

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

October 23, 2024

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 ¹	(CH)
Ms. Sheryl Raulston	(FR)	Ms. Rosylen Oglesby ²	(FR)
Dr. Dale Baugh	(IW)	Mr. Randy Keaton	(IW)
Mr. John Keifer	(NO)	Mr. Richard Broad	(NO)
Mr. C.W. "Luke" McCoy	(PO)	Ms. Lavonda Graham-Williams ³	(PO)
Mr. Tony Parnell	(SH)	Ms. Lynette Lowe	(SH)
Mr. D. Rossen S. Greene	(SU)	Mr. Albert Moor	(SU)
Mr. Thomas Leahy	(VB)	Mr. L.J. Hansen ⁴	(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. Jeremy Kline (VB), Mr. Robert Lewis (SU), Mr. Greg Martin (CH), Mr. Jerod Roberts (PO) and Mr. Brian Thrower (SH), SPSA executives, Mr. Dennis Bagley, Executive Director, Ms. Tressa Preston, Secretary and Director of Administration, Ms. Sandy Schreiber, Treasurer and Director of Finance, Mr. Henry Strickland, Director of Operations, Ms. Angie Hutchins, Management Analyst, Ms. Deborah White, Executive Assistant, Mr. Brett Spain, General Counsel, and Mr. John Brunini, Special 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. Thomas M. Leahy, Chair of the Board of Directors, called the October Board Meeting to order at 9:30 a.m. and then he led the Pledge of Allegiance.

¹ Mr. Sorey left the meeting at 12:30 p.m., at which time Mr. Martin became the voting Ex-Officio Member for the City of Chesapeake.

² Ms. Oglesby arrived at 9:35 a.m.

³ Ms. Graham-Williams was absent and Mr. Roberts served as the voting Ex-Officio Member for the City of Portsmouth.

⁴ Mr. Hansen left the meeting at 12:30 p.m., at which time Mr. Kline became the voting Ex-Officio Member for the City of Virginia Beach.

2. **PUBLIC COMMENT**

Ms. Preston reported that there were no requests for public comment.

3. **CHAIRMAN'S COMMENTS**

Chairman Leahy announced that there were some technical difficulties with the audio for anyone listening online. Online attendees were still able to hear but the sound was a little muffled and not as crisp sounding as it normally is. Chairman Leahy then introduced the Board's newest members. Rosylen Oglesby, the Ex-Officio Member for Franklin, had not yet arrived at the meeting. Jerod Roberts, the Alternate Ex-Officio Member for Portsmouth, sat in for Lavonda Graham-Williams who was not in attendance. Chairman Leahy then moved on to the Executive Director's evaluation. A blank paper copy of the evaluation was provided at each Board Member's seat, and it was noted that an email with an electronic version would be emailed to each Board Member. Chairman Leahy requested that all completed evaluations be returned to him or Ms. Raulston by November 30th. All responses will be confidential and once all are received, they will be reviewed by Chairman Leahy and Mrs. Raulston to finalize the evaluation. Ms. Oglesby had arrived at the meeting a few minutes late so Chairman Leahy welcomed her to the Board of Directors.

4. **APPROVAL OF MINUTES**

The minutes of the September 25, 2024, Board Meeting had been distributed. Chairman Leahy pointed out a typo in the draft minutes in which the meeting date was inaccurate. He assured the Board and the public that the correction would be made in the final published minutes. Chairman Leahy asked if there were any additions or changes and there were none.

Mr. McCoy moved, seconded by Mr. Keifer, to approve the September 25, 2024, minutes of the SPSA Board of Directors, as presented. The motion was approved by a vote in favor by all the Board members present, with the exception of Ms. Oglesby, Mr. Roberts, and Mr. Hansen who abstained from voting as they were not present at the previous meeting.

5. **PRESENTATION OF THE ANNUAL AUDIT**

Ms. Lowe, Chair of the Audit Committee, shared that the Audit Committee met on September 20th. She and Ms. Graham-Williams were pleased with the detailed notes and supplemental information. The audit firm staff fully explained the cash reserves and the investments as they matched SPSA's current and planned projects. Ms. Lowe then had Ms. Harden from Cherry Bekaert begin her presentation of the audit.

Ms. Laura Harden introduced herself and her team, outlined the auditing process they underwent, and was pleased to announce that they issued an unmodified opinion on the financial statements from the year ending June 30, 2024, noting that it is the best opinion an organization can receive. She went on to overview the financial statements, accounting practices, communications, upcoming financial reporting changes that the Board can anticipate for the current fiscal year, and other matters of Board interest.

SOUTHEASTERN PUBLIC SERVICE AUTHORITY
Audit Executive Summary

September 27, 2024

10/24/2024

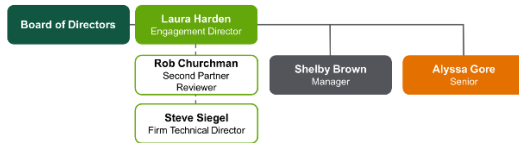


Agenda

- ▶ Client Service Team
- ▶ Results of the Audit
- ▶ Internal Control Communication
- ▶ Corrected and Uncorrected Misstatements
- ▶ Qualitative Aspects of Accounting Practices
- ▶ Independence Considerations
- ▶ Other Required Communications
- ▶ Other Matters
- ▶ Upcoming Financial Reporting Changes

This information is intended only for the use of the Board of Directors of the Southeastern Public Service Authority and is not intended to be, and should not be, used by anyone other than those specified parties.

Client Service Team



10/24/2024

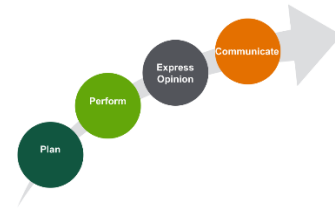


Results of the Audit

We have audited the financial statements of the Southeastern Public Service Authority (the "Authority") as of and for the year ended June 30, 2024, and we have issued our report thereon dated September 27, 2024.

We have issued an unmodified opinion on the financial statements.

We did not identify any material weaknesses or noncompliance that are required to be reported under Government Auditing Standards or the Auditor of Public Accounts Specifications for Audits of Authorities, Boards, and Commissions.



10/24/2024



Results of the Audit

Management's Discussion and Analysis:

- Provides an overview and analysis of the financial activities by management as of and for the fiscal year ended June 30, 2024.

Basic Financial Statements – Statement of Net Position:

- Cash increased by approximately \$1.0M due to normal operations.
- Investments increased by approximately \$6.9M due to investment purchases.
- Capital assets increased approximately \$4.5M due to the purchase of assets under construction, building improvements, and equipment.
- Landfill closure and post closure liability increased approximately \$1.4M due to an increase in the inflation factor and usage.
- Deferred inflows for pension amounts decreased approximately \$1.6M due to the fluctuation in investment earnings.

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Results of the Audit

Basic Financial Statements – Statement of Revenues, Expenses, and Changes in Net Position:

- Municipal tipping fees increased approximately \$646k due to the rate increase by \$2 to \$67/ton.
- Personnel costs increased approximately \$1.9M primarily due to a 5% COLA increase effective 7/1/2023, a salary study that resulted in increases effective 12/1/2023, year-end adjustment for pension expense, as well as increase in health insurance benefit expense.
- Waste hauling and disposal contract decreased approximately \$981k due to Wheelabrator processing less waste in FY2024, additionally the Authority entered into a contract with MBI to replace Wheelabrator to haul commercial waste.
- Virginia Department of Transportation flyover increased approximately \$1.0M due to a ramp up in activity in FY2024 – expenses will continue to increase as construction is in process.
- Investment income increased approximately \$2.5M due to increase in stock market values and investment interest rates in FY2024.

10/24/2024



Internal Control Communication

In planning and performing our audit, we considered internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

10/24/2024



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements

▶ None noted.

Uncorrected Misstatements

▶ None noted.

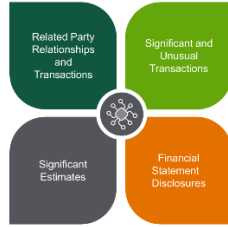
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Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no inappropriate accounting policies or practices.



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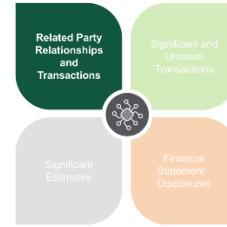
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Qualitative Aspects of Accounting Practices

As part of our audit, we evaluated the Authority's identification of, accounting for, and disclosure of the Authority's relationships and transactions with related parties as required by professional standards.

We noted none of the following:

- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the Authority's policies or procedures or for which exceptions to the Authority's policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions; and
- Difficulties in identifying the party that ultimately controls the Authority.



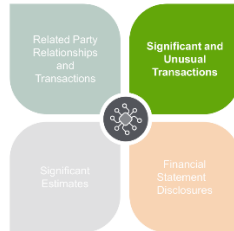
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Qualitative Aspects of Accounting Practices

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

For purposes of this presentation, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Authority or that otherwise appear to be unusual due to their timing, size, or nature. We noted no significant unusual transactions during our audit.



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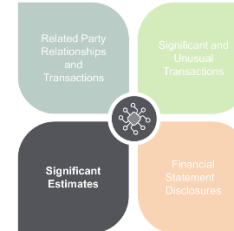
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Qualitative Aspects of Accounting Practices

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Depreciation expense
- Actuarially computed assets and liabilities
- Landfill closure and postclosure liability

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.



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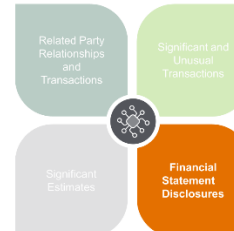
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Qualitative Aspects of Accounting Practices

The financial statement disclosures are neutral, consistent, and clear.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of the landfill closure and postclosure care costs in Note 5 of the financial statements describes the future liability of the Authority relating to the state and federal laws and regulations relating to landfills.



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Other Matters

Nonattest Services

- We assisted in the preparation of the financial statements and disclosures.
- For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.

Independence Conclusion

We are not aware of any other circumstances or relationships that create threats to auditor independence. We are independent of the Authority and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.



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Other Required Communications

Difficulties Encountered	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Disagreements with Management	Includes disagreements on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are please to report that no such disagreements arose during the course of our audit.
Auditor Consultations	We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.
Management Representations	We have requested certain representations from management that are included in the management representation letter dated September 27, 2024.

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Other Required Communications

Management Consultations	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. To our knowledge, there were no such consultations with other accountants.
Other Findings or Issues	We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Fraud and Illegal Acts	As of the date of this presentation, no fraud, illegal acts, or violations of laws and regulations noted.
Going Concern	No events or conditions noted that indicate substantial doubt about the Authority's ability to continue as a going concern.

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morale. Mr. Bagley thanked Ms. Preston for her five years of service with SPSA then asked the Chairman if he had any comments to add.

Chairman Leahy said he was shocked to learn that Ms. Preston would be leaving SPSA because she had always been Board Secretary since he had joined SPSA's Board of Directors. The Chairman shared that Ms. Preston always knew everything so he was surprised to learn she had been with SPSA for only five years. He thanked Ms. Preston for her competency, commitment, and caring while at SPSA.

Ms. Preston thanked everyone and expressed how it was an honor and privilege to serve the Board and the SPSA organization. She acknowledged that her colleagues would continue to move SPSA forward and grow in the future.

Chairman Leahy informed the Board that Ms. Preston's resignation was effective Friday, October 25, 2024, and under the bylaws, he would make a temporary acting appointment for Board Secretary until the December Board meeting when the Board could make nominations and vote on a new Secretary. Based on the Executive Director's recommendation and her performance as Secretary for the RFP Selection Committee, Chairman Leahy announced he would be appointing Deborah White as acting Board Secretary effective Friday afternoon.

Mr. Bagley then continued with his Executive Director Report with an update on the Army Corps of Engineers' Environmental Impact Study (EIS). The agreement with the Magnolia Farms property landowner will be extended before it expires on November 10th. The final purchase of the property is dependent on the issuance of the wetlands permit.

The RFP Selection Committee has made several site visits and has one more site visit to make. The Committee has gathered a lot of information and most of that information would be shared in closed session.

After working on the leachate evaporator for the past eighteen months, an air permit draft has been issued for review. Staff are in the process of reviewing the draft and should have it returned to DEQ by next week. Once DEQ receives the draft, the thirty-day public comment period will begin. If no surprises arise, the final permit should be issued by the end of the year.

The Audit Committee has been pleased with Cherry Bekaert's work and would like to continue to use them for SPSA's yearly audits. This was the final year of our contract with Cherry Bekaert so a new audit services contract would need to be secured. Ms. Hutchins from purchasing worked with Ms. Schreiber to locate a cooperative contract that Cherry Bekaert is party to. Ms. Schreiber requested Cherry Bekaert's pricing based on using that cooperative contract. Once received, Ms. Schreiber will review their proposal, determine if it is fair, competitive pricing, and make the decision to continue using Cherry Bekaert or not. Their contract would be less than \$50,000 so Board Approval would not be required if determined to continue with Cherry Bekaert. Ms. Lowe added that Cherry Bekaert has grasped and understands SPSA does not operate the same as local government, so it is important to keep that knowledge and not go through a learning transition with a new auditor if possible.

Mr. Bagley happily shared that the court proceedings from Monday dealing with the BHS complaint and temporary restraining order pertaining to our RFP for alternative waste disposal services were dismissed with prejudice meaning BHS could not bring this complaint back to court. Although that was good news, Mr. Bagley cautioned the Board that BHS could appeal and, along with other vendors, could protest at the end of the RFP process.

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Board Updates

EIS Update

- Staff will be extending the current purchase option on the Magnolia Farms property until the wetland permits are certain.

RFP Update

- The Committee has one site visit remaining.
- RFP Review Committee will provide a detailed presentation on their completed work in closed session today.

Air Permit for Leachate Evaporator

- A draft permit was issued on 10/18 for staff review.
- Public Comment to follow any requested changes.

SPSA WASTE SOLUTIONS

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Board Updates

Audit Services

- We have just finished the final year on our Cherry Bekaert contract for auditing services.
- The Audit Committee indicated they were pleased with the services provided by Cherry Bekaert and would like to continue utilizing their services if their price remained competitive.
- Staff has located a cooperative contract that Cherry Bekaert is party to and have requested pricing from Cherry Bekaert based on that cooperative agreement.
- The cost will be under \$50,000 so it will not require Board Approval.

SPSA WASTE SOLUTIONS

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Board Updates

BHS Projects @ Chesapeake LLC. V. SPSA

- BHS's amended complaint and motion for a TRO were heard on Monday.
- The Judge once again sustained SPSA's Demurrer on the complaint and subsequently denied the TRO.
- The Judge went one step further this time and dismissed the complaint with prejudice.

Flyover

- Removing trees along the east bound lanes.
- Traffic is slow during morning and afternoon.

SPSA WASTE SOLUTIONS

Mr. Bagley brought two contracts before the Board for approval. The first contract pertained to renovations at the Portsmouth transfer station. Previous discussions about the renovations informed the Board that the money would come from Wheelabrator's early termination payment. This contract is to repair some exterior damage, prepping, and painting the facility. The budgeted amount was \$250,000 and the proposal came back at \$246,750. This is a cooperative contract with the vendor, W. W. Enroughty & Son, Inc. (WWE).

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Board Updates

Contract Approval

Renovations to the Portsmouth Transfer Station

Scope of Work: Provide all labor, material, and equipment necessary to repair damaged metal siding, prep surfaces, and paint the exterior of the facility.

Budgeted Amount: \$250,000

Actual Amount: \$246,750

Vendor: W.W. Enroughty & Son, Inc.

Procurement Type: Cooperative Contract issued by the City of Newport News based on IFB 24-2941-6231 for Specialty Painting and Coating.

Comments: Staff recommends approval to award a contract to W. W. Enroughty & Son, Inc. in the amount of \$246,750 to perform the necessary work to prep and paint the Portsmouth Transfer Station.

SPSA WASTE SOLUTIONS

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Board Updates

Contract Approval

Purchase five (5) Yard Tractors

Scope of Work: Provide and deliver five (5) yard Tractors

Budgeted Amount: \$870,000

Actual Amount: \$699,500 (\$139,900 each)

Vendor: Gregory Poole Equipment Company

Procurement Type: Cooperative Contract issued by the State of North Carolina for Equipment Purchases.

Comments: Staff recommends approval to award a contract to Gregory Poole Equipment Company in the amount of \$699,500 to purchase five (5) Yard Tractors to be used at various transfer stations to jockey trailers being used in SPSA's drop and hook operations.

SPSA WASTE SOLUTIONS

Mr. Hansen moved, seconded by Mr. Broad, to authorize the executive director to award a contract to W.W. Enroughty & Son, Inc. for renovations of the Portsmouth Transfer Station, as presented. The motion was approved by a unanimous vote in favor of the Board members present.

The second contract was to purchase five yard tractors. Two of those tractors were originally supposed to be electric as proposed in the capital budget. As staff received pricing of \$250,000 per tractor and an additional cost to install charging stations, staff decided to wait on purchasing electric yard tractors in hopes the pricing will begin to come down as more companies switch to electric tractors. Until that time, staff recommended purchasing five fuel tractors using a cooperative contract with the vendor, Gregory Poole Equipment Company, located in North

Carolina. The budgeted amount was \$870,000 and this contract is \$699,500 for five fuel yard tractors at \$139,900 per tractor.

Mr. Keifer moved, seconded by Ms. Lowe, to authorize the executive director to award a contract to the Gregory Poole Equipment Company for five Yard Tractors, as presented. The motion was approved by a unanimous vote in favor of the Board members present.

Mr. Bagley reviewed municipal and commercial waste volumes for the reporting period, as well as total waste volumes, noting that municipal volumes for the month came in under budget, but commercial waste volumes were significantly higher than anticipated. Even with reduced municipal waste volumes, total waste volumes were greater than budgeted. Mr. Bagley did note that he and staff would be keeping a close eye on waste volumes as there appears to be an unusual downward trend in municipal waste tonnage that has not been seen in previous years.



7. USE AND SUPPORT AGREEMENTS

Mr. Bagley gave a presentation on the Use and Support Agreements and the need to amend the agreements as part of the RFP process. Mr. Bagley began the presentation by reminding board members that they were given a copy of the Use and Support Agreement for their individual community at the September Board meeting and were asked to become familiar with the content in order to discuss what changes might be needed. Given that the agreements are identical, were written well, and have served the communities and SPSA well, Mr. Bagley recommended that much of that original document be maintained moving forward because of the options it gives the Board to govern the system as times change. Mr. Bagley proceeded to go through each article of the agreement to identify proposed changes, emphasizing the pros and cons of options for extending the term, and the need to consider offering different fees for different services to allow the Western communities the option of paying just for waste disposal.

This would be consistent with how SPSA has offered specific fees for certain services such as household hazardous waste disposal, electronic waste disposal, and water treatment plant sludge disposal. Mr. Bagley emphasized that further discussion was needed in this area because a Board vote of 75% is required to approve any contract. Mr. Bagley also outlined the next steps needed for the Use and Support Agreements, including incorporating changes into a draft amendment for Board review, presenting the proposed amendment at the December Board meeting, voting on the amendment at the January Board meeting, and presenting the proposed amendment to member governing bodies.

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Use and Support Agreements

October 23, 2024





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Post 2018 Use and Support Agreements

- Individual Agreements are identical.
- Strategic Operating Plan approved in June 2024 serves as Schedule I and must be reviewed regularly but at least annually by the SPSA BOD.
- Schedule II "Special Termination Provision" allows member communities to get out of SPSA but ensures they pay for disposal obligations.
- The Post - 2018 Use and Support Agreements (U&SAs) were well written. They are very specific but allow for the SPSA Board to make changes with a super majority vote (75%) .
- Current agreements have served both SPSA and the member communities extremely well since being adopted.
- Due to the quality of the current U&SAs, Staff recommends maintaining as much of the language as is practicable.

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Article 1 – General Intent and Purpose

- No changes recommended

Article II – Definitions

- No changes recommended

Article III – Term

Option 1 - Maintain current format

Option II – Increase the "Initial Term" to 15, 20, 25 years or even longer

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Pros and Cons of Each Option

Maintain Current Format	Increase Initial Term to 15, 20, 25 years or even longer
<p>Pros</p> <ul style="list-style-type: none"> Likely less difficult to gain approval from all eight member communities Existing format satisfies investors Current safeguards built into the U&SA would remain intact protecting member communities <p>Cons</p> <ul style="list-style-type: none"> Initial Term of ten (10) years is too short if an alternative disposal contract is not awarded 	<p>Pros</p> <ul style="list-style-type: none"> Ensures the initial term will be long enough to develop adequate long-range plans for the organization Member communities would have more certainty that their long-range waste needs will be met. Current safeguards built into the U&SA would remain intact protecting member communities <p>Cons</p> <ul style="list-style-type: none"> Likely more difficult to gain approval from all eight member communities

11/19/2024

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Article IV – Authority Obligations

- No substantive changes recommended

Article V – Member Locality Obligations

- Sec. 2 Payment of Disposal System Fees (Page 19)
 - "The Authority may establish fee schedules for various types of users and grades or categories of solid waste that require special handling or methods of disposal."
 - "The disposal system fee schedule so adopted by the Authority shall at all times be identical with respect to all SPSA members that have entered into a Post 2018 Use and Support Agreement."

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- Sec. 5 Other Excluded Waste
 - Section currently allows for amendments and ancillary service agreements to be used if the member communities and the Authority desire to enter into an agreement for the Authority to manage any of the items included as excluded waste.

Article VI – General

- No substantive Changes

Schedule 1 Strategic Operating Plan

- Current plan was approved effective July 1, 2024 and reflects current operations.
- Recommend adoption of amended U&SAs while maintaining the current Strategic Operating Plan.
- If SPSA reaches an agreement for alternative waste disposal, The SPSA Board would need to approve the new contract and adopt a new Strategic Operating Plan by a 75% majority.

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Use and Support Agreements

Schedule 2 Special Termination Provision

- No substantive changes are recommended

Next Steps:

- Incorporate changes discussed today into draft amendment to Use and Support Agreements and e-mail copies to the SPSA Board for review.
- Present the proposed Amendment to the Use and Support Agreements at the December Board Meeting and schedule a final vote for the January Board Meeting.
- Vote on the Amendment to the Use and Support Agreements at the January Board Meeting.
- If approved, begin scheduling meetings with each of the member communities' elected bodies to present new Use and Support Agreement and answer any questions that may come up.

SPSA WASTE SOLUTIONS

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SPSA WASTE SOLUTIONS
Thanks, we'll take it from here.

Questions / Comments

COMMERCIAL OUTLINE

Following Mr. Bagley’s presentation, the Board discussed the need to have the presentations to the City Councils and Board of Supervisors before an amendment was voted on by the Board. There was also an extended discussion by the Board with regard to the advisability of offering different rates for different services, that waste from the Western communities is currently being sent to Waverly, that past experience had shown that offering differing rates had created acrimony among the member communities, and that current waste and recycling practices could change over time. The Board also expressed concern that the projected timeline might be too short given the status of the RFP, the need to talk with communities, and the upcoming holidays. Mr. Bagley reassured the Board that he had heard all comments made and staff would revisit the schedule timeline. He hoped to have a better understanding of the impact that a new tip fee would have on the western communities and the eastern communities’ recycling costs and present the information at the December Board meeting.

8. QUARTERLY FINANCIAL REPORT

Ms. Schreiber presented the quarterly financial report. Starting with revenues, Ms. Schreiber listed first quarter revenues from the current budget and year-to-date numbers, along with first quarter actuals from FY 2023 and FY 2024 so that comparisons could be more accurate. She reported that for the first quarter, revenues were at 35.2% of the annual budget, with the receipt of early termination payment from Wheelabrator, continued high rates of interest income, and higher than anticipated commercial tonnages.

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Revenues

	Fiscal Year 2025 – Quarter 1		Historical Comparison	
	Budget	YTD	% of Budget	
Revenues				
Municipal Tipping Fees	\$31,333,250	\$7,725,972	24.7%	\$8,365,308
Other Tipping Fees	\$14,783,991	\$5,514,400	37.3%	\$5,586,797
Other Revenue	\$8,222,500	\$5,874,787	71.4%	\$522,306
Total Operating Revenue	\$54,347,141	\$19,115,359	35.2%	\$14,476,411

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Revenue Highlights

- Wheelabrator payment of \$5 million was received in July.
- Although Municipal tonnages for the first quarter are under budget, we are still just under 25% of the annual budget. Commercial and other tonnages are over budget at 37.3%.
- Interest earnings for the 1st quarter are 35% of the annual budget. With the recent fed rate change, interest on overnight earnings will decrease.

Moving on to expenditures, Ms. Schreiber took the same approach of comparing FY 2025 first quarter budget and September 30, 2024, expenses with first quarter actuals from FY 2023 and FY 2024 broken out by expenditure type. Ms. Schreiber reported that operational expenses are 23.3% of the annual budget for the first quarter of FY 2025.

Expenditures

	Fiscal Year 2025 - Quarter 1			Historical Comparison	
	Budget	YTD	% of Budget	FY - 24	FY - 23
Expenditures					
Salaries/Wages and Employee Benefits	\$11,846,876	\$2,761,481	24.0%	\$2,765,746	\$2,479,134
Professional/Contracted Services	\$6,163,376	\$1,856,926	24.0%	\$1,255,467	\$812,466
Other Operating Expenses	\$1,587,525	\$278,861	17.0%	\$261,732	\$237,585
Materials/Supplies	\$3,363,485	\$487,414	14.5%	\$400,083	\$419,544
Waste Disposal and Hauling	\$13,344,137	\$2,834,254	21.4%	\$4,888,487	\$4,846,714
Other	\$2,365,000	\$2,333,000	98.0%	\$2,000,000	\$4,000,000
Total Expenditures	\$46,847,141	\$10,450,900	23.0%	\$11,681,769	\$12,811,379

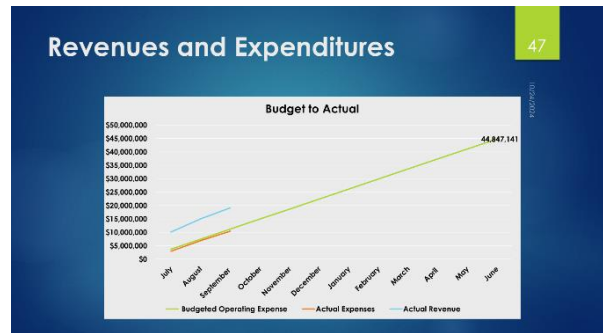
Expenditure Highlights

- Overall, Operating expenses are at 23.3% of the annual budget as of September 30, 2024.

Ms. Schreiber also presented revenues versus expenditures in chart and graph form.

Revenues vs. Expenditures

	Fiscal Year 2025 - Quarter 1		%	Historical Comparison	
	Budget	YTD		Q1 FY-24	Q1 FY-23
Total Revenue	\$54,347,141	\$19,115,359	35.2%	\$14,474,411	\$14,125,397
Total Expenses	\$44,847,141	\$10,450,900	23.3%	\$11,651,909	\$12,663,287
Net Revenue / Expenses		\$8,664,459		\$2,822,502	\$1,462,110



Capital expenditures were listed year to date and cash balances were broken down by fund and amount as of September 30, 2024.

Capital Expenditures

	Budget	Year to Date
Total Capital Expenditures	\$32,694,306	\$1,059,797
Current Year	\$9,500,000	\$1,007,345
Rolled Capital Projects from Prior Year	\$23,194,306	\$52,452



Ms. Schrieber offered to answer any questions, but there were none.

Mr. Broad moved, seconded by Mr. Hansen, to approve the quarterly financial reports as presented, pending audit. The motion was adopted by a unanimous vote in favor.

9. CLOSED SESSION

Chairman Leahy reminded those present that there was a closed session on the agenda for discussion regarding the current RFP for alternative waste disposal and developments in the EIS process. Only Board Members, SPSA Executive Staff, and SPSA Counsel referenced above would be present for the RFP portion of the session, but Counsel from the Cities of Chesapeake, Portsmouth, and Suffolk would be allowed to attend the portion not relating to the RFP. There were no objections to that plan.

Motion to Approve Request for Closed Meeting.

I move that a closed session be held for discussions regarding (1) proposals received in response to the RFP issued by SPSA for Solid Waste Disposal Services, in accordance with Virginia Code Section 2.2-3711(A)(29) for the purpose of considering the negotiation and award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body; and (2) wetlands and cultural heritage mitigation issues that have arisen during the required Federal wetlands permitting and the Army Corps of Engineers' Environmental Impact Statement (EIS) process, which are necessary for proposed expansion of the Regional Landfill in accordance with Virginia Code Section 2.2-3711(A)(8) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

Mr. Broad moved, seconded by Dr. Baugh, to approve the closed session motion as presented.

ROLL CALL

Mr. John Maxwell – YES	Mr. Earl Sorey – YES
Ms. Sheryl Raulston – YES	Ms. Rosylen Oglesby – YES
Dr. Dale Baugh – YES	Mr. Randy Keaton – YES
Mr. John Keifer – YES	Mr. Richard Broad – YES
Mr. C.W. "Luke" McCoy – YES	Mr. Jerod Roberts – YES
Mr. Tony Parnell – YES	Ms. Lynette Lowe – YES
Mr. D. Rossen S. Greene – YES	Mr. Albert Moor – YES
Mr. Thomas Leahy – YES	Mr. L.J. Hansen – YES

The motion passed by unanimous roll call vote of Board Members (16-0-0). The Board went into closed session at 11:29 a.m.

The Board returned to open session, both in person and electronically, at 1:14 p.m.

Motion to Approve Certification after Closed Meeting.

The Board hereby certifies that, to the best of each member's knowledge: (i) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act; and (ii) 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. Broad moved, seconded by Ms. Raulston, to certify the closed session, as presented.

ROLL CALL

Mr. John Maxwell – YES	Mr. Greg Martin – YES
Ms. Sheryl Raulston – YES	Ms. Rosylen Oglesby – YES
Dr. Dale Baugh – YES	Mr. Randy Keaton – YES

Mr. John Keifer – YES
 Mr. C.W. “Luke” McCoy – YES
 Mr. Tony Parnell – YES
 Mr. D. Rossen S. Greene – YES
 Mr. Thomas Leahy – YES

Mr. Richard Broad – YES
 Mr. Jerod Roberts – YES
 Ms. Lynette Lowe – YES
 Mr. Albert Moor – YES
 Mr. Jeremy Kline – YES

The motion passed by unanimous roll call vote of Board Members (16-0-0).

ACTION ARISING FROM CLOSED SESSION

Mr. Bagley gave a presentation on the cultural mitigation process with the Nansemond Indian Nation, including the statutory and regulatory background for addressing cultural mitigation, a determination that construction of cells VIII and IX would impact a traditional cultural place (TCP), and a tentative agreement reached with the Nansemond Indian Nation to mitigate that impact.

Cultural Mitigation
 October 23, 2024

SPSA WASTE SOLUTIONS
ENVIRONMENTAL EXCELLENCE
WILDLIFE HABITAT COUNCIL

54 Section 106 Compliance History

- SPSA has proposed to impact 109 acres of wetlands to construct cells VIII and IX at the RLF.
- These impacts trigger the need for an EIS to be performed to determine the LEDPA prior to issuing a 404 Permit allowing impacts to the wetlands.
- The EIS process requires that cultural impacts are evaluated in accordance with the Section 106 requirements.
- The NIN has by rule been included as a consulting party to the EIS under NEPA.
- Through the Section 106 process, the USACOE has determined that construction of the proposed cells VIII and IX will impact what has been determined to be a Traditional Cultural Place (TCP) for the NIN.

55 Section 106 Compliance History

- Impacts to the TCP resulting from the expansion of the RLF must be mitigated prior to the issuance of a Clean Water Act 404 permit.
- SPSA staff and special counsel have been negotiating with the NIN and their counsel on how to mitigate these impacts to the TCP.
- A tentative agreement has been reached.

56 Section 106 Compliance Agreement

- To develop a MOA between the USACOE, NIN and SPSA to mitigate the impacts through the payment by SPSA to the NIN of \$700,000 which the NIN shall use, in its discretion, to achieve the following objectives:
 - Completion of a comprehensive plan at Cross Swamp to use the swamp property in an environmentally sustainable, preservation-oriented way for tribal citizens' use and benefit.

57 Section 106 Compliance

- Construction of an activities building at Cross Swamp.
- Construction of an activities pavilion at Cross Swamp.
- Start-up funds and ongoing annual salary for a full-time site manager and cultural programs coordinator at Cross Swamp.
- Development of an environmentally-sensitive trail system at Cross Swamp

58 Section 106 Compliance

- The \$700,000 payment to the NIN would be contingent on a final, unappealable CWA 404 permit being issued to SPSA for expansion of the Regional Landfill.
- Payment shall be made to the NIN as mitigation for cultural impacts resulting from expansion of the Regional Landfill.
- In exchange for the payment, the NIN agrees to the sufficiency of the cultural mitigation and will agree to not oppose the Final EIS or the issuance of the CWA 404 permit being sought by SPSA.



Mr. Keaton moved, seconded by Mr. Broad, to authorize the Executive Director, in the name of, and on behalf of SPSA, and in consultation with the Chairman and with the assistance and advice of legal counsel, to do all such acts as may be necessary to finalize and execute one or more contractual agreements, including a Memorandum of Agreement, with the U.S. Army Corps of Engineers and the Nansemond Indian Nation (NIN) to mitigate the cultural impacts to the NIN of the proposed expansion of the Regional Landfill into Cells VIII and IX with the following limitations: (1) the total payment to the NIN shall not exceed \$700,000 and will be payable within 30 days of the issuance to SPSA of a final, unappealable CWA 404 permit; (2) such payment shall be made to the NIN as mitigation for cultural impacts resulting from expansion of the Regional Landfill; and (3) in exchange for this payment, the NIN must agree to the sufficiency of the cultural mitigation in this matter and agree not to oppose the Final EIS or the issuance of the CWA 404 permit sought by SPSA in this matter. The motion was adopted, with Mr. Kline voting no, Ms. Oglesby abstaining, and the remaining majority vote in favor, as noted in the above attendance footnotes.

10. ADJOURN MEETING

There being no further business to come before the Board of Directors, the regular meeting was adjourned at 1:25 p.m.

Dennis L. Bagley
Executive Director

Submitted by: Deborah White, Acting Secretary, SPSA Board of Directors