

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

December 8, 2021

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 ( <i>absent</i> ) | (CH) |
| Ms. Sheryl Raulston   | (FR) | Ms. Amanda Jarratt               | (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       | (SH) | Ms. Lynette Lowe                 | (SH) |
| Mr. David Arnold      | (SU) | Mr. Albert Moor                  | (SU) |
| Mr. Thomas Leahy      | (VB) | Mr. L.J. Hansen                  | (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 Alternate Ex-Officio Members Mr. Michael Etheridge (IW), Mr. Gary Kelly (VB), Mr. Oliver Love, Jr. (NO), Mr. Greg Martin (CH), and Mr. Richard Underhill (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.

To accommodate those who could not attend in person, 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. Baugh, Chairman of the Board, called the meeting to order at 9:30 a.m. and led the Pledge of Allegiance.

## 2. PUBLIC COMMENT

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

## 3. CHAIRMAN'S COMMENTS

Chairman Baugh welcomed everyone and wished them happy holidays. He then reviewed the topics that would be covered in the meeting, including flyover planning, the ongoing wetlands permitting process, and the proposed Amended and Restated Landfill Gas Agreement with Mas Energy. Chairman Baugh mentioned changes to the waste stream, as well as SPSA

leadership changes at both the Board and staff levels, noting the due diligence that will be required during the interim period of this changeover to ensure safe and effective operations. He spoke of the Board's responsibility to select a capable Interim Executive Director and reinforce the function of CFO to the organization in Ms. DeVary's absence, as well as the need to continue critical discussions with key external parties and plan for the next fiscal year's budget. Chairman Baugh encouraged the Board to act decisively in selecting a new leadership team and to be proactive and engaged during this interim period. To that end, he reported that the Executive Committee has met several times to discuss these issues and has recommendations to present to the Board. Chairman Baugh also informed the Board that, to allow time to thank Ms. DeVary for her leadership which led SPSA to be the excellent organization it is today and wish her well on her next adventure, there will be a casual lunch after the completion of the day's formal business.

Chairman Baugh also mentioned the tour that took place at the Regional Landfill the previous day and asked Ms. Raulston, who attended as a representative of the Board, to share a few observations. Ms. Raulston said that she was grateful for the opportunity to attend and that the tour was educational for her, as well. The goal was to show the Army Corps of Engineers and their consultants, EPA, DEQ, and Tribal Representatives, that the SPSA Regional Landfill is a state of the art environmentally sound operation. Ms. Raulston said she made comments on the landfill permit expansion process and that Ms. DeVary and Mr. Bagley gave an overall presentation that included details on the liner and the collection systems in place which rely on computerized data. This was followed by a bus tour of the landfill and people were able to get out and walk the area for proposed Cells VIII and IX. The tour took about three hours and Ms. Raulston reported that lots of good questions were asked and answered. Ms. Raulston thanked Ms. DeVary, Mr. Bagley, and staff for a job well done creating a good impression and educating the public. Chairman Baugh thanked them, as well.

Chairman Baugh went on to inform the Board that two of their members, Mr. Arnold of Suffolk and Mr. Hodges of Southampton, would be completing their tenure at the end of the year and the Board would like to recognize them. Ms. Preston read aloud the following resolution:

**RESOLUTION OF APPRECIATION TO DAVID L. ARNOLD IN RECOGNITION OF  
HIS SERVICE AS A MEMBER OF THE BOARD OF DIRECTORS OF THE  
SOUTHEASTERN PUBLIC SERVICE AUTHORITY**

WHEREAS, David L. Arnold has served on the Board of Directors of the Southeastern Public Service Authority of Virginia (SPSA) as the Governor-appointed representative of the City of Suffolk from January 1, 2014 through December 31, 2021; and,

WHEREAS, at various times during his tenure, Mr. Arnold served as member and Chair of the Audit Committee and member and Chair of the Nominating Committee; and,

WHEREAS, his willingness to support the regional solid waste management programs of the Authority with his knowledge, experience and his personal time has rendered an invaluable service to the citizens of the City of Suffolk, southeastern Virginia, the Commonwealth of Virginia, and to this Authority, enhancing the quality of life for all; 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 that it serves.

NOW, THEREFORE, BE IT RESOLVED, with great pride, the Board of Directors of the Southeastern Public Service Authority of Virginia recognizes, thanks and commends David L. Arnold, 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.

Chairman Baugh thanked Mr. Arnold for his time and service. Mr. Keifer commented that he appreciated that Mr. Arnold was willing to ask difficult questions and he thanked him for that important contribution. Mr. McCoy echoed his appreciation of Mr. Arnold's willingness to stand in opposition to popular opinion when he felt it necessary and thanked him for representing his city well and providing input not just as a citizen, but as an attorney.

**Mr. Keifer moved, seconded by Mr. Stromberg, to approve the resolution, as presented. The motion was adopted by a unanimous vote in favor.**

Ms. Preston read aloud the following resolution:

**RESOLUTION OF APPRECIATION TO MARK H. HODGES IN RECOGNITION  
OF HIS SERVICE AS A MEMBER OF THE BOARD OF DIRECTORS OF THE  
SOUTHEASTERN PUBLIC SERVICE AUTHORITY**

WHEREAS, Mark H. Hodges has served on the Board of Directors of the Southeastern Public Service Authority of Virginia (SPSA) as the Governor-appointed representative of Southampton County from January 1, 2014 through December 31, 2021; and,

WHEREAS, Mr. Hodges served as Vice Chairman of the Board of Directors from July 23, 2014 to July 27, 2016; and,

WHEREAS, his willingness to support the regional solid waste management programs of the Authority with his knowledge, experience and his personal time has rendered an invaluable service to the citizens of Southampton County, southeastern Virginia, the Commonwealth of Virginia, and to this Authority, enhancing the quality of life for all; 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 that it serves.

NOW, THEREFORE, BE IT RESOLVED, with great pride, the Board of Directors of the Southeastern Public Service Authority of Virginia recognizes, thanks and commends Mark H. Hodges, 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. Keaton thanked Mr. Hodges and commented that he enjoyed working with him and particularly appreciated their conversations about cotton and the way litter can impact that important industry in the region. Mr. McCoy commented that much has changed in the cotton industry over the years and he believes that Mr. Hodges brought a great deal of knowledge to the Board, as well as keeping Southampton County informed on SPSA business. Mr. McCoy added that he hoped Mr. Hodges would be able to look back and see his positive contribution to the organization. Mr. Hodges commented that when he was serving on the Executive Committee, he was part of many interesting conversations with Board Members and he thanked the Board for letting him be a part of that process.

**Ms. Lowe moved, seconded by Ms. Jarratt, to approve the resolution, as presented. The motion was adopted by a unanimous vote in favor.**

Chairman Baugh thanked Mr. Hodges for his service and offered his best wishes for the way ahead.

#### 4. APPROVAL OF MINUTES

The minutes of the October 27, 2021 Board Meeting had been distributed. Chairman Baugh asked if there were any additions or changes and there were none.

**Ms. Raulston moved, seconded by Ms. Jarratt, to approve the October 27, 2021 minutes of the SPSA Board of Directors, as presented. The motion was adopted by a unanimous vote in favor.**

#### 5. EXECUTIVE DIRECTOR UPDATES

Ms. DeVary was pleased to once again report that SPSA staff continues to do a great job keeping operations running smoothly and there that was not much updated information to report. The main item for discussion would be the proposed Amended and Restated Landfill Gas Agreement with Mas Energy. Ms. DeVary drew attention to the Contract section of the agenda, where information on the agreement had been provided and which would be covered later in the meeting. Ms. DeVary commented that she only received this information the day before, but that after the tour of the Regional Landfill, Ms. DeVary was able to speak with the Army Corps of Engineers and VHB about the Environmental Impact Statement (EIS) required for permitting landfill expansion. She was told that SPSA should be receiving a draft of the EIS in mid to late January 2022 and that they will be including one of the Suffolk sites as an alternative to be considered. Ms. DeVary also said that the Corps plans to have a public hearing to receive comments on the draft EIS in February and March. She is pleased with this positive progress. Ms. DeVary had no new information about Wheelabrator's future plans and has heard nothing more about the proposed \$3 trash tax. She invited the Board to share any information that they had received, but there was no comment.

Mr. Bagley began the operations report, reminding the Board that, as he did at the October Meeting, he will continue presenting a series on Environmental Excellence focusing on SPSA's Environmental Management System (EMS) and the complexities involved in being a VEEP certified facility. At the October Meeting, Mr. Bagley covered the Environmental Policy Statement. The next element in the EMS is, in his opinion, the core of the EMS, which is the identification of the organization's Environmental Aspects and Significant Environmental Impacts. This involves any element of an organization's activities, products, or services that can impact the environment. Because SPSA has so many elements that could be impactful, it

takes a great deal of time and effort to identify each one and determine their significance. A significant environmental impact is determined by identifying aspects that are most likely to have a negative impact on the environment if they are not handled properly. Mr. Bagley showed the Board the complex chart that SPSA staff uses to measure these aspects and went into some detail, going over controls, legal requirements, SPSA requirements, professional analysis, cost, and public perception. Mr. Bagley went on to say that this analysis process must be completed for each aspect and that SPSA has roughly 600 different aspects that are thoroughly evaluated to ensure that all regulatory standards are being met. Mr. Bagley reiterated that this process is, essentially, the most important aspect of the EMS, with the other elements supporting the building of the full EMS. He also noted that SPSA has shared its system with other organizations to help them produce their own Environmental Management Systems. He asked if there were any questions or comments, but there were none.

Mr. Bagley continued with the operations report stating that 26,841 tons were landfilled during the reporting period, which is an increase of only 271 tons from the previous period. 1,084,367 gallons of leachate were sent to HRSD, which is a decrease of 364,201 gallons from the previous reporting period. Only two inches of rain were measured for the month, which is a low number. Mr. Bagley commented that rain is one of the biggest factors impacting landfill operations because if there is too little, water trucks have to be used to keep dust down and significant rainfall can increase leachate production. 661,795 gallons of leachate were pumped at a flow rate of 14.8 GPM or 74% of allowable flow. This low flow number was due to valve stem issues from October 7<sup>th</sup>-10<sup>th</sup>. 422,572 gallons of leachate were hauled, which is a decrease of 179,297 gallons from the previous month. 91% of the ash received from the waste to energy plant was suitable for use as alternative daily cover, which Mr. Bagley noted was an excellent number. The asphalt work and tipping floor repairs at the Landstown Transfer Station, mentioned by Mr. Bagley at the previous meeting, have been completed. He briefly noted the tour of the Regional Landfill, which had already been discussed, and added that SPSA has been accepted as a member of the Wildlife Habitat Council. Mr. Bagley and staff are pleased to be a part of this program, which means that whenever SPSA builds, it will have an eye on wildlife habitat in the area and submit plans to the Wildlife Habitat Council to determine whether or not it is a significant impact. Mr. Bagley commented that when the manager of the Great Dismal Swamp Wildlife Refuge learned of SPSA's membership in the Wildlife Habitat Council, he expressed interest in working with SPSA on its next project, which is very welcome. Mr. Bagley asked if there were any questions or comments.

Ms. DeVary commented that in the 12 years that she has been at SPSA she had never seen the landfill look as good as it did at the tour. She commended Mr. Bagley, Mr. Mike Kelley, Landfill and Environmental Assistant Manager, who was present at the meeting, and staff, for the terrific job they have done. Ms. DeVary added that it was a remarkable accomplishment and that she was very proud to have been a part of the tour.

## **6. FLYOVER OVERSIGHT COMMITTEE REPORT**

Mr. Hansen, Chairman of the Flyover Oversight Committee, reported that he, Mr. Robert Lewis of Suffolk, and Mr. Troy Eisenberg of Chesapeake, met with VDOT to assess the status of the flyover project. At that meeting, two pay requests covering the period from July 1, 2021 through October 2021 and totaled \$431,000 were reviewed and approved for payment. Mr. Hansen reported that about \$539,000 has been spent toward design and that there is a long way to go. Mr. Hansen also stated that the Flyover Committee received a report from VDOT that their ongoing geotechnical work is reaffirming their initial assumptions about the project, including some poor soil quality. Mr. Hansen assured the Board that these concerns were accounted for

in the proposed budget. He went on to say that, fortunately, there have been no surprises at this point and VDOT is confident that the project is on budget, but it is still very early in the design process.

A matter that Mr. Hansen thought important to bring to the Board is that, as a part of the environmental process for the project, there is a public participation component. Because the project is not federally funded, it is not a full NEPA document, but nevertheless, there is a public participation component required for significant projects, such as the flyover. Most of SPSA's projects require a public hearing, due to the large public interest, however, the flyover project has the opportunity to meet the public participation requirement through a willingness to hold a public hearing. This means that the project would be advertised and if there is interest, information can be provided directly. If enough people have an interest, or if it becomes required, a public hearing will be held, but given the nature of the project it is the opinion of the Flyover Committee and VDOT that issuing a "willingness" is appropriate action. Mr. Hansen also informed the Board that, in the event that a public hearing becomes necessary, VDOT has the hearing tentatively scheduled for February 11, 2022. Mr. Hansen recommends that the Board ask VDOT to make a presentation on the flyover project to them at the January 26, 2022 meeting, to ensure that, if a public hearing becomes necessary, the Board is fully informed of project details in advance of that hearing. He added that VDOT is willing and able to make a presentation on January 26<sup>th</sup>.

**Mr. McCoy moved, seconded by Mr. Keifer, to have VDOT make a presentation on the flyover project at the January 26, 2022 Board Meeting. The motion was adopted by a unanimous vote in favor.**

Mr. Hansen asked Ms. Preston to coordinate with Mr. Hall of VDOT to arrange their presentation and she indicated that she would. There were no questions or comments for Mr. Hansen.

**7. WIN WASTE INNOVATIONS PORTSMOUTH MONTHLY REPORT**

Mr. Joel Rubin delivered the WIN monthly report in person for Mr. Clint Stratton who was on vacation and Mr. Bob Hely who was at a corporate conference. Before presenting, Mr. Rubin, on behalf of WIN, took a moment to thank Ms. DeVary for all of the hard work she has done for and in partnership with WIN, noting that she is a true professional who will be missed.

**WIN Waste Innovations - Portsmouth**  
December 2021 Report to SPSA Board



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



WIN Waste Innovations Portsmouth  
October 2021  
Actual Operational Data

| Net Refuse Received  |        |          | Total Refuse Processed  |        |          | Total MP Diverted            |       |          | Ash Shipped                      |        |          |
|--|--------|----------|-------------------------|--------|----------|------------------------------|-------|----------|----------------------------------|--------|----------|
| Actual   | Plan   | Act-Plan | Actual                  | Plan   | Act-Plan | Actual                       | Plan  | Act-Plan | Actual                           | Plan   | Act-Plan |
| 45,658   | 54,402 | (+8,744) | 46,060                  | 51,150 | (+5,090) | 4,114                        | 6,945 | 1,931    | 12,816                           | 14,576 | (+1,760) |
| Driven by diversions due to boiler Unscheduled Downtime (USD) and Turbine Generator (TG) insulator issues. |        |          | Driven by hose & TG USD |        |          | Driven by less received tons |       |          | Driven by Unfavorable processing |        |          |

| Steam Sales  |        |          | Boilers  |      |          | TG's Unscheduled Downtime                             |      |          | Net MWH Sold         |        |          |
|--|--------|----------|--|------|----------|---|------|----------|----------------------|--------|----------|
| Actual   | Plan   | Act-Plan | Actual   | Plan | Act-Plan | Actual  | Plan | Act-Plan | Actual               | Plan   | Act-Plan |
| 24,555   | 28,878 | (+4,323) | 248  | 152  | (+96)    | 0   | 0    | 0        | 43,421               | 48,583 | (+5,162) |
| MSX steam usage down due to mild Oct. temperatures |        |          | Driven by failure on #3 boiler (boiler leak, outage alarm) - TG completes the sublimar air heater repairs and the TG insulators. |      |          | Took the USD on the boilers due to the TG insulators. |      |          | Driven by Boiler USD |        |          |

\* Includes 1,151 tons of non-qualifying residue delivered to landfill, qualifying residue 91.02% for October  
Waste delivered by SPSA to RCF: 48,887 tons. Boiler availability - 95%, Turbine Generator availability: 100%, Ash Screen availability - 85%  
0 OSHA Recordable accident this period, 1 for the YTD. 0 Environmental Incidents and 0 Citizen Complaints



Mr. Rubin offered to answer any questions, but there were none.

## 8. FINANCIAL REPORT

Ms. DeVary informed the Board that the report she was presenting was for the month of October, as the December meeting falls too early in the calendar to prepare a report on November numbers. As of October 31, 2021 total revenues exceeded total expenses by approximately \$3.1 million as compared to \$4.6 million in the previous fiscal year. Tipping fees fiscal year to date reflect an increase of 5.3%, or approximately \$857,400 as compared to FY 2021. Municipal waste tonnages were down approximately 12.6% or 22,676 tons as compared to last fiscal year. Commercial tons were up approximately 36% or 21,989 tons as compared to last year. Ms. DeVary noted that, from a total tonnage perspective, the loss in municipal tons and gain in commercial tons balance out. For the month ending October 31, 2021 total municipal waste was 157,389 tons as compared to 180,065 tons a year ago.

Ms. DeVary reported that total expenses as of October 31, 2021 were approximately \$15.1 million, compared to \$13.6 million in the prior fiscal year. Cash balances were at \$56.1 million, designated as \$3.2 million in the operating fund, \$6.4 million, the equivalent of 2 months' operating expenses, in the undesignated fund balance, \$3.5 million for FY 2021 purchase orders, \$2.5 million for the proposed HRSD force main, and \$40.5 million in the landfill expansion and closure fund. Ms. DeVary then opened the floor for questions.

Mr. Hansen asked if Ms. DeVary had any concerns with the tonnages dipping below the projected flatline assessment for FY 2022, or if she thinks the year will end close to budget. Ms. DeVary responded that she anticipates tonnages being close to budget, or perhaps around 10,000 tons under, but overall SPSA's budget should be fine because fewer tons received would result in fewer associated expenses with taking that waste to Wheelabrator. She went on to say that the FY 2023 budget may need to be adjusted to reflect tonnage changes. Mr. Hansen commented that future budgets were the second part of his question. He asked Ms. DeVary if the trend in reduced municipal waste continues if her financial strategy for incrementally increasing tip fees to fund the flyover would be somewhat at risk. Ms. DeVary responded that it would be at risk, but that when there is reduced revenue, there are also reduced expenses, which are also included in the budget, so it may turn out to be a wash in terms of overall dollars. She added that she has a slide to present that speaks to future budgets. Ms. DeVary also commented that she intends to work on some schedules before she leaves



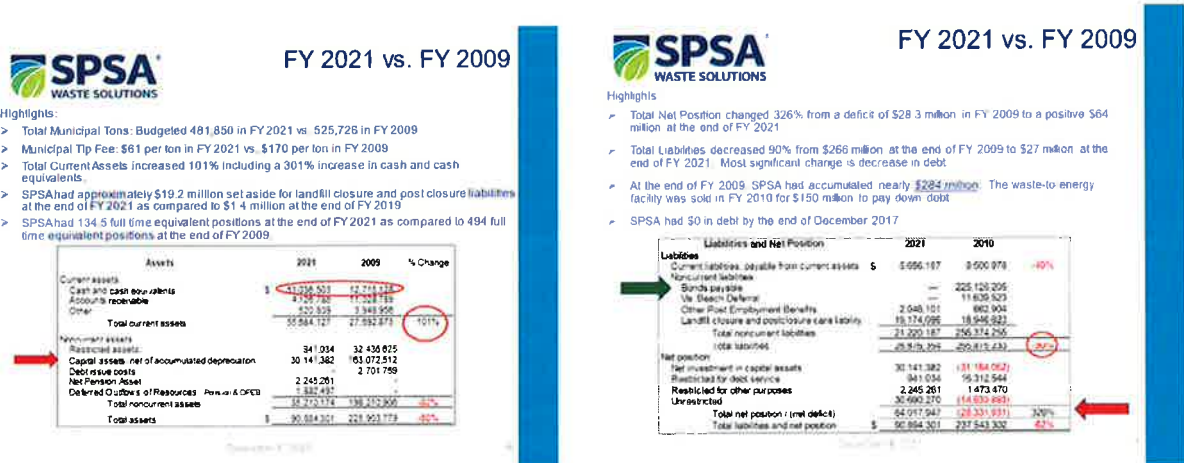
to help guide staff. Mr. Hansen commented that the Board will miss her guidance on these matters and that she has put a lot of energy into a showing the Board her strategic plan. He thanked her for her efforts.

Mr. McCoy asked if there had been any evaluation done to determine the cause of the increase in commercial tonnages. Ms. DeVary responded that the increase has been driven largely by Waste Management, which is continuing to bring a little over 2000 tons to SPSA transfer stations each month, even though they do not have contract with SPSA. Ms. DeVary has met with Waste Management about a contract, but they have not moved in that direction, as of yet, and continue to pay the commercial rate of \$75 per ton.

**Mr. Maxwell moved, seconded by Mr. McCoy, to approve the SPSA financial report as presented. The motion was adopted by a unanimous vote in favor.**

Mr. Maxwell commented that, in reviewing the information provided by Ms. DeVary comparing SPSA's FY 2021 financials to FY 2009, he finds the data to be extraordinarily impressive. Given that Senator Cosgrove has visited the Board and spoken about the legislature noticing SPSA's achievements, particularly Ms. DeVary's leadership, Mr. Maxwell thinks that the public should be made aware of these accomplishments. He suggested sending the information to members of each City Council or potentially placing an ad in the newspaper. Mr. Maxwell commented that this extremely noteworthy positive information should be distributed, in part because the public would certainly be made aware if the news were not positive. Chairman Baugh thanked Mr. Maxwell for his comments and suggestions and that thoughts about how to do that will be considered.

Ms. DeVary continued with her presentation, highlights of which included that in FY 2021 the municipal tip fee was \$61, whereas in FY 2009 it was \$170 and that SPSA's current total assets have increased by 101%, including a 301% increase in cash and cash equivalents. She also discussed projected landfill expansion costs and items to consider for the FY 2023 budget.



Mr. Keaton commented that he agreed that this information is very positive. He asked Ms. DeVary about the drop in municipal tonnages from 2009 to now, given the growth in the region. Ms. DeVary responded that in 2009, most of the member communities' recycling programs had not yet been fully implemented and that the reduction was due to recycling being removed from the municipal waste stream.





## Projected Landfill Expansion Costs

- Landfill expansion cost schedule originally prepared by HDR and a 3% annual increase has been applied since 2018.
- Cell VII – Phase 1 Construction is estimated at \$28.32 million with construction beginning in CY 2024 in order for Cell VII to be ready to accept waste when the flyover is complete.
- Permitting Cells VIII and IX are estimated to cost \$6.5 million. We have incurred approximately \$1.2 million to date
- The Flyover is projected at \$39.27 million and projected to be complete in April 2026. We have incurred approximately \$320,500 as of June 30, 2021.
- Grand total of planned costs between FY 2019 and FY 2027 is approximately \$74.1 million.

December 8, 2021



## Projected Landfill Expansion Costs

| Cell Construction Phase         | Project Cost        | Actual Status | Start/End | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total               |
|---------------------------------|---------------------|---------------|-----------|------|------|------|------|------|------|------|---------------------|
| Cell VII - Phase 1 Construction | \$28,320,000        |               |           |      |      |      |      |      |      |      | \$28,320,000        |
| Cell VIII & IX Permitting       | \$6,500,000         |               |           |      |      |      |      |      |      |      | \$6,500,000         |
| Flyover                         | \$39,270,000        |               |           |      |      |      |      |      |      |      | \$39,270,000        |
| <b>Total</b>                    | <b>\$74,100,000</b> |               |           |      |      |      |      |      |      |      | <b>\$74,100,000</b> |

December 8, 2021



## Landfill Expansion Draw Schedule

|                      | Contributions | Withdrawals   | Balance             | Contribution Per Ton |
|----------------------|---------------|---------------|---------------------|----------------------|
| <b>June 30, 2021</b> |               |               | <b>\$38,451,900</b> | <b>481,850 tons</b>  |
| 2022                 | \$6,243,150   | -\$3,593,979  | \$41,101,071        | \$12.96              |
| 2023                 | \$8,000,000   | -\$4,346,203  | \$44,754,868        | \$16.60              |
| 2024                 | \$9,000,000   | -\$30,625,161 | \$23,129,707        | \$18.68              |
| 2025                 | \$19,750,000  | -\$21,158,685 | \$21,721,022        | \$40.99              |
| 2026                 | \$13,500,000  | -\$12,821,645 | \$22,399,377        | \$28.02              |
| 2027                 | \$8,000,000   | \$0           | \$30,399,377        | \$16.60              |
| 2028                 | \$8,000,000   | -\$22,648,227 | \$15,751,150        | \$16.60              |
| 2029                 | \$8,000,000   | \$0           | \$23,751,150        | \$16.60              |
| 2030                 | \$8,000,000   | \$0           | \$31,751,150        | \$16.60              |
| 2031                 | \$8,000,000   | \$0           | \$39,751,150        | \$16.60              |

Note: Balance includes funds for landfill expansion and landfill closure.

- Projected Cost for Flyover and Cell VII Construction
- Projected Cost to Close Cells V & VI

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## FY 2022-2023 Budget

- Capital Improvement / Equipment Replacement Budget is almost complete
- Following the 5 year projections, the municipal tip fee should increase from \$61 per ton to \$65 per ton as long as municipal tons stay level.
- Fuel Cost has been budgeted at \$2.80 per gallon. Most recent price was \$2.65

December 8, 2021

Ms. DeVary commented that she is very proud of SPSA's financial standing today, which includes being debt free since December of 2017. When she was asked to present this agenda item, she did not realize that it would be a part of her final Board Meeting. Ms. DeVary thanked the Board for asking about it and mentioned that, while it was her plan, it was not a solo effort. She asked the Board if they had any questions.

Mr. Leahy asked that full-sized pdfs of the slides be sent to the Board for ease in reviewing. Ms. Preston indicated that she would send them by email after the meeting.

Mr. Keaton said that he echoed Mr. Maxwell's comments, stating that while local governments are regularly criticized for their failures, they don't often do a good job of celebrating their successes. He went on to say that many decisions were made along the way to get SPSA to where it is today and he encouraged the Board to return to their member communities with this information, particularly because they may not be aware of how far SPSA has come and how much savings has been passed on to the localities. Mr. Keaton stated that he thought it important to thank the previous Boards, staff, and especially Ms. DeVary for her leadership, which has gotten SPSA to the place where tipping fees have been greatly reduced and that the organization is financially healthy. Mr. McCoy agreed with Mr. Keaton, citing the difficulty of some past Board Meetings before the Cosgrove Bill was implemented. He went on to say that Ms. DeVary has done an excellent job as both Executive Director and CFO and that she has truly made a difference with her excellent work, noting that she has made it a pleasure to

serve on the Board. Mr. Keifer commented that, since 2009, when SPSA had a high level of debt, was involved in lawsuits, and drew the attention of the legislature, the constant in the corrective path forward has always been Ms. DeVary and her financial management. He agrees that SPSA has come a very long way and that making those successes known to the public is a good task for the Executive Committee to consider. Mr. Leahy agreed with everyone about spreading the good news. He went on to say that in solid waste and public works, if you are doing your job well, most people don't think about the services provided at all, but if they were not working well, it would bring the region to a halt in about a week. Mr. Leahy congratulated Ms. DeVary for bringing SPSA to a place where it provides excellent service at great value, which allows SPSA the "badge of honor" of being taken for granted because it is so well run.

Ms. DeVary commented that the fiscal success of the organization is one of the reasons she feels that it is a good time for her to move on, because she knows SPSA is in a good place with a bright future. She mentioned her genuine love for budgeting and financial projections and thanked the Board for their comments.

## 9. CONTRACT

Ms. DeVary said that she was very excited to bring the Amended and Restated Landfill Gas Rights Easement and Lease Agreement to the Board after eighteen months of discussion. Because the document is rather large, it was included as an electronic link for those who wish to review it in its entirety. Ms. DeVary included a good deal of information in the agenda and would review that information. To begin the discussion, Ms. DeVary introduced Mr. Michael Hall, a Principal with Mas Energy. Mr. Hall delivered a presentation on the project itself and what Mas Energy plans to do at the Regional Landfill



**SPSA – RNG Project Summary**  
December 8, 2021



### Ownership Summary

- Suffolk Energy Partners and Suffolk Transmission (collectively, "SEP") were originally owned by Biogas Energy System ("BES")
- A Mas Energy, LLC ("MAS") entity acquired SEP in April 2020 as part of a broader portfolio of BES assets
- MAS acquired the portfolio, including SEP, with the goal of converting the assets from low-value power plants to higher value renewable natural gas ("RNG") facilities



## Current Energy Project

- Landfill gas ("LFG") has been used for power generation and for direct sale to a nearby industrial user
- Power is being sold to Dominion and "lightly" processed LFG is sold to Solenis
- Power pricing has steadily dropped in the past decade
- Solenis purchases LFG at a discount to natural gas market prices
- SEP has been operated at a loss for the last ~18 months
- Combination of significantly reduced revenues, higher operating costs for aged equipment, and current royalty percentages of gross revenues have made the current facility uneconomical to continue operations



## Current Asset Condition

- Previous owner, BES, under invested in the facility
  - Poor economics prevented proper maintenance and investment
  - Gas collection and control system ("GCCS") has not been expanded in 10 years
  - Optimum gas collection hasn't been achieved
- The under investment, especially in the GCCS, creates significant operational challenges
- Significant investment is necessary to maximize gas collection, reduce site operation risks, and create a robust, sustainable energy project that provides royalties to SPSA
- The condition of the GCCS represents a significant challenge to long-term regulatory compliance



## RNG Project Summary

- MAS is investing approximately \$35 MM for the construction of a new RNG processing facility and to replace a portion of the GCCS (entirety of cell 6)
  - MAS has already invested \$140,000 in 2021 for GCCS repairs and improvements
  - The amended GRA will allow MAS to access additional capital to immediately begin design for the Cell 6 GCCS replacement
- RNG asset will be constructed on the current energy project site
- RNG will be sold, via a MAS holding company, via two separate agreements
  - Long-term fixed price to hedge future revenues – prevents current asset situation associated with depressed power prices
  - Short term indexed price to increase revenue potential
- SPSA will benefit from increased royalty payments, MAS's ability to properly invest in the GCCS for the term of the agreement, and being part of a diversified portfolio
  - Amended royalty of 8% will mean that SPSA is the first priority to be allocated higher value gas



## RNG Project – Projected Schedule

- Amended GRA execution permits MAS to complete the final pre-construction actions
  - Air permitting – Completed
  - Solid waste mod – Ready for submission (~30 days to receive)
  - Building permit – In Final Review (~2 weeks to complete)
  - Detailed design – Completed
  - Major equipment orders – Completed
  - Site work – January to February 2022
  - Project completion – January 2023
- Near term actions
  - Decommission engine plant – January to February 2022
  - Finish designs for Cell VI GCCS replacement – February 2022
  - Prepare site for RNG plant construction – January 2022
  - Receive major equipment – March to May 2022



## RNG Project – SPSA Economic Summary

- SPSA receives two economic benefits:
  - Royalties on gross revenues associated with RNG from the SPSA landfill
  - Avoided GCCS operations, maintenance, expansion and compliance costs for the term of the GRA
- Amended royalty percentage is reduced from 30% to 8% on gross revenues
- RNG gross revenues will be substantially higher than power and LFG direct revenues by an order of magnitude meaning SPSA will receive a higher gross cash amount than would have ever been possible under the old royalty structure and forward power prices



## RNG Project – SPSA Economic Summary

| Landfill Gas to RNG Production Calculation |             |              |  |
|--|-------------|--------------|--|
| Landfill Gas Production Rate (MMBtu)       | 2,339       | MMBtu/yr     |  |
| Storage Methane Content                    | 545         | MMBtu        |  |
| Annual Raw Landfill Gas Produced           | 670,500     | MMBtu/yr     |  |
| Wetfield Collection Efficiency             | 20%         |              |  |
| Net Annual Raw Gas Collected               | 355,952     | MMBtu/yr     |  |
| RNG Processing Efficiency                  | 84%         |              |  |
| Net Annual RNG Production                  | 447,292     | MMBtu/yr     |  |
| RNG Off-take Pricing Formula               |             |              |  |
| Assumed Avg US HHN Price                   | \$1.50      | \$/Unit (Eq) |  |
| Conversion Factor                          | 11.222      | Gal Eq/MMBtu |  |
| Value of RNG per MMBtu                     | \$17.39     | \$/MMBtu     |  |
| Value of Base Fuel as Nat Gas              | \$1.50      | \$/MMBtu     |  |
| Net Value of RNG                           | \$15.89     | \$/MMBtu     |  |
| Royalty Payment Calculation                |             |              |  |
| Gross Revenue of RNG Sales                 | \$9,204,938 | \$/yr        |  |
| Royalty Paid (8.0%)                        | \$744,395   | \$/yr        |  |

SPSA received ~\$160,000 in royalties the previous 12 months



## Wellhead Reading Issues – Summer 2021

- MAS site staff had clerical errors for the April and May readings and failed to collect some necessary wellhead readings in June and July on Cells 5 and 6
- Both issues were caused by inexperienced staff and poor direction from a MAS asset manager
- All wellheads were properly read by August 2021
- Errors by MAS employees did require senior management to get more deeply engaged with the site which led to the following actions:
  - Immediate investment in Cell 6 to ensure vacuum is available throughout
  - Engaged SCS Engineers to complete all compliance readings and submit data via an encrypted data management system
  - Re-assigned a more experience operations manager to the site that is familiar with the current GCCS
  - Terminated one employee
  - Hired new GCCS technician that is solely dedicated to SPSA
- MAS accepts responsibility for our errors and are committed to indemnify SPSA, per the terms of the existing and amended GRA



## Questions?



Mr. Hall offered to answer any questions, but there were none at that time. Ms. DeVary then reviewed the contractual changes from the current Agreement to the Amended and Restated Agreement.



### Amended and Restated Landfill Gas Rights, Easement and Lease Agreement December 8, 2021



## Lease & Easement

| <u>Current</u>  | <u>Proposed</u>   |
|---|---|
| <ul style="list-style-type: none"> <li>Includes Cells I – VI</li> <li>All other future cells would be subject to negotiation with Mas before granting rights to a third party.</li> </ul> | <ul style="list-style-type: none"> <li>The leased site is in the same general location but has a slightly larger footprint to account for the larger size of the RNG facilities.</li> <li>Includes Cell VII</li> <li>All other future cells would be subject to negotiation with Mas before granting rights to a third party.</li> <li>SPSA has no obligation to open Cell VII or any other cells.</li> </ul> |



## Term & Defined Dates

| <u>Current</u>   | <u>Proposed</u>  |
|--|--|
| <ul style="list-style-type: none"> <li>Ends January 21, 2031</li> <li>Mas has the right to renew for 2 successive 5-year periods.</li> </ul> | <ul style="list-style-type: none"> <li>Extends the term to 20 years from the <u>Operative Date</u> (commercial operation of the RNG facilities).</li> <li>Mas has the right to renew for 2 successive 5-year periods.</li> <li><u>Drop Dead Date</u>, i.e., the date when the RNG facilities must be operational, is 30 months from the Effective Date (date amendment is executed)</li> </ul> |



## Royalty Payments

| <u>Current</u>   | <u>Proposed</u>  |
|--|--|
| <ul style="list-style-type: none"> <li>SPSA receives:                             <ul style="list-style-type: none"> <li>30% of revenues from the sale of recovered landfill gas, and</li> <li>20% of revenues from the sale of electricity</li> </ul> </li> <li>SEP pays SPSA \$0.25 per MMBtu for flared gas over a defined threshold</li> <li>FY 2020 royalty revenue = \$219,400</li> <li>FY 2021 projected royalty revenue = \$215,000</li> </ul> | <ul style="list-style-type: none"> <li>Prior to decommissioning                             <ul style="list-style-type: none"> <li>30% of revenues from the sale of recovered landfill gas; and</li> <li>20% of revenues from the sale of electricity</li> </ul> </li> <li>Post-decommissioning:                             <ul style="list-style-type: none"> <li>\$0.25 per MMBtu of gas that is flared. Approximately \$7,500 per month in first 12 months or \$90,000 annually</li> </ul> </li> <li>Post-operative:                             <ul style="list-style-type: none"> <li>8% of revenues from the sale of RNG.</li> <li><u>Mas Energy estimates</u>:                                     <ul style="list-style-type: none"> <li>Conservative estimate = \$350,000 per year, increasing 1.5% each year thereafter</li> <li>Optimistic estimate = nearly \$500,000 per year, increasing 1.5% each year thereafter</li> </ul> </li> </ul> </li> </ul> |





## Payment Reserve

| <u>Current</u>   | <u>Proposed</u>  |
|--|--|
| <p><b>Escrow Reserve</b></p> <ul style="list-style-type: none"> <li>Current agreement includes an escrow reserve of \$100,000</li> </ul> | <p><b>Escrow Reserve</b></p> <ul style="list-style-type: none"> <li>Increase escrow reserve by \$50,000 (to \$150,000) within 10 business days of execution</li> <li>Escrow reserve may be reduced to \$100,000 at operative date, provided Mas is not in default.</li> </ul> <p><b>Performance Security</b></p> <ul style="list-style-type: none"> <li>Prior to construction, Mas must escrow an additional \$250,000 as performance security during construction.</li> <li>Escrow may be reduced to \$100,000 at operative date, provided Mas is not in default.</li> </ul> <p>SPSA is entitled to make a full or partial draw upon the Escrow Reserve or Performance Security upon the occurrence of a default by Mas</p> |



## Accountability

- Reporting and Accountability
  - Monthly Performance Standards
  - Real-time access to facility performance
  - Mas has hired a 3<sup>rd</sup> party to perform monthly monitoring required under SPSA's Title V Permit
  - Mas will be upgrading the collection system for Cells V and VI
  - SPSA staff have the right to perform random well readings
  - SPSA staff have the right to shadow the 3<sup>rd</sup> party performing the monthly monitoring of wellheads
  - SPSA staff and Mas Energy staff have weekly conference calls to discuss operations
  - Mas Energy to attend Board meetings in person or virtually on a quarterly basis



## Option Rights

| <u>Current</u>   | <u>Proposed</u>  |
|--|--|
| <p><b>Collection System:</b></p> <ul style="list-style-type: none"> <li>At the expiration of the term or earlier termination for any reason, the collection system will immediately transfer to SPSA, at no cost to SPSA, as long as SPSA is not in default. If SPSA is in default, Mas has the right, but not the obligation, to sell the collection system to SPSA.</li> </ul> | <p><b>Collection System:</b></p> <ul style="list-style-type: none"> <li>At the expiration of the term or earlier termination for any reason, the collection system will immediately transfer to SPSA, at no cost to SPSA, as long as SPSA is not in default. If SPSA is in default, it must pay fair market value of collection system.</li> </ul> <p><b>RNG Facilities (other than Collection System):</b></p> <ul style="list-style-type: none"> <li>➤ SPSA has an irrevocable option to purchase the other RNG facilities (other than the collection system) at fair market value (i) at the end of the term (if SPSA is not in default) or (ii) upon a Mas event of default/termination</li> </ul> |



## Other Contract Provisions

- Mas cannot assign the agreement without prior written consent of SPSA
- Termination Rights
- Standard indemnification clauses
- Limitation of liability
- Insurance requirements
- Force Majeure
- Default

Ms. DeVary opened the floor for questions, recognizing that special counsel Mr. Brad Nowak, who was the lead on the contract amendment, was present, as well as Mr. Spain, who was also deeply involved in the process. She also informed the Board that if there was anything they wanted to discuss in closed session, that could be arranged.

Mr. McCoy congratulated Ms. DeVary and Mr. Bagley on their long and difficult efforts to close this contract and thanked them for their work. Ms. DeVary commented that there have been challenges along the way, but that this is a great project for SPSA and she and Mr. Bagley have full confidence that Mas Energy knows how best to build and run a Renewable Natural Gas facility and are excited, as well. Mr. Hansen thanked Mas Energy and staff for all of their efforts to put this timely and forward-looking project together. He went on to say that he had questions initially, but as Mr. Hall and Ms. DeVary delivered their presentations, they were answered. Mr. Hansen did have a remaining question about who will be responsible for developing the gas collection system on Cell VII. Ms. DeVary responded, and Mr. Hall confirmed, that Mas Energy would be responsible for financing and developing the gas collection system for Cell VII. Mr. Keifer thanked Mr. Hall for his presentation. Mr. Leahy commented that, for those who may not be familiar with the products, that the change in royalties is driven by the fact that the existing product is far different from the product that Mas Energy will eventually be producing. He likened the current recovered landfill gas to crude oil and the processed renewable natural gas to gasoline, as a comparison for the immediate usefulness of the products, which makes the change in royalties reasonable and beneficial to both Mas Energy and SPSA. Mr. McCoy commented that it was good to hear that the Columbia Gas Line that passes

through the landfill property can be used as an asset to this project. Mr. Keifer commented that the Executive Committee discussed the reasons this contract was not done as a new procurement, which was because the original contract was done under the Public-Private Education Facilities Act (PPEA). Ms. DeVary confirmed and added that she, Mr. Spain, and Mr. Nowak spent a great deal of time looking into PPEA guidelines and that Virginia Code § 56-575.9(E) specifically states that comprehensive changes to the agreement should be done as an amendment, which is why the new contract is an Amended and Restated Agreement. Mr. Hansen suggested, in absence of any further questions, if it would be appropriate to entertain a motion on the contract. Chairman Baugh asked Ms. Preston to read aloud the following resolution:

**RESOLUTION APPROVING THE EXECUTION OF AN AMENDED AND RESTATED LANDFILL GAS RIGHTS, EASEMENT AND LEASE AGREEMENT WITH MAS SUFFOLK RNG, LLC FOR THE PURCHASE OF LANDFILL GAS AND INSTALLATION AND OPERATION OF EQUIPMENT, FACILITIES AND SYSTEMS AT SPSA'S SUFFOLK LANDFILL.**

**WHEREAS**, in 2009, the Southeastern Public Service Authority of Virginia ("SPSA") received an unsolicited proposal pursuant to the Virginia Public Private Education Facilities and Infrastructure Act ("PPEA") from Suffolk Energy Partners, L.P., which later became Suffolk Energy Partners, LLC ("SEP") for (i) the purchase of landfill gas ("LFG") from the SPSA regional landfill (the "Landfill") in Suffolk, Virginia, and (ii) the installation and operation of equipment, facilities, and systems at the Landfill for the collection and processing of LFG in an environmentally compliant manner; and

**WHEREAS**, after following the procedures set forth in the PPEA and SPSA's PPEA Guidelines, SPSA and SEP executed that certain Landfill Gas Rights, Easement and Lease Agreement dated as of January 21, 2011, and designated that Agreement as the comprehensive agreement required by the PPEA; and

**WHEREAS**, SPSA and SEP executed that certain First Amendment to Landfill Gas Agreement dated as of August 7, 2014 (collectively, with the Landfill Gas Rights, Easement and Lease Agreement, the "Comprehensive Agreement"); and

**WHEREAS**, SEP merged into MAS Suffolk RNG, LLC ("MAS"); and

**WHEREAS**, MAS proposed that the Comprehensive Agreement be amended to, among other things, allow MAS to decommission its existing facilities and to construct new facilities to utilize recovered LFG for the production and sale of renewable natural gas and other related products; and

**WHEREAS**, Section 56-575.9(E) of the Code of Virginia provides that "[a]ny changes in the terms of the comprehensive agreement, as may be agreed upon by the parties from time to time, shall be added to the comprehensive agreement by written amendment;" and

**WHEREAS**, SPSA's staff with the assistance of counsel have been discussing with MAS the terms of a proposed amendment to the Comprehensive Agreement in accordance with Section 56-575.9(E) of the PPEA and based on those discussions, staff and counsel have prepared and are recommending for review by the Board



the form of the attached Amended and Restated Landfill Gas Rights, Easement and Lease Agreement (the "Amended Comprehensive Agreement"); and

**WHEREAS**, the Board has determined that (i) the Amended Comprehensive Agreement serves the public purpose of the PPEA and that continuing to sell LFG and outsourcing the installation and operation of LFG collection and processing systems will result in reduced costs to SPSA and (ii) it is in the best interests of SPSA and its member communities to approve and enter into the form of Amended Comprehensive Agreement.

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

1. The Board hereby authorizes and directs the Executive Director of SPSA, in the name and on behalf of SPSA, to (a) execute and deliver the Amended Comprehensive Agreement, including any exhibits thereto, for and on behalf of SPSA and (b) perform SPSA's obligations as set forth in such executed Amended Comprehensive Agreement.

2. The Board hereby authorizes and directs the Executive Director of SPSA, in the name and on behalf of SPSA, to do all such acts and prepare, execute and deliver such documents as she deems necessary or desirable to carry out the intent and purposes of the foregoing resolution and to effect the purposes of such resolution.

**Mr. Hansen moved, seconded by Mr. McCoy, to approve the resolution, as presented. The motion was adopted by a unanimous vote in favor.**

Chairman Baugh thanked Ms. DeVary, noting that it was an incredible and exciting part of the future for SPSA. He also thanked Mr. Hall for attending and making his presentation, as well as for his professionalism in engaging with and resolving the issues with sampling.

**10. 2022 BOARD MEETING DATES**

Chairman Baugh drew the Board's attention to the proposed Board Meeting Dates for 2022 and asked for motion to approve the dates.

**Ms. Jarratt moved, seconded by Mr. Leahy, to approve the 2022 Board Meeting dates, as presented. The motion was adopted by a unanimous vote in favor.**

**11. CLOSED SESSION – EXECUTIVE DIRECTOR RESIGNATION**

Before moving into closed session, Chairman Baugh informed the Board that there were several matters to discuss as a result of Ms. DeVary's resignation, including the interim leadership plan and Executive Director recruitment.

Chairman Baugh went on to say that the Executive Committee has worked extensively on these topics and that he has asked members to guide the discussion and offer the Committee's recommendations. He asked Mr. Keifer to speak to the first topic, which is the position of Executive Director.

Mr. Keifer commented that, using the experience of hiring Ms. DeVary four years ago, the Executive Committee has prepared a brochure document to advertise the Executive Director position. It is very similar to the language used in recruitment four years ago and the job description is largely lifted from SPSA's bylaws. Mr. Keifer went on to say that the plan is to advertise on a regional basis and with professional organizations such as the Virginia Municipal League and SWANA. The Executive Committee believes that there are good candidates in the region and that posting with professional organizations will also attract qualified candidates. As was done four years ago, the Executive Committee is recommending that the Board appoint a Personnel Committee to assist the Executive Committee with recommendation of a candidate by reviewing all candidates and bringing their proposals to the Executive Committee for review and then presentation to the Board. Mr. Keifer stated that Mr. Leahy has volunteered to Chair the Committee, and that Ms. Raulston, Mr. McCoy, Mr. Broad, and Mr. Etheridge have offered to be members. The proposed timeline would be to receive applications in January with the hope of being able to present a candidate to the Board in April or May. Mr. Keifer also added that the position is being advertised at a compensation of \$175,000 - \$190,000 depending on qualifications. The Executive Committee feels this is an appropriate level based on Ms. DeVary's starting salary and the salaries for some Deputy City Manager positions in the region.

**Mr. Keifer moved, seconded by Mr. Hansen, to authorize that the Executive Director position be advertised primarily on a regional basis at a proposed compensation of \$175,00 to \$190,000 annually. The motion was adopted by a unanimous vote in favor.**

**Mr. Keifer moved, seconded by Mr. Keaton, to authorize the formation of a Personnel Committee to assist the Executive Committee with a recommendation to the Board for the next SPSA Executive Director and appoint Mr. Leahy as Chair, and Ms. Raulston, Mr. McCoy (until the expiration of his term), Mr. Broad, and Mr. Etheridge as members. The motion was adopted by a unanimous vote in favor.**

Chairman Baugh added that if anyone else was interested in joining the Personnel Committee that the membership could be amended. There were no additional volunteers. He thanked the Personnel Committee and noted that the Board has high expectations of them to do their job expeditiously and present an excellent candidate.

Chairman Baugh announced that the next matter of business involved discussion of specific personnel and would take place in closed session.

Motion to Approve Request for Closed Meeting.

*I move that a closed session be held for discussions regarding the resignation of the Executive Director and for discussion and/or consideration of prospective candidates for the position of Executive Director, Treasurer, and related positions to be filled on an interim or permanent basis as a result of the resignation of the Executive Director in accordance with Virginia Code Section 2.2 3711(A)(1).*

**Mr. Broad moved, seconded by Mr. Hansen, to enter into a closed session to discuss the resignation of the Executive Director and for discussion and/or consideration of prospective candidates for the position of Executive Director, Treasurer, and related positions to be filled on an interim or permanent basis, as presented. A roll call vote was taken of all voting members present, which included all members (and Mr. Martin acting as an alternate) noted above. The motion was adopted by a unanimous vote of in favor.**

Motion to Approve Certification after Closed Meeting.

*The Board of the Southeastern Public Service Authority of Virginia 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; 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. Hansen moved, seconded by Ms. Jarratt, to certify the closed session as presented. A roll call vote was taken of all voting members present, which included all members (and Mr. Martin acting as an alternate) noted above. The motion was adopted by a unanimous vote in favor.**

Chairman Baugh announced that the next item would be to appoint an Interim Executive Director.

**Mr. Keifer moved, seconded by Mr. Stromberg, that Mr. Dennis Bagley be appointed as Interim Executive Director as of January 1, 2022 with a 10% increase to his current compensation. The motion was adopted by a unanimous vote in favor.**

Chairman Baugh congratulated Mr. Bagley and Mr. Bagley thanked the Board. Chairman Baugh continued that the next subject was SPSA's CFO function and that Mr. Keaton would be leading the discussion.

Mr. Keaton stated that when Ms. DeVary was promoted to Executive Director it made sense, under the circumstances, that she served as both Executive Director and CFO. The Executive Committee discussed that while this worked in the past with Ms. DeVary's skill set, they feel that it is in SPSA's best interests to return to having a separate CFO position to eliminate the risk that if one person leaves the organization, there aren't two positions that need to be filled. The Executive Committee recommends reinstating the position and advertising immediately so that when the new Executive Director comes on board they can make a selection. Mr. Keaton explained that this would require the addition of an FTE to the budgeted list of employees. Mr. Leahy added that, while SPSA has done an excellent job slimming down the organization, looking at SPSA's current situation, Ms. DeVary's departure effectively cuts executive leadership in half, but with an Executive Director and two Deputy positions to manage finance, administration, and operations, there is back up and resiliency in times of emergency.

**Mr. Keaton moved, seconded by Mr. Leahy, to authorize the addition of a Chief Financial Officer position to the FY 2022 Budget. The motion was adopted by a unanimous vote in favor.**

Chairman Baugh stated that the next topic for discussion regarding due diligence in the interim period involved the Audit Committee. He asked Mr. Keaton to lead the discussion. Mr. Keaton said that SPSA has an active Audit Committee, chaired by Ms. Lowe, and they serve as a very important part of SPSA's Committee structure. The Executive Committee recommends that, until a CFO is hired, the Audit Committee assist staff with SPSA's investments and other financial matters. Mr. Keaton went on to say that Ms. DeVary has done quite a bit of work on investments and that SPSA has a large cash balance that requires monitoring to ensure that SPSA is getting the maximum return with the safest investments.

**Mr. Keaton moved, seconded by Ms. Jarratt, to authorize the Audit Committee to assist staff with review of SPSA investments and other financial issues. The motion was adopted by a unanimous vote in favor.**

## 12. OTHER BUSINESS

Chairman Baugh read aloud the following resolution:

### **RESOLUTION OF APPRECIATION TO LIESL R. DEVARY IN RECOGNITION OF HER SERVICE TO THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY**

WHEREAS, Liesl R. DeVary has faithfully served the Southeastern Public Service Authority for 12 years, eight years as Deputy Executive Director and Chief Financial Officer and four years as Executive Director and Chief Financial Officer, where she has significantly contributed to the environmental and fiscal health of the region with her innovative leadership and tireless commitment to efficiency, transparency, and excellence; and,

WHEREAS, it is the desire of the Board of Directors to convey their sincere appreciation and gratitude for her years of dedicated and commendable service to the Authority, its member communities and the citizens of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk and Virginia Beach; and,

WHEREAS, Liesl R. DeVary successfully lead the Authority in such a manner so that it became free from debt in 2017 and instituted a culture of fiscal responsibility that significantly reduced municipal tipping fees resulting in a great financial benefit to SPSA's member communities; and,

WHEREAS, Liesl R. DeVary has achieved and maintained a standard of performance for the Authority resulting in its being the recipient of the Virginia Department of Environmental Quality's Virginia Environmental Excellence Program designation as an Exemplary Environmental Enterprise; and,

NOW THEREFORE BE IT RESOLVED, that on this occasion, Ms. DeVary's last Board meeting as Executive Director, the members of the Board of Directors of the Southeastern Public Service Authority of Virginia hereby express their gratitude, respect and appreciation for her outstanding service to the Authority and to the citizens of southeastern Virginia; and,

BE IT FURTHER RESOLVED, the Southeastern Public Service Authority of Virginia presents this Resolution of Appreciation to Liesl R. DeVary as a token of its esteem and gratitude and orders a copy be spread upon the Minutes of this meeting.

**Mr. Keifer moved, seconded by Mr. McCoy, to approve the resolution, as presented. The motion was adopted by a unanimous vote in favor.**

Ms. DeVary said that she was honored to have served as the Executive Director of "SPSA 2.0" and that she knows it will continue to have a great, bright future. She thanked everyone sitting around the table and all the Board Members for the support and confidence that they have shown her over the years.

Chairman Baugh asked Mr. Bagley to come forward to make his comments. Mr. Bagley spoke about Ms. DeVary's uncanny memory for facts and details, likening her mind to the computer, Watson, which was built to beat Jeopardy contestants. He commented that everyone knows about Ms. DeVary's financial prowess, but only those who work closest with her are aware of her great skills in any conversation whether on the waste stream, insurance, or legal matters. Mr. Bagley called Ms. DeVary's knowledge incredibly well-rounded, and noted that whoever becomes SPSA's next Executive Director, they could never be what she is. He commented that SPSA has been very fortunate to have Ms. DeVary turn operations around and that everyone wishes her good luck with whatever she chooses to do in the future. Mr. Bagley presented Ms. DeVary with gifts of appreciation on behalf of everyone at SPSA.

Mr. Keifer commented that it is a rare pleasure to work with someone as talented and competent as Ms. DeVary, calling his time with her a highlight of his career. Mr. McCoy stated that Ms. DeVary's resignation is a true loss for the organization, but that she leaves the organization in a good place and he thanked her for her leadership. Mr. McCoy also said that he has enjoyed working with her and wishes her the best. Mr. Hansen commented that he has enjoyed working with Ms. DeVary even before she was Executive Director and before he was on the Board, noting that he has always valued her input and that the Board will miss her. He went on to say that he appreciates all that she has done and values her friendship.

Chairman Baugh asked if there was any further business to come before the Board but there was none. He invited those in attendance to stay for lunch and cake in Ms. DeVary's honor.

### 13. ADJOURN MEETING

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 12:32 p.m.



Dennis L. Bagley  
Interim Executive Director

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