

**MINUTES OF
BOARD OF DIRECTORS OF THE
SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA
February 8, 2010**

A Special Meeting of the Board of Directors of the Southeastern Public Service Authority (SPSA) was held at 8:30 a.m. on Monday, February 8, 2010 in the Regional Board Room at the Regional Building, 723 Woodlake Drive, Chesapeake, Virginia. The following members were in attendance or noted:

Mr. Marley Woodall	(CH)	Mr. Eric Martin	(CH)
Mr. Everett Williams	(FR)	Ms. June Fleming	(FR)
Mr. Theodore Hardison	(IW)	Mr. W. Douglas Caskey	(IW)
Mr. Joseph Leafe	(NO)	Ms. Regina Williams *	(NO)
Mr. G. Timothy Oksman	(PO)	Mr. Douglas Harvey	(PO)
Mr. Roy Chesson	(SH)	Mr. Michael Johnson	(SH)
Mr. James C. Adams, II	(SU)	Ms. Selena Cuffee-Glenn *	(SU)
Mr. John Barnes	(VB)		

* Indicates Late Arrival

** Indicates Early Departure

(CH) Chesapeake; (FR) Franklin; (IW) Isle of Wight; (NO) Norfolk; (PO) Portsmouth; (SH) Southampton County; (SU) Suffolk; (VB) Virginia Beach

Others present at the meeting included the following: Alternate Ex-officio Board members Stanley Stein (NO) and Eric Nielsen (SU) (who arrived late); SPSA executives Mr. Rowland (Bucky) Taylor, Executive Director and Ms. Liesl R. DeVary, Deputy Executive Director and Treasurer; Mrs. Lou Ann Ivory, Executive Assistant and Secretary; Anthony M. Thiel, General Counsel; and staff from SPSA and the Hampton Roads Planning District Commission. Mr. Warren Nowlin, Special Counsel with Williams Mullen, participated via conference call due to inclement road conditions.

In the absence of a Chair or Vice Chair, the meeting was called to order by Secretary Lou Ann Ivory. She stated that the first order of business today was to elect a Chairman Pro Tem and asked the Board to nominate someone. Mr. Adams (SU) made a motion to nominate Mr. Joseph Leafe to serve again as Chairman Pro Tem and the motion was seconded by Mr. Oksman (PO). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

Inasmuch as this meeting was an Orientation Meeting scheduled to provide informational material to the Board no Action Agenda was in order, however, the following outline (attached as Appendix A) was distributed as a guide:

1. Governance Items (Tony Thiel)

Mr. Tony Thiel provided a brief overview of the Freedom Of Information Act (FOIA) requirements. This included information on how the statute applied and related to the Board and their activities and correspondence with one another. He highlighted the fact that not more than two Board members could be together interacting and discussing SPSA business as this would constitute a “meeting” and would be subject to FOIA and would need to meet the posting requirements for such.

2. Department Reports (Rowland Taylor, Scott Whitehurst, Jeff Harbin)

Mr. Taylor gave a brief overview of how trash flows in the region, using a PowerPoint diagram (attached as Appendix B) to detail this under the current SPSA system and another to reflect after the WTE sale.

Mr. Scott Whitehurst, Landfill Superintendent, gave an overview presentation (attached as Appendix C) of the regional landfill diagramming active and closed cells, leachate and storm water retention ponds, gas collection and ground water wells. A request was made to discuss the value of the landfill (as determined in the CAO study previously conducted) at the next meeting during Closed Session.

Mr. Jeff Harbin, Operations Manager, gave a brief overview presentation (attached herein as Appendix D) of the transportation and transfer station system. He discussed tonnages, how a transfer station operates, and processable and non-processable waste.

Mr. Richard Cheliras, Director of WTE, provided a handout (attached herein as Appendix E) and gave a brief overview of the waste to energy facilities emphasizing the fact that these facilities were currently scheduled to be sold to Wheelabrator Technologies, Inc.

At this point in the meeting the determination was made, due to time constraints, to remove Item #3 and defer it until the next meeting as several of the items therein were scheduled to be addressed at the February 24th meeting any way and would appropriate then. Also at this time an additional request was made to discuss all active contract negotiations during the Closed Session of the next meeting. Item #6, SPSA Budget, was also deferred to the February 24th meeting as this was when staff would be presenting the proposed FY2011-12 Capital and Operating Budget. Item #7 was deferred until a later date.

3. What are the Decisions Which Have to be Made Over the Next Several Months?

(Deferred to February 24, 2010 meeting.)

4. Wheelabrator Deal (Warren Nowlin, Bob Gardner, Rowland Taylor)

Mr. Warren Nowlin, Special Counsel with Williams Mullen participating via conference call, gave an overview of the current contract deal with Wheelabrator Technologies, Inc. for the purchase of the waste to energy facilities. Mr. Nowlin reviewed what might happen if we do not receive the volume cap being requested from the Governor or if the IRS situation is not

worked out stating that we would have to go back to Wheelabrator to work out the additional costs we would experience in such an instance. Those costs (penalty costs associated with the tax exempt bonds) are estimated to be in the \$5 to \$10 million range. Mr. Nowlin also stated that we need the Virginia Resources Authority's (VRA's) approval to close and hope to receive that at their March Board meeting. He indicated that SPSA was meeting with the VRA today and tomorrow in preparation for the March meeting. He also said we did not expect there to be a problem with either of our other two lenders, Wachovia and Ambec.

Mr. Nowlin said we were getting close to an approved debt retirement plan. He said the CAO's had drafted a letter to the VRA giving their assurances as requested by VRA which had been signed by seven of the eight communities and indicating the last signature was in the works. Additionally, the VRA had asked for a reaffirming resolution from the new Board but counsel feels this is not necessary. Mr. Nowlin also said we have tentative agreement on a five-year extension to our steam agreement with the Navy and were working to finalize the improvements to the C.O. emissions controls, adding that these concerns would not cause the deal to fall apart contractually.

A discussion took place regarding the purchase of the waterwall panels for the boiler and Wheelabrator's responsibility in this area. Wheelabrator has stated that if SPSA purchases the panels and they are a part of the inventory turned over to them at closing of the WTE sale, they will pay us for them. With this information, the Board was comfortable authorizing the purchase of the panels and Mr. Hardison (IW) made a motion to acquire the waterwall panels which was seconded by Mr. Adams (SU). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

5. SPSA Debt and lender Issues (Liesl DeVary, Bob Gardner, Rowland Taylor)

Mr. Bob Gardner, with SCS Engineers gave a presentation (herein attached as Appendix F) on the debt retirement plan. He stated that the VRA was very interested in the process of how SPSA arrived at the decision to sell the WTE facilities which they view as our largest asset. Currently our debt to VRA is at the 60% level and they wish the debt to remain proportional and want to stay at that level.

6. SPSA Budget (Liesl DeVary, Rowland Taylor)

(Deferred to February 24th meeting.)

7. Post-2018 Issues (Bob Gardner, Rowland Taylor)

(Deferred to a later date.)

8. Closing Questions

9. Board Interaction Time

OLD/NEW BUSINESS

There was no old or new business discussed at this meeting.

ADJOURNMENT

There being no further business to come before this Board of Directors, the meeting was adjourned.

Rowland L. Taylor
Executive Director

Submitted by: Lou Ann Ivory
Secretary, SPSA Board of Directors