station	N	Y	N	N	N

- Cost-effective Able to be funded through a reliable source, responsible use of funds, short-term and long-term costs taken into account.
- Safety Eliminates left hand turn at landfill entrance.
- Meets Requirements of CUP with Suffolk
- Operationally Efficient
- Timely Able to be accomplished before Cost VII would be required



Next Steps

- Evaluate funding options and timing
- Await funding decision on RSTP grant
- Recommend SPSA consider an agreement with VDOT and provide "seed" money so they can begin environmental and engineering work in January 2021

7. WHEELABRATOR PORTSMOUTH MONTHLY REPORT

Mr. Clint Stratton presented the report from Wheelabrator electronically.

Wheelabrator Portsmouth

October 2020 Report to SPBA Board



Meeting SPSA's mission to provide safe and environmentally sound disposal of regional solid waste



Wheelabrator Portsmouth September 2020

Actual Operational Data



Inlet Refuse Received			Total Refuse Processed			Total NP Diverted			Ash Shipped		
Actual	Plan	Act/Plan	Actual	Plan	Act/Plan	Actual	Plan	Act/Plan	Actual	Plan	Act/Plan
50,955	47,676	1.07	50,967	51,424	0.99	5,459	5,237	1.04	12,817	12,734	1.01
* Includes 1,000 tons of refuse received from the localities.			* Driven by unbalanced boiler VDOT			* High volume of NP retained in system			* Issue of timing and shipping 1.2 city lot ash		
Steam Sales			Boilers			T9's Unscheduled Downtime			Miscellaneous		
Actual	Plan	Act/Plan	Actual	Plan	Act/Plan	Actual	Plan	Act/Plan	Actual	Plan	Act/Plan
41,637	21,589	1.93	203	128	1.58	15	24	0.63	17,412	18,871	0.92
* NCSF continues to take 100% volume of steam			* Driven by late failure on 42 boiler Superheater						* Driven by Schedule steam sales		

- Includes 1,267 tons of non-qualifying residue delivered to landfill, qualifying residue 90.1% for Sept
- Waste delivered by SPSA to RDF- 52,039 tons
- Boiler availability - 88%; Turbine generator availability - 95%; Ash screen availability - 98%
- Boiler 1 scheduled outage completed this period to include grate cleaning, pressure part repairs, flue gas SOA and baghouse repairs, RDF feed system screw repairs, ash removal system repairs
- 0 OSHA Recordable accidents this period, 4 for the YTD, 0 Environmental Incidents and Citizen Complaints this period



Mr. Stratton asked if there were any questions, but there were none.

8. FINANCIAL REPORT

Ms. DeVary reported that, as of September 30, 2020, total revenues exceeded total expenses by approximately \$2.6 million as compared to \$2.4 million in the previous fiscal year. Tipping fees year-to-date reflect an increase of 6.1% or approximately \$701,000 as compared to FY 2020. As the Member Communities are aware, municipal waste tons are up approximately 17% or 20,517 tons as compared to last fiscal year. However, commercial tons are down 14% or 7,300 tons as compared to last year.

Ms. DeVary reported that total expenses for the month ending September 30th were approximately \$10.3 million, compared to \$9.9 million in the prior fiscal year. Cash balances are at \$44.3 million, currently designated as \$3.2 million in operating, \$5.9 million, the equivalent of 2 months' operating expenses, in undesignated fund balance, \$94,176 in FY 2020 rolled purchase orders, \$314,757 for unencumbered capital budget, \$2.5 million for the proposed HRSD force main, \$400,973 for landfill expansion purchase orders, and \$31.8 million in the landfill expansion and closure fund.

Ms. Raulston moved, seconded by Mr. Broad to approve the SPSA financial report as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

9. CONTRACTS

The first contract for consideration was for the purchase of five replacement yard spotters (also known as yard dogs or yard jockeys). Having this equipment to move trailers into place greatly improves the efficiency of operations. \$650,000 has been allocated in the FY 2021 capital replacement budget for these yard spotters. Three bids were received, but only two met the specified requirements of the bid. Staff's recommendation is to award the contract to Southeast Industrial Equipment, the lowest responsible and responsive bidder, in the amount of \$597,500.

Mr. Keaton moved, seconded by Mr. McCoy to award the contract for the Yard Spotters to Southeast Industrial Equipment, as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

The second contract for consideration was for HDR Engineering. As Ms. DeVary mentioned earlier in the meeting the Environment Impact Statement (EIS) for the wetlands permitting process is requiring additional time and effort. HDR provides technical assistance to the Corps and VHB regarding all aspects of the landfill, in addition to assessing alternatives. Ms. DeVary is requesting to add an additional \$29,830 to the original \$30,000 HDR task order, which should be sufficient to cover their work from November 2020 to June 30, 2021. This addition would come from landfill expansion reserve funds.

Mr. Broad moved, seconded by Mr. Sorey to amend the existing task order for an additional \$29,830, as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

The third item for consideration was the lease for the Hampton Roads Transportation Accountability Commission (HRTAC), which leases space from SPSA at the Regional Office Building. Their original five-year lease is set to expire on November 30, 2020, but Ms. DeVary has worked with counsel to amend the lease so that it renews annually for successive one-year periods, unless either party gives 180 days' notice. The current annual rent is \$15,504 and will be adjusted annually by year over year change in the Consumer Price Index for all Urban Consumers (CPI-U). A copy of the proposed lease is in the Board Agenda.

Mr. Arnold moved, seconded by Mr. Maxwell to approve the First Amendment to the lease agreement between SPSA and HRTAC, as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

The fourth item for consideration was regarding the Landfill Gas Rights, Easement, and Lease Agreement. As Ms. DeVary mentioned earlier, Mas Energy, the new owners of Suffolk Energy Partners, would like to move away from converting methane to electricity to sell to the grid, and instead install a system to convert methane to renewable natural gas to be sold through the pipeline. As Mas Energy presented to the Board, these changes are expected to result in \$600,000 in royalties paid to SPSA each year, which is double the current amount. This major change to operations requires that the contract be amended and restated. SPSA plans to engage Mr. Brad Nowak, who worked on several of the Wheelabrator agreements, to assist with the negotiation and draft of the amended and restated agreement. Mr. Brett Spain will also consult on changes and HDR will serve as engineering consultant. The projected total costs for legal and engineering are \$162,000, of which, Mas Energy has agreed to reimburse SPSA 50%.

Mr. Arnold voiced concerns about the high legal costs, but deferred to Ms. DeVary and the Board's judgment.

Mr. McCoy moved, seconded by Mr. Keaton to authorize the Executive Director to negotiate a proposed amendment and to engage the services of Brad Nowak with William Mullens to assist with the negotiation and to prepare a draft proposed amendment and to engage the services of HDR Engineering as a consultant in the total amount not to exceed \$162,000 and to invoice Suffolk Energy Partners for fifty percent (50%) reimbursement as presented. The electronic participant was polled individually. The vote on the motion was unanimous.

10. OTHER BUSINESS

Earlier in the meeting, Chairman Keifer welcomed Mr. Al Moor to the Board of Directors as the new Ex-Officio representative from the City of Suffolk. Chairman Keifer reminded the Board that the next, and final, meeting of 2020 will take place on December 9th.

11. ADJOURN MEETING

There being no further business to come before the Board of Directors the regular meeting was adjourned at 11:06 a.m.



Liesl R. DeVary
Executive Director

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