

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

June 4, 2009

At the Special Meeting of the Southeastern Public Service Authority of Virginia (SPSA) held at 9:30 a.m., in the Tyler Room at the Chesapeake Conference Room, 900 Greenbrier Circle, Chesapeake, Virginia, there were:

ROLL CALL

Members:

Don Williams, Chair	(NO)
Bryan L. Collins	(CH)
Barry W. Cheatham	(FR)
Stan D. Clark, Vice Chair *	(IW)
Jeffrey A. Gardy	(SU)
William E. Moody, Jr. <i>absent</i>	(PO)
Dallas O. Jones <i>absent</i>	(SH)
Michael J. Barrett	(VB)

Alternates:

William E. Harrell *	(CH)
June Fleming	(FR)
W. Douglas Caskey	(IW)
Stanley A. Stein	(NO)
G Timothy Oksman	(PO)
Mike Johnson	(SH)
Selena Cuffee-Glenn	(SU)
John Barnes	(VB)

Others present at the meeting included SPSA staff Mr. Rowland (Bucky) Taylor, Executive Director, Ms. Liesl R. DeVary, Treasurer to the Board, Mrs. Lou Ann Ivory, Executive Assistant and Secretary to the Board and Anthony M. Thiel, SPSA General Counsel. Numerous legal and financial individuals from each of the member localities and several staff members from the Hampton Roads Planning District Commission were also in attendance.

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

* Indicates Late Arrival (after beginning of Closed Session)

** Indicates Early Departure

The meeting began with the invocation by Mr. Collins (CH) and was followed by Roll Call. A quorum was present.

PUBLIC COMMENT PERIOD

Chairman Williams stated that there was one speaker for the Public Comment period, Ms. Joanna Hall, the Craddock Civic League President, who was here to present their letter.

“Good morning. My name is Joanna Hall, Craddock Civic League's President and I am here to present our letter on behalf of the Craddock Civic League and I will read it to everyone.

To all concerned parties, the Craddock Civic League voted April 7, 2009 to present the following list of concerns to the SPSA Board Meeting in regards to the potential sale of the SPSA waste to energy plant. Currently SPSA is entertaining two possible purchasers for the SPSA waste to energy plant in Portsmouth, Virginia, Wheelabrator Technologies, Inc. and Covanta. And in speaking with Tom Kreidel, the SPSA Public Relations Coordinator and with the Craddock Civic League membership, the following items were generated. SPSA would arrange a visit of the potential buyers of the SPSA waste to energy plant, Covanta and Wheelabrator Technologies to attend the Craddock Civic League meeting to present their proposals prior to the purchase of the waste to energy plant. To date, Wheelabrator and ReEnergy Holdings, LLC, have presented to the Craddock Civic League. Covanta has not. SPSA would arrange for the Craddock Civic League President to speak at the SPSA Board Meeting to present the following concerns and to ask that the following concerns be written into the sales agreement of the SPSA waste to energy plant, and that the new owners of the waste to energy plant continue the following projects. And these are the following projects: New waste to energy plant owner will continue to be good neighbors to the Craddock Community and Southeastern Portsmouth communities and continue the SPSA's Portsmouth Citizen Advisory Committee. They will continue to maintain an information web site that will continue to report emission readings. The new waste to energy plant owner and plant will continue to participate in the Elizabeth River Star Program. The new waste to energy plant owners and plant will not bring in out-of-state trash or out of SPSA (Southeastern Virginia region) trash through truck or barge. The new waste to energy plant owners will execute, fund and maintain the landscaping plans presented by SPSA to the Craddock Civic League for Victory Boulevard and Elm Avenue. They will also cosmetically and functionally refurbish both facilities and maintain the facility and landscaping. They will also install the tipping room curtain at the drop off doors. Trash will continue to be picked up by the new waste to energy plant owners along Victory Boulevard and trucks will continue to be monitored for open containers. The Craddock Civic League submits this letter respectfully to the SPSA Board and asks that all concerned parties review and address the following list of concerns in writing. Please help Craddock to maintain and restore its community's historic streetscapes and build a strong community by supporting the Craddock neighborhood. Thank you for your time and attention. Sincerely, Joanna Hall. Thank you.”

Chairman Williams thanked Ms. Hall and stated that the Board appreciates their concerns.

INFORMATIONAL AGENDA:

ITEM NO. 1: APPOINTMENT OF SECRETARY, TREASURER

Chairman Williams called on Mr. Taylor to detail the appointment of a new Secretary and Treasurer. Mr. Taylor stated that as the Board is aware, at the last meeting we had a temporary resignation of the Secretary, Lou Ann Ivory, because she was going to be out on medical leave for a short time. The pending resolution and documents relating to the VRA and the debt restructuring necessitated us having a secretary to effectively sign and seal the paperwork. Chairman Williams subsequently appointed Ms. Blanche Christian to serve in that capacity. Upon Ms. Ivory's return to work Ms. Christian resigned from that position and Chairman Williams has since reappointed Lou Ann as the Secretary for the organization. And, likewise, as you are aware, Walt Hunter had been the previous Treasurer of the organization and when Mr. Hunter left the organization, Mr. Clement Mikowski was appointed Treasurer. Upon the hiring of Liesl DeVary as Deputy Executive Director, Ms. DeVary has been appointed as Treasurer for the SPSA organization. Mr. Mikowski had subsequently submitted a letter of resignation.

At this time Mr. Taylor added that he would like to recognize Ms. Liesl DeVary. He added that Liesl comes to us as Deputy Executive Director and her primary focus is going to be in the financial portion of the organization. Ms. DeVary comes to us by way of Virginia Beach to ODU to Norfolk to Pennsylvania to Isle of Wight County, and then finally finding the right spot when she came back to Chesapeake and the SPSA organization. We are very pleased to have Liesl aboard.

ACTION AGENDA:

ITEM NO. 2: REQUEST FOR CLOSED SESSION

Chairman Williams then called for a motion to go in Closed Session. Mr. Tony Thiel, General Counsel, asked the Board to approve Paragraphs 1 and 2 as printed herein and under Item 2, Request for Closed Meeting, in the agenda. Mr. Collins (CH) made a motion for such approval as noted and the motion was seconded by Mr. Cheatham (FR). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

I. Motion for Inclusion of Nonmembers in Closed Meeting.

That the following be permitted to attend the closed meeting because they are deemed necessary and because their presence will reasonably aid the Board in its consideration of the topics that are the subject of this meeting: CAO's, city/county attorneys, staff and financial consultants of the member communities; SPSA staff present

at this Board meeting; and Hampton Roads Planning District Commission representatives.

II. Motion to Approve Request for Closed Meeting.

A request is made for a closed meeting for the following purposes:

(1) In connection with the possible sale of the waste to energy system, pursuant to (a) Virginia Code Section 2.2-3711(A)(3) for the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, (b) Virginia Code Sections 2.2-3711(A)(7) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel, and (c) Virginia Code Section 2.2-3711(A)(29) for a report from and discussions with consultants and legal counsel involving possible negotiation of revisions to the terms of existing contracts and/or negotiation and award of new contracts where competition and bargaining are involved and where discussion in open session would adversely affect the bargaining position and negotiating strategy of the Authority.

(2) In connection with advice and discussions related to (a) a PPEA proposal from Suffolk Energy Partners for the renegotiation and extension of contracts related to the handling and sale of landfill gas and expansion of infrastructure and services into additional cells and (b) a possible request for a change in the use permit for Cell VII at the Suffolk landfill, both pursuant to Virginia Code Sections 2.2-3711(A)(7) and 2.2-3711(A)(29) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel and possible negotiation of revisions to the terms of existing contracts and negotiation and award of new contracts where competition and bargaining are involved and where discussion in open session would adversely affect the bargaining position and negotiating strategy of the Authority.

(3) For the receipt of legal advice on a claim by Portsmouth for payments in lieu of taxes (PILOT) pursuant to Virginia Code Section 2.2-3711(A)(7) for the purpose of consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel and pertaining to probable litigation where such consultation or briefing in an open meeting would adversely affect the negotiating or litigating posture of the Authority.

(4) In connection with a personnel matter involving legal advice pursuant to (a) Va. Code § 2.2-3711(A)(1) for discussions involving the assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific employees and (b) Va. Code § 2.2-3711(A)(7) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

Upon conclusion of the Closed Session, Mr. Collins made a motion to approve paragraph 3 as noted herein and in Item 2 of the agenda, Request for Closed Meeting. The motion

was again seconded by Mr. Cheatham. All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

III. 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 were discussed in the closed meeting to which this certification applies; 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.

ITEM NO. 3: ACTIONS ARISING FROM CLOSED SESSION

Chairman Williams stated that an item came up in the Closed Session meeting that needed to be addressed. Mr. Collins (CH) stated that the item for discussion was the waste transfer stations to be built (in Suffolk) and he then made a motion that the Executive Director write a letter to the City Manager of Suffolk asking to eliminate the requirement that transfer stations be built as a condition of construction of Cell 7, and that they initiate the action needed to amend the Use Permit in the Suffolk support agreement and dispense with that requirement. The motion was seconded by Mr. Cheatham (FR). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

ITEM NO. 4: CONSIDERATION OF AMENDMENT 7, REGIONAL SOLID WASTE MANAGEMENT PLAN (RSWMP)

Mr. Taylor stated that Scott Whitehurst, Superintendent of Emergency Management, would make a presentation regarding the amendment of the Solid Waste Management Plan and called him to the podium.

Mr. Whitehurst: "Good afternoon. Before you today we have Amendment 7 to the Regional Solid Waste Management Plan. Included are two new facilities known as MRF's (Material Recovery Facilities). The first one that we have is RDS Disposal located on Frederick Boulevard near the intersection of George Washington. The second one we have is Southern Aggregates located on Shannon Street just north of Military Highway near 464, South Military Highway runs along this area here.

Background information, the Southern Aggregates proposed MRF is planning to handle storm water, materials such as solids, that are non-biodegradable, and other solids that are biodegradable. Biodegradable solids are plan to be composed and nonbiograde will be combined with lime sledge from the drinking water treatment plant in Norfolk and combined for a product approximately 175 tons a day at Southern Aggregates.

RDS, their proposed MRF located in Portsmouth, they are going to handle paper, metal, glass. Other various materials as you see on the screen but essentially no biodegradable material that can be recyclable and at about 200 tons a day. Staff recommends that we accept these applications and that the Board adopt Amendment 7 with the inclusion of these two facilities into the Plan.”

There were no questions regarding this item and Mr. Collins (CH) made a motion to approve Amendment 7 to the Regional Solid Waste Management Plan. The motion was seconded by Mr. Gardy (SU). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

ITEM NO. 5: ADOPTION OF THE FY 2009/10 OPERATING AND CAPITAL BUDGET

Mr. Taylor stated that the proposal staff had submitted to the Board about a month ago indicated at that time once we had the debt restructuring completed and also once we had the waste to energy sold the budget would change tremendously. Staff has gone ahead and modified the budget you have before you since we had some of the restructuring items. And with that, SPSA went from debt service of \$44 million down to around \$32 million. However, there are a couple of things that ended up increasing - that was VRA's requirement for a reserve of \$7.5 million which is equal to about \$15 million over two years, so \$7.5 million was added in there so we could meet that reserve requirement.

The electric sales revenue is anticipated to drop from \$13 million in the budget to \$9.4 million and the budget at the time it was assembled placed Construction and Demolition debris at \$22 a ton instead of \$30 a ton which was set by the Board earlier.

There were no questions on this item and Mr. Clark (IW) made a motion to approve the budget as presented which was seconded by Mr. Cheatham (FR). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

ITEM NO. 6: RATIFICATION OF ALLONGE TO REIMBURSEMENT AGREEMENT WITH WACHOVIA BANK

General Counsel Tony Thiel reported that this agenda matter is a “housekeeping” item related to the Wachovia financing that has been provided to fulfill SPSA's landfill closure obligation. In August 2006, the Board approved a second Reimbursement Agreement with Wachovia for any draws on the 2006 letter of credit that secures closure obligations. In February of 2007 the amount of that letter of credit was increased to \$20 million. In February 2008, the letter of credit was increased to \$24 million and in February 2009 to \$25 million. The action requested is to approve the appended resolution that was sent to the Board on May 29 and thereby confirm the Series 22 Bond, ratify and authorize the execution and delivery of an allonge with Wachovia Bank that was attached as Appendix A to the Resolution, and request that the Bond Trustee authenticate and deliver to Wachovia Bank the Series 22 Bond and allonge.

Chairman Williams asked if there were any questions and Mr. Harrell (CH) asked whether this matter was anything new. Mr. Thiel responded that it was not and stated again that it is a housekeeping matter. Mr. Collins (CH) then made a motion to adopt/approve the appended Resolution. The motion was seconded by Mr. Cheatham (FR). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

ITEM NO. 7: ADOPTION OF PURCHASING POLICIES AND PROCEDURES

Mr. Thiel reported on this item and stated that because of the actions undertaken under House Bill #1872, beginning on July 1 of this year, SPSA will be required to obtain Board approval of contractual obligations for the purchase and sale of goods except for those that are less than \$30,000 and those that are adopted pursuant to the Procurement Act under the "sole source" or "emergency" procurement provisions. In order to comply with the law, SPSA proposes to amend its existing Purchasing Policies and Procedures to include this requirement and staff is asking the Board today to approve the Policies and Procedures as amended. The amendment appears in the Policies under 1B.

Mr. Collins (CH) asked whether this brings us in line with the new requirements imposed by House Bill 1872. Mr. Thiel replied that it did. Mr. Collins then made a motion to adopt the Purchasing Policies and Procedures as amended. The motion was seconded by Mr. Clark (IW). Chairman Williams called for any questions and there being none, called for a vote. All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

ITEM NO. 8: TREASURER'S REPORTS

Chairman Williams called Mr. Clement Mikowski to the podium to give the Treasurer's Reports.

Mr. Mikowski: "Good afternoon, Chairman Williams, Director Taylor, members of the Board. Although it is obvious our tonnages are down from previous years, we are reporting on the month of April today and the actual tonnage production for April was 91,700 tons over March, and so there was a slight increase there and that was mostly due to seasonal trends. Our tipping fee collections in April on the municipal side are up \$1.3 million and commercial fees down by \$16,000 or \$17,000 so there was a net increase of \$1,292,000 for roughly 29.7% over for that month compared to the previous month. The operating expenses increased by \$1.1 million for 31.7% increase over the previous month and quite understandable most of that was due to consultant work on all the various projects we are dealing with at this time. The other item I would like to mention is that the deferred payment to Virginia Beach remains the same as it was last month, \$6.1 million, because we have not received any more billings. And with that, if there are any questions, I will address them."

Chairman Williams asked if there were any questions and there being none called for a vote. Mr. Cheatham (FR) made a motion to accept the Treasurer's Reports and the

motion was seconded by Mr. Gardy (SU). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

Mr. Mikowski thanked the Board for the opportunity to serve as Treasurer for a couple of months and wished Ms. DeVary the best luck in the future. Chairman Williams thanked Mr. Mikowski for his good work.

CONSENT AGENDA:

ITEM NO. 9: MINUTES OF THE SPECIAL MEETING AND PUBLIC HEARING OF APRIL 9, 2009 AND THE SPECIAL MEETING OF APRIL 13, 2009

Chairman Williams asked if there were any questions regarding the Consent Agenda and there being none called for a vote. Mr. Clark (IW) made a motion to approve the minutes as presented. Mr. Cheatham (FR) seconded the motion. All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

INFORMATION ITEMS:

The below-listed items were presented as Informational Items. There were no questions on any of these items.

MINUTES OF THE EXECUTIVE COMMITTEE MEETINGS

STAFF REPORT ON BUDGET VARIANCES

PERFORMANCE INDICATORS

PUBLIC INFORMATION ACTIVITIES

MISCELLANEOUS ITEM(S)

- Chesapeake Letter – Resolution Requesting SPSA to Provide Any Interested Company or Party Access to Documents, Information, Sites, and Individuals for Due Diligence in regard to Developing Proposals to Purchase Assets
- Regional Landfill Operations Update

OLD/NEW BUSINESS

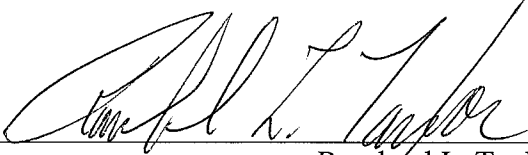
Mr. Taylor stated that Ms. Ivory was handing out a document. He stated it was the item he had signed by twelve o'clock yesterday regarding the VRA restructuring that had just taken place; this is the local agreement for the costs associated with the bond sale agreement. Mr. Taylor said that one of the things he wanted the Board to look at was the very last page. This is a list of some of the costs, the local costs, that have been turned in. You will notice the costs for Virginia Beach, Chesapeake and Norfolk are not included in that.

Chairman Williams spoke up saying, "Let me say that when we started this way back when, when the City Managers got together and the City Attorneys and all the parties talking with VRA about the restructuring, each locality brought in their financial expert and their consultant and worked with it and it was understood, at least understood by Chesapeake, Norfolk and Virginia Beach, that these were people that were already on their retainer, their payroll or whatever, and that they would bear the cost of these people in the restructuring. And then it is all over with, we ended up with a bill being submitted for Franklin-\$32,000; Isle of Wight – (need to insert figure here as she did not record it); Portsmouth-\$43,000; Southampton County-\$26,000 and Suffolk \$44,000. And we did paid for these. Mr. Taylor interjected that, "No, they have not been paid." Chairman Williams repeated, "They have not been paid yet" and continued the fact that three localities stepped up to the plate and the others didn't, he did not think is quite fair and said that either the localities that have submitted a bill agree to pay their own way on this or we need to see how we can compensate Virginia Beach, Chesapeake and Norfolk.

After a lengthy discussion, Chairman Williams suggested moving on and leaving it up to CAO's to work it out and bring a recommendation back to the Board for consideration.

ADJOURNMENT

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



Rowland L. Taylor
Executive Director

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