

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

**January 26, 2011**

The Annual 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. Marley Woodall	(CH)	Mr. Eric Martin **	(CH)
Mr. Everett Williams	(FR)	Ms. June Fleming	(FR)
Mr. Theodore Hardison <i>absent</i>	(IW)	Mr. W. Douglas Caskey	(IW)
Mr. Joseph Leafe	(NO)	Mr. Stanley A. Stein	(NO)
Mr. G. Timothy Oksman **	(PO)	Mr. George M. Willson *	(PO)
Mr. Roy Chesson	(SH)	Mr. Michael Johnson	(SH)
Mr. James C. Adams, II	(SU)	Ms. Selena Cuffee-Glenn	(SU)
Mr. John Barnes	(VB)	Mr. Page Johnson	(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 member Mr. Eric Nielsen and SPSA executives Mr. Rowland (Bucky) Taylor, Executive Director, Ms. Liesl R. DeVary, Deputy Executive Director and Treasurer, and Mrs. Lou Ann Ivory, Executive Assistant and Secretary, Trey Huelsberg, General Counsel, and staff from SPSA and the Hampton Roads Planning District Commission.

The meeting was then called to order by Chairman Leafe and was followed by the invocation by Mr. Everett Williams (FR), the Pledge of Allegiance, and Roll Call by Ms. Ivory. A quorum was present.

**PUBLIC COMMENT PERIOD**

There were no speakers for the Public Comment period.

**1. INFORMAL ITEMS: DISCUSSION ONLY**

**A. MONTHLY REPORT ON WTE OPERATIONS**

Chairman Leafe called Mr. John LaRiviere to the podium to give the November and December 2010 monthly WTE reports from Wheelabrator. Mr. LaRiviere said, "Good morning, Chairman, members of the Board. This morning I am going to start with the

November report and then move to December. For the month of November total waste received by was SPSA 70,675 tons. Waste delivered to the RDF plant was 52,919 tons; total RDF processed was 47,968 tons. Ash sent to the Virginia Beach landfill was 15,936 tons. Power sold was 18,028 megawatts; steam sold to the Navy was 59,033 pounds. Overall boiler availability for the month of November was 79 percent. Generator availability was 98 percent. We had no environmental incidents. We did have one minor OSHA recordable incident.

The month of December, total waste received by SPSA was 67,421 tons. Waste delivered to RDF was 53,733 tons. RDF processed was 49,284 tons. Ash sent to the Virginia Beach landfill was 13,160 tons. Electric power sold was 12,535 megawatts; steam sold was 89,805 pounds. Boiler availability for December was 76 percent; overall generator availability was 87 percent. Environmental incidents, none and we did not have any OSHA recordables in the month of December. We also completed our first retrofit for C. L. control under the consent order on one of our boilers so we still have three boilers to go. Another notable in the operations as of today we have gone the longest period we think in maybe ten, fifteen years at the plant without any OSHA recordable accidents or incidents, so the employees there are really doing well as far as safety.

I also have in the note we were going to have a discussion; you should have seen an SOP for the emergency diversion. In fact, we met yesterday with Mr. Taylor and Charlie Fagg and we are trying to review the procedures and we feel comfortable that the procedures in place are going to work, and help us avoid occasions like that in October. Some of the advise we received was maybe proactively calling for that diversion a little bit sooner not through SPSA but through Waste Management and notifying First Tee and some of our other contractors. As far as catastrophic response, that is still something we are researching and looking at and logistically it is just having the amount of trailers and trucks in place for such an incident. Certainly I think that is going to be a plan that we need input from SPSA to help us handle our situation catastrophic report. I am assuming you had a chance to review the SOP.”

Chairman Leafe said before we get to that, the SOP is on the docket but as you are aware there have been problems within the last week or two related to the need for diversion and the processes and I have personally seen Portsmouth garbage trucks on I-264 in Norfolk going to the plant more often than I would want to. While the SOP was on our agenda and that relates to a couple of other items we have out there, I don't think we are ready to deal with that SOP because very frankly I think you-all have worked at it, but I don't think you have worked at it sufficiently and got something in place that we are yet comfortable with. It is your diversion, but we don't expect that except in the direst of circumstances to ever get back to us, and so I just want to say that we are not yet happy as far as our administration is concerned, and I think that would pass on to this Board. There are a lot of good things you-all have done in terms of working through the problems and the processes, but we are not going to jump too quickly to go ahead and say hey, that's a great SOP, when we saw as recently as last week that there are major issues that have to be worked with. Bucky and the group here will certainly continue to work with that and we think that you will, but we think

you also recognize that there are pieces particularly in the transportation side of the arena that need to be addressed some more.

Mr. Williams (FR) said he had got a couple of questions on the SOP, but in light of the Chair's comments asked if he should ask them now. Chairman Leafe replied that he would suggest that we talk about it in closed session a little bit or give them, Bucky and the Wheelabrator folks, an opportunity to work on that SOP some more, and we just defer it to our next meeting and it may be in a more revised form at that time for us to say hey, we can live with that. In fact, before we get to the executive session, maybe we could go ahead and act on that just to defer the SOP on the diversion to the next Board meeting. Is there any objection to that? All right, without objection, we are going to defer that SOP. Again, the diversion piece is important to the other pieces that we talked about in terms of the penalty times and so forth. Are there other questions of John, at this point on the report?

Mr. Williams said he noticed that the amount of waste coming to you in the month of December was down apparently substantially. Were you able to make your energy commitments with the waste that you did receive? Mr. LaRiviere said they were. Chairman Leafe thanked Mr. LaRiviere and said we know you guys are working at that activity and working with Bucky and the staff and we all want everything to be fixed as well as we can fix them to have a good operation. I know that's what you want. Mr. La Riviere said he would agree and would say we have been very open with suggestions and comments and how to, so I think we are both heading in the same direction.

## B. EXECUTIVE DIRECTOR UPDATES

Chairman Leafe called on Mr. Taylor to give his Executive Director updates. Mr. Taylor said in preparation for this meeting and also for a meeting that we had with DEQ, we prepared a presentation and this same presentation with a couple of modifications was presented to DEQ earlier this month. When we entered into the Letter of Agreement regarding the odor and those issues in 2010, we stated we could come back together at some point within the period of time and discuss things and see how the situation was going and we have done that. What I would like to do is share that with you. Mr. Taylor then took the Board through his presentation which is attached as Appendix A, stating that it would also be put on our web site under the Nansemond Parkway odor issue.

Mr. Taylor pointed out that DEQ had requested a letter at the meeting in order to have something in the file that shows basically what we have done and what we anticipate doing and that the letter was being mailed probably today.

At the conclusion of the presentation Mr. Taylor said that is where we stand at this time. A lot of things are being done, and we are trying our best to make sure that the neighborhood doesn't have to put up with odors if they happen to be coming from the landfill. Mr. Oksman (PO) said he is very impressed by the thoroughness and

professionalism of the steps that Mr. Taylor and staff are taking to look into this and asked if we keeping Mr. Bennett in the loop. Mr. Taylor replied, yes, sir. The way that I tried this past time was to say, "Mr. Bennett any time you smell anything please send me an e-mail" and he did there for a day or two but there hasn't been anything for a while. Mr. Adams (SU) asked if that lady had moved and Mr. Taylor replied that she had not but in fact actually said it was doing tremendously better. Ms. Cuffee-Glenn (SU) said she appreciated the report and would like to include it on our web site (City of Suffolk) if you don't mind. Mr. Taylor replied that would be fine and said we will send it off to you.

Mr. Williams (FR) said we went through the SCS engineering study and I recall the thing that stuck out in my mind was that they found in their analysis that there was no health hazards associated with anything that they measured. My question to you is this: but did their analysis in attempting to measure odors or the quality of air anywhere, was there a correlation between neighbors' complaints and what we were able to measure either on the site or off the site? Mr. Bob Gardner with SCS Engineers said our study did go out into the neighborhoods during the period when the odors were being experienced and took air samplings when complaints that were registered we would mobilize out in the middle of night or during the day whenever it occurred during that period to take samples and so we attempted to try and make that correlation. We did physically ourselves smell odors at the time we went there on occasion. Other times we didn't. When we took the samples we didn't encounter any concentrations that were health issues in terms of comparing it to various standards. Obviously nuisances are at a much lower level than a health hazard. Mr. Williams asked but from a scientific base were you able to establish any correlation at all between the air quality samples and the neighbors' complaints and Mr. Gardner replied, yes.

Mr. Barnes (VB) said he had a similar comment or train of thought on that. There is a lot that is being done to operate the landfill in a responsible way and as a good neighbor, that sort of thing, the area I am concerned about is a way to measure; what is the problem and has the problem gone away. Is it better than it was; is the problem real or is it still real? Where are we on that front? We had a period of time where it rained really heavy and up and down the East Coast and landfills were having problems but my understanding is that that pretty much has gone away. But we for some reason still seem to be having an issue and maybe we are not having an issue and that's what I am struggling with myself. This is a tremendously valuable property and asset, but if we can't either fix the problem or show that there is not a problem then that is going to be problem for us. Chairman Leafé said the fact we haven't had any complaints since December 28th and then it was very minimal; and I am only operating from memory but when we first came on this Board, the odors were a tremendous problem, both for us and for Suffolk and for everybody else in sight and it has been worked at. I think obviously the gas, the extension of the gas pipe line has made a difference as well as the difference in waste going you know going in there. But it seems to me that we are doing all the right things in trying to in trying to deal with that. Mr. Barnes said I guess maybe the question asked are we tracking the number and the severity of the complaints. Mr. Taylor replied that he did not know if

there is away to track the severity because several times by the time anybody gets to the address there is no odor. It wasn't as bad recently as it was back in November of 2009. Mr. Barnes again said we need a way to tract it and Mr. Taylor replied that was the \$300-and-some thousand dollars potential thing we were looking at and Mr. Barnes said so you can spend a lot of money to do that or just track the complaints. Mr. Taylor said we are tracking the complaints; they are available on the web site. Mr. Woodall (CH) asked when SPSA was in your hey day and pumping garbage in there, did you have this odor problem then. Mr. Taylor replied that Mr. Scott Whitehurst (Landfill Superintendent) was indicating no. Evidently they weren't complaining but it was also during the hey day that there was a complete forested tree division between this property and residential properties. That may have had a positive on the way wind would blow or how much would get to the residents. Mr. Woodall asked if we really had 24-hour day garbage dumping. Ms. Cuffee-Glenn (SU) said she had not been in Suffolk that long but Councilman Bennett said at one time there were issues and they were addressed by SPSA so he is probably the one that has most of the history as it relates to the City of Suffolk. Mr. Woodall said the reason he asked that questions was in some of your solutions at the end there you are saying sell it or do whatever you are going to do with it if you bring another third party in and you start dumping more stuff in there, are you just compounding the problem or what are you doing; I just have no reference point at all. Ms. Cuffee-Glenn said that Councilman Bennett said at the time when there were issues with odors that 'cover' became the solution at the time but I have very little knowledge of what that really means going back. Mr. Whitehurst said as I recall Mr. Bennett had referenced one incident several years ago where we were taking some pig waste as I recall and that was a waste stream that was easy for us at the time to eliminate from taking it to the landfill and that's what was done and in his discussion here it was almost like he flipped the light switch and the odor was gone and the only thing the supervisors at the landfill could think of was during that period of time was this pig waste and we stopped taking it. We feel like that that was the issue. But that was really the only incident that he could put his finger on when talking with Mr. Taylor. Ms. Fleming (FR) asked if we had we ever looked at atmospheric conditions and their impact and did we find a correlation; my experience says there is. Mr. Taylor replied that 'inversion' is what it's called; it goes up and gets cold and gets heavier and then comes down and finds the low areas. Ms. Fleming said which means you have to have different applications, solutions to match those conditions and this isn't the only landfill in the United States. I am sure others have had this same problem and I think Mr. William's question is a good one in terms of whether it is really connected to any health impact. I know other people have spent millions of dollars trying to show that has not happened.

Mr. Taylor said this presentation was provided to DEQ because it was good summation and that we are going to put it on the web site so it will be available to anybody.

Moving on to the topic of the Cell VII permit and what is going on with that (which is included in his Presentation, Appendix A) Mr. Taylor said the permit application actually began in 2007; the wetlands portion began in 2005. The part A application

was approved in June 2008. The Part B completeness review was approved in October 2008 but we are still waiting on the technical review that is required by the Department of Environmental Quality (DEQ) in Richmond. They have it, whether or not they have begun the technical review or not we are unaware. The Tidewater Regional Office of DEQ has approved SPSA's application and forwarded it to Richmond. For the Cell VII permit approval we have to have a public hearing and comments reviewed and everything approved by DEQ. That has not been set yet; it cannot be set until the technical review is done by DEQ in the Richmond office.

SPSA's costs so far for Cell VII; Cell VII, the permit is about \$970,000, that's engineering and things of that nature. The land was \$3.7 million. You wouldn't have bought the land to do Cell VII if you weren't anticipating constructing Cell VII, VIII and IX. There is about a half a million dollars more for other costs, associated costs related to the land and all so you have a little over \$5 million involved with Cell VII up to this point.

The public hearing generally has been in the past held at the Hampton Roads Executive Airport which is near the landfill. Once the public hearing is held by DEQ, then they will make a determination on the permit after they consider all comments. There is a 45-day period following that they have before the permit can actually be issued. Best case scenario would be April if they actually held the public hearing in February. So if permit is issued SPSA can move forward with Cell VII if it chooses to or at least have Cell VII as a future possibility. If not approved, we do have the right to appeal the DEQ decision.

Mr. Williams (FR) asked if there is a sunset class when we must start and Mr. Taylor replied that we are not aware of any sunset but added that can always be changed by the legislature. Mr. Martin (CH) asked if these permits were permit-by-rule or do they require local government certification for the permit. Mr. Whitehurst replied that they do require a CUP and Mr. Taylor said that's been issued already; we just have to meet the conditions.

Mr. Barnes asked whether this Amendment 7 will impact that permit approval. Any idea, indication from DEQ what their schedule is and Mr. Taylor replied 'no' and Mr. Whitehurst said it should not impact our permit.

Chairman Leafe said in conjunction with this and I will comment about it at this point we requested and I am going to go with Mr. Taylor on Friday to the Mayors' and Chairs' meeting which is being held in Suffolk, and they have been kind enough to put us on the agenda to try to lift the awareness and attention within the communities that makeup SPSA and to let them know that we will be considering the landfills and the future of the landfills and what SPSA needs and that it is important for those jurisdictions to give us feedback sooner rather than later in terms of what their plans and desires are related to handling solid waste particularly after 2018. There are lots of pieces and moving parts here and it makes a difference I think, in how we handle things as far as the Board is concerned. It may not change positions it is just a question of having the information available as to whether the localities want to tell us

take a walk and some few have expressed their opinions already and that's okay. I know that all the jurisdictions are represented around the table, but I think it will be helpful at that level of the Mayors' and Chairs' that they hear the fact that we want them to move it a little higher on their agenda in terms of expressing for us their desires and intentions related to the handling of solid waste in the region.

Mr. Taylor stated that the SCS study is supposed to be providing the Chief Administrative Officers and the communities with the information to move forward and make a decision. Mr. Martin (CH) said he was curious if SCS wouldn't mind giving us a status, where they are in their process. Mr. Taylor said SCS anticipates having it completed in April. I believe by now they have talked with everyone. Mr. Williams asked if SCS is going to determine the host fee required that the rest of the organizations are going to pay; is that going to be in their report in April. Mr. Gardner said I will tell you how we addressed it previously. Mr. Woodall asked if SCS was going to address it any differently than previously. Mr. Gardner said the way we addressed it previously is that's an option; it's in the cost model that you as a community can decide on what that level will be whether it's a dollar a ton, two dollars a ton, three dollars a ton or zero dollars a ton. It is in the model to make that decision as to what the fiscal impacts are of that decision so yes; it is a fact in the overall analysis. To answer the question about the status, this week we finished meeting with all the member jurisdictions. The primary purpose of that meeting was to ask the following question, 1) what are you currently doing now within your own cities or counties with respect to managing solid waste between now and 2018 and 2018 and beyond that is independent of what SPSA is doing for example. What are your thoughts with respect to managing the disposal, collection, recycling of your solid waste. What is your perception, what is your inclination at this juncture about whether you are interested in participating in a SPSA type of operation and what those services that SPSA could provide that you think would be of value. So we have completed those meetings with all the jurisdictions to get a general sense on that particular question. We also ask the question what can we do on your behalf as a part of our study to answer fundamental questions. We ask every jurisdiction what are the questions that you have that we might be able to provide in answer in our analysis. We completed our site visits and assessments for transfer stations and we are in the process of validating that data with regards to again the asset probably being one of the most important assets you have at this juncture, the transportation and transfer assets and getting the sense of what we need to do between now and 2018 to have those assets completed.

Ms. Fleming asked what was the time line and Mr. Gardner replied, "April". Mr. Williams asked will your study define whether or not SPSA will be able to handle our municipal waste at a competitive price. Mr. Gardner answered "Yes". Mr. Williams said without determining the host fee or what is it going to be after 2018, I doubt your answer. Mr. Gardner said what I'm saying is our analysis allows for the ability to consider a host fee, to be able to answer that question. You can look at it from zero to whatever you might want to charge or allow that host fee to be so the answer to the question is that we can answer the question if you pay a host fee what the cost structure of the system would be. Mr. Martin said to Mr. Gardner that in their

previous report they had a range of host fees that were common around the country so this is kind of what they do in other places. Mr. Gardner replied that was correct.

Chairman Leafe said his last comment on this is that he understands that based on communications that have been made here and that have been received from other jurisdictions, there may very well be around the table a majority as we sit who would say we don't need the landfill, let's close the landfill, and move on. That may be the judgment of this Board but the communities at least need to have an opportunity, one or more, to say we think there ought to be another option in the community. The answer may be we don't need another option. We have got a waste to energy plant with Wheelabrator and we have Bethel and we have got Waverly which happens to be operated by maybe another part of the same company. That may be more than sufficient capacity in this region and everybody may be happy with it. But I think that the meeting our responsibilities overall that we ought to tell the communities and in no uncertain terms that this could be a conclusion of the Board that because we don't need to put waste in there, as long as Wheelabrator can figure out how to handle emergency or diversion situations, which they will, that if we don't need that we decide that we are going to close it and then the jurisdictions one or more wake up and say, okay, well, that's not an option that's on the table. And that may be okay. But I do think that the more information we get with regard to that, and it is no secret Virginia Beach has landfills and Virginia Beach is spending time obviously in looking at their options and that is going to be another piece that we are going to you know have to deal with. The judgment of just one person here to say that these communities, all the communities, are going to have waste to dispose of and all beginning to think about it in different ways. I can't figure out why there is any reason that any of this stuff needs to be secret. That what the communities want to do, how they are thinking about disposing of their solid waste, if we all know that, if there is a role for SPSA or a SPSA-type organization to play, then fine. But if there isn't any role to play either as a contracting agency or possibly and I underline the 'possibly' as a competitive piece to receive waste, then that is something that at least we ought to have on the table and then if we conclude that's not the right way to do it then fine. It is hard for me to see how there can be a competitive piece when we have the legislative limitations that we have in place at this point in time. You can't have debt that extends past 2018 except with super majority vote as I recall it. So there are lots of things that are pieces out there that we can't make decisions. Same thing, we can't decide to sell it without Suffolk being a part of that. So it is a process, there are a lot of pieces to it but I do think the communities have to be strong players in the process. They started this operation and they are the ones after 2018 who have the solid waste. We don't have any solid waste. Mr. Woodall may be exactly correct that we have to create a product that can get in the mix and do something with it, that may be a possibility. But I would say with all the things that I have heard around the table and correspondence with people who want to get rid of the landfill then there may be an awful lot of impediments for doing something like this.

Ms. Fleming said I want to make sure I hear this correctly, is one of your concerns with this Board is not representative of the feelings of the communities or are you feeling that there is more out reach needed into the communities is the responsibility

of SPSA, members of this Board even as in their capacity of this Board are communicating to their public. Chairman Leafe said I think they are. I think the Board is probably pretty representative of the communities, and the only thing I would say about that is when we are here we are focusing on solid waste. That's our job; that's our responsibility to deal with that. My guess is for almost every jurisdiction except within the department that deals with it, solid waste is probably issue number 19. Particularly after we did what I think were the good things that we did in getting the financial house pretty much in order, and when the jurisdictions can look to see they have tipping fees that at least maybe they can live with, and it doesn't hold the same priority it did a year-and-a-half ago. But to answer your question, I have no sense that the Board members are not representing their jurisdictions but getting attention of the elected officials is sometimes not the same. Some of the others of you can speak to that; maybe you, I don't mean the external Board members, I am talking about the Board members who are administrative Board members. You may have the ear of your council and they may agree with you totally. But on the other hand in some instances they may not.

Ms. Cuffee-Glenn said I think you hit some critical points because often the localities and elected bodies will have to make some decisions about the future. This Board is developed, established by the Governor as it relates to the appointees and so I think it is going to be very important that some out reach will have to incur so there is some sense of direction given to the Board as it relates to some 'next steps' so there are some things that will have to happen because the elected bodies will determine what happens next with the future Ms. Fleming said that is true but I do believe there is another piece of it that has to be considered not in opposition to what you are proposing but the elected Boards had the opportunity to put someone on this Board and they did in most cases and I do believe that there is a mix of responses that you can get because I do believe the issues here are wider. But I believe the other issues are heard by the elected Boards and they are reacting to it and they are responding in some cases and have set up committees that are actively working on it. I don't think communication ever hurts. I just want to make it clear that some are doing the out reach to have the ear of the elected bodies and are doing things and have set up committees and are actively working on it. The committees in some cases have decided they can't do very much until they get the report, Suffolk has requested it, they will get it and until they know the cost is what they are dealing with. Mr. Williams said what SPSA is going to look like after 2018. Mr. Barnes said he just wanted to mention from a clarity standpoint, the SCS study will be completed in April and that's the point in time where the CAO's will need to come back together so there will need to be a scheduled established at that point and a meeting and so forth and the SCS study is not going to give us the answer but it is going to give us the tools to make the decision. It is going to provide the framework and the options and the cost and all of those kind of things for us to come together as a group to decide whether we are either going to move ahead or not move ahead or what's in everybody's best interest and certainly it is not a secret that Virginia Beach is we are looking at our options and I'm sure every community is evaluating independently what their options are. Certainly we can't make a decision until we know collectively what is our collective option. But we can't do either one or the other we have to do both and we are certainly actively

pursuing both of those and we are looking forward to getting the April report and also working through with the communities the evaluation collectively of what is in everybody's best interest. One other thing I would offer to you and Virginia Beach is in a similar situation the issue of what do we do and what do we do with the landfill, what do we do with municipal solid waste and what do we do with the landfill are independent decision; they are not the same decision. You have a landfill; it is a tremendous value whether you have an on going SPSA operation or not you have a landfill and it has tremendous value. So they are independent decisions and I would say closing a landfill with tremendous value doesn't make a lot of sense. Something needs to happen with that landfill and something that would optimize the value of that facility and again that is an independent issue of what do we do or do we do anything as a cooperative across the region post-2018.

Chairman Leafe said I didn't mean to over do or over sell in terms of what the objective was, to put it in a PR mode that we can tell the Mayors' and Chairs' that we have done some good things and they need to pay attention to solid waste and maybe, maybe they will have some feedback, maybe they won't. But in any event let's just leave it at that point in time. There are no decisions to be made by them because they don't make decisions and certainly not by your representative who is not making any decision either.

Mr. Taylor said his last Executive Director update is the landfill gas contract has been signed; we are waiting for the originals. Mr. Woodall (CH) asked when do we start getting the money and Mr. Taylor said we are getting some but we haven't gotten the part that starts November 1st yet. Green Energy has to go through the whole process of permitting and construction. Chairman Leafe said it is when Green Energy is up and running if they use the maximum amount of their gas but they will also be reimbursing us for attorney fees and it is nice to have it done.

## **2. ACTION AGENDA**

### **A. MINUTES OF THE BOARD MEETING**

Chairman Leafe said the minutes of the previous meeting, the December 8, 2010 meeting, had been submitted in the package and asked if there were any additions or corrections. Ms. Fleming (FR) said she had a correction; she was not absent at that meeting. Mrs. Ivory noted the change and Chairman Leafe then said the motion is to approve the minutes of the previous meeting as amended. Ms. Fleming (FR) made that motion and it was seconded by Mr. Woodall (CH). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

### **B. FINANCIAL ASSURANCE/DEQ LETTER OF CREDIT**

Chairman Leafe called Ms. DeVary forward to present her financial reports. She had provided a PowerPoint handout which was placed at each member's seat which

detailed this item as well as the remainder of the financial reports and is herein attached as Appendix Ms. DeVary said the first item I have for you today is with regards to the Department of Environmental Quality's (DEQ) financial assurance renewal as it relates to the landfill. DEQ regulations require that we post financial assurance for closure and in an amount that is equal to the estimated closure and post-closure care for the landfill and our transfer stations. Historically SPSA has met this requirement by posting an irrevocable Letter of Credit with DEQ and then it is further evidenced with a Reimbursement Agreement with the bank and then that is further supported by the Series 22 Senior Subordinated Bond. The current projected costs are \$21.8 million. This past year it was over \$22 million. They went down slightly one, because we sold the waste to energy system so our RDF facilities both came off of that and we have also gone through one full year of post-closure on Cells I through IV so the amount has come down. There are alternate mechanisms under the DEQ regulations you are allowed to use to meet your financial assurance and one of them is called the local government financial test. Basically requires that SPSA meet certain financial ratios based on its most recent audited financial statements. The maximum amount that you can assure through this local government financial test is such that your total costs cannot be 43 percent of what your total annual revenue is. At the same time if the amount exceeds 20 percent of your total annual revenue then DEQ requires that a second mechanism be put in place to kind of cover whatever that overage amount is.

So as a result of improved financial position which is primarily due to retirement of the debt, SPSA meets these financial ratios. I started working on this before Thanksgiving, and sent them the preliminary local financial test required documentation and have since got their approval. They have approved us to use this local government financial test but they would like us to also post \$1 million in a letter of credit because of exceeding the 20 percent threshold on the total amount we can assure. So this drastic reduction of the Letter of Credit going from a \$22 million Letter of Credit down to a \$1 million Letter of Credit will save us approximately \$268,000 just in the current fiscal year. I think originally in my memo I projected the renewal rate to be about 1.8 percent of Letter of Credit. I got the amount yesterday and the renewal rate is 1.5. So in accordance with all of this we would request that you adopt the Senior Subordinated Resolution Series Resolution all of which have been prepared and reviewed by Trey [Huelsberg, General Counsel]. The Senior Subordinated Resolution approves the terms of the Letter of Credit renewal with Wells Fargo and approves the Allonge to the Reimbursement Agreement and it approved the Allonge to the Series 22 Bond Resolution all of which reflect a Letter of Credit in the amount of \$1 million. Going forward we very well may need to increase that Letter of Credit next year because your revenues have been cut in half from a year ago but my plan to use multiple mechanisms. For instance hopefully we'll be able to meet \$10 million of our letter of financial assurance through the financial government test and then maybe \$5 million in the Letter of Credit and then the monies we have already set aside for landfill closure we can put that in an escrow account to the benefit of DEQ so basically covering all of it. But this is pretty good news for us this year. Are there any questions?

Mr. Adams (SU) asked can we use that same fund and not have a Letter of Credit and Ms. DeVary said we thought about that, however because of what we are calling the 'infrastructure' that's already in place with the Letter of Credit, the Series 22 Resolution, that is probably considering future professional services, costs, and so forth as well as our restrictions on issuing new debt that if we keep this in place that really is our best scenario. Mr. Huelsberg said we concluded that it will be a lot easier next year and in subsequent years to increase the amount of a Letter of Credit already in place as opposed to having to go through the reissue of a Letter of Credit but it is something we thought about and this was all new to me, and Ms. DeVary educated me throughout the process and the amount of hoops she had to jump through to get to where we are and generate the cost savings was truly a remarkable effort that was I was able to observe as a bystander so I thought that shouldn't go without saying.

Mr. Martin said again it is our intent to have our closure requirements fully funded by 2018 and Ms. DeVary replied yes. Mr. Martin said so all of these instruments basically end at that point because we will have fully funded our obligation and Ms. DeVary said that was correct, that is the current plan. Mr. Martin then said then at what point will the Letter of Credit as we continue to put cash into potentially an escrow agreement would there be a point where we would start reducing this Letter of Credit and Ms. DeVary replied you mean further than \$1 million, oh, yeah but it wouldn't be for a number of years. Mr. Martin said so it will go up a little while until 2018 and until all the cash is there for the closure. Ms. DeVary said the primary reason is because you can only assure up to 43 percent of your total revenues. This past year our total revenues exceeded \$100,000 million. This year we are at \$50 million so the total amount is right on the edge going forward for next year. So at least it is a window. Mr. Williams asked what was this \$21,810,000 value last year. Ms. DeVary said it was a little over \$22 million. We posted the Letter of Credit a year ago in the amount of \$22.8 million. Ms. DeVary said these projected closure costs that I have detailed in your agenda are approved by DEQ. Mr. Williams said the \$21.8 is the anticipated closure costs at this year's economics right and Ms. DeVary said yes.

There being no further questions Chairman Leafe called for a motion to approve the financial assurance. Mr. Caskey (IW) made that motion and it was seconded by Ms. Cuffee-Glenn. All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

## C. FINANCIAL MATTERS

### (1) Financial Reports

Ms. DeVary provided a copy of her Power Point which was at each member's place and is attached herein as Appendix B. Ms. DeVary then took the Board through the monthly financial report portion of the presentation. She pointed out that our cash balances remain healthy and there is \$22.5 million in our regulating operating account plus an additional \$10 million in our operating reserve. Ms. DeVary also stated that

the waste stream report that was included in your agenda was missing the tonnages for the City of Suffolk so she had resubmitted a waste stream report to you through e-mail Monday. That document is attached as Appendix C.

Ms. DeVary also pointed out that the waste stream revealed that tonnages continue to be down and while this is not good, with the improved financial state of SPSA at this time it is not as bad as it would have been. She wanted to be sure the Board understood that the 'sky was not falling' and there is no cause for alarm in the current year but there is the potential that total tonnages will be about 12 percent under budget. And just based on your billable tonnages that could be a shortfall in your revenue of nearly \$6 million. But we have the money. In current fiscal year, we are really comfortable that we are going to be fine; we have plenty of cash. The main thing I wanted to point out to you is it will be very difficult to maintain a tipping fee of \$145 going forward. I'm very hopeful we will be able to do that for this next fiscal year given all the various budgetary savings we are achieving but I wanted to make you aware of it. Ms. Fleming (FR) said you are saying financially the sky is not falling but the reality could be that we have a trend that is not going to reverse itself in terms of how much we are sending. I think there is a message there. Ms. DeVary said it is a very big message. If this comes to pass, then the waste stream as compared to one year ago will be down 19 percent.

Mr. Barnes (VB) said Mr. Chairman, I have been sitting around the table for a number of years now and I can say that in previous years that little bit of down turn that is actually pretty substantial down turn in revenue, would have been a much bigger deal than it is right now. Another significant indicator of how much this operation has turned around. That's a pretty substantial decline in the waste tonnage and in the revenues and we are not talking doom and gloom it is a serious issue but that's a much different scenario than where we have previously been. Mr. Taylor said in 2009 it was \$16.1 million. Ms. DeVary said so with this potential \$6 million let me go over with you how it can and would be covered in the next fiscal year. When we set the tipping fee for this current year, we used the methodology of trying to set it at a level tipping fee so that if you only needed \$135 this year but needed \$170 next year let's bring it in middle at \$150 then that excess cash you would get at setting it at a higher tipping fee would be applied to the next fiscal tipping year whereas to bring it down. The amount that represents in the current fiscal year is about \$3.6 million. You will see that on the financial statement at the very bottom where it says 'deposit to operating reserve'. So obviously if you are not getting your tons then you are not going to have that extra to carry over. But you still aren't going to be short or dipping into any of your reserve in the current fiscal year. We will be realizing at least \$2.4 million in other operating budgetary savings, the decrease in the cost for insurance where property, casualty, and liability, and even the health insurance, our capital expenses are not what we had projected and with this being the first full year for Wheelabrator we had budgeted the service fee about \$16.8 million and it looks more like it is coming in at \$15. So we are well within in the current fiscal year there is no reason to be alarmed. I mean it is on one hand that your municipal tonnages are down considerably but I am fairly hopeful to pretty hopeful we will be able to maintain the \$145 going into this next year. Right now I am basing that on about a 10 percent reduction in municipal tonnages from the

budget amount. So no growth, no change in tonnages for this next year. Chairman Leafé said he assumed that we have some reasonable hope that the economic condition is changing, that the tonnages will increase. We would like to think that maybe all the communities and the citizens of the communities are doing better in terms of not throwing away the waste. I wouldn't be that optimistic but that's how it is, so we may have to pay closer attention to how waste is moving around if somehow it is not working its way to our transfer stations as we anticipate that it should go. Ms. DeVary said from a budget perspective, I would recommend you remain conservative.

Mr. Woodall (CH) said when Mr. Hardison and Mr. Williams brought up the thing about the regional landfill a couple meetings ago I wanted to get into it myself so I understood where they were coming from and it is not a pretty picture. And what I had asked Ms. DeVary to do was to break it down from a revenue standpoint or loss standpoint; I wanted to see what we actually did in 2010. We had revenues of \$1.8 million, this is just for the regional landfill; it has nothing to do with transfer stations, just the regional landfill as I understand it. From a revenue standpoint we had \$1.8 million. From an expense standpoint for fiscal year 2010 we had \$6.5 million. We lost \$4.7 million dollars in 2010 just keeping the regional landfill open and basically the only thing you really put in there of any consequence and it is not of any consequence is the construction and demolition stuff because you don't want to run it through your transfer stations because apparently it was doing damage running it through the transfer stations so they took it directly to regional landfill. We pay \$145 a ton for waste; CDD pays \$30 a ton so we keeping the regional landfill open in 2010 to lose \$4.7 million to handle \$935,000 of waste at a discount. Now for 2011, budgeted for 2011 revenue of \$2.1 million but expenses of \$6.5 million so you actually budgeted for this year a loss of \$4.3 million at the regional landfill so I better understand where you were coming from. But projected because we have done better, you have for projected for 2011 now based on I would assume the six months actual and going forward and trying to manipulate \$2.1 million on revenue side, \$4.9 expenses, losing \$2.7 million. So even projected with corrections you are going to loose close to \$3 million this year. If you shut it well I don't want to use the words 'shut it down', if you drastically curtail the operations at the regional landfill, it is still going to cost you, there is an expense involved because you have got to have security, cut the grass, and check everything all the time, it is still going to cost you \$800,000 a year. So if you don't do anything there and quit taking in the construction demolition, I have no idea why we only charge \$30 a ton for that, that makes no sense to me. But these figures, it is just amazing to me that we are operating this landfill and losing \$3 million projected this year of losing \$3 million so now I understand where you guys are coming from and why you were so adamant about this. We have got to do something. We have got to do something about the operating side of the regional landfill. We have got to curtail this loss of \$2.7 million especially with the tonnage dropping off the way its going to drop off. It is hard to defend; you know losing \$3 million when we are losing money so many other ways. This is one we do have control over. I think it is in if the purview, I don't think it has to be a Board issue, it is operational. So I would be real interested in hearing next meeting what we can do because I know you are looking at it in your budget. I want to see a projection and alternatives where we can quit losing \$2.7 million. I applaud you from the \$4.7 to

\$2.7 but I don't want \$2.7. Ms. DeVary said the \$2.7 loss also includes a \$2.5 million dollar annual deposit to the landfill closure fund and Mr. Woodall replied that's been included in every other number I gave you every other year. Chairman Leafe said then what you are saying is the \$2.7 million loss would go down to \$2.5 if we didn't do anything out there because we still have the \$2.5 to go into the landfill closure fund. Chairman Leafe asked is that right or wrong and Ms. DeVary said you mean if you didn't accept any waste out there? Chairman Leafe said, he makes a good point in terms of the loss but your last comment said that that loss of \$2.7 includes the \$2.5 that we put into the closure fund and we have to put the money into the closure fund whether we operate it or not, so if we eliminated everything else we'd still carry permanent \$2.5 loss because of the closure fund. Ms. DeVary said we have such domino effects here if you don't accept waste then DEQ expects you to close it which means you wouldn't be putting the money but there is a good chance you would break even. Let's just say it would be closed, the revenue you get in from the methane gas would offset the other requirements. Chairman Leafe said this is a good reason and we know that we have got it coming up at a point where we get the SCS study and we get a result on Cell VII that we are going to address in a major way the landfill. This is an important piece of it. Ms. DeVary said these numbers do not include any allocation of your current debt service. Mr. Woodall said he would still like to see a plan at the next meeting, what you are going to do to curtail these losses from an operational standpoint.

There being no further questions, Chairman Leafe called for a motion to approve the financial reports subject to audit and that motion was made by Mr. Martin (CH) and it was seconded by Mr. Caskey (IW). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

(2) Contracts (in excess of \$30,000 for Board approval as required by law)

a) Award for Annual Audit Services: Ms. DeVary said the next three things were contracts for the Board's consideration and the first one was for our annual audit. She said we put out an RFP for this service, received 6 responses and interviewed four of them. Our recommendation would be to award the annual audit to Goodman and Company. At fiscal year 2012 costs would be \$67,500 and then future years we would apply a CPI only on an increase, they won't decrease if the CPI decrease. Last fiscal year your audit cost was \$112,500 and it is going down to \$67,500. Chairman Leafe said those are all movements in right direction, I think, the chairman of our Audit Committee also sat in on the interviews and I take it he recommends with you. Mr. Woodall (CH) said he sat in on the interviews, talked to them, etc. but I left it up to staff because they have to work with these people. Mr. Woodall said he did support the recommendation. There were no further questions and Mr. Woodall made a motion to approve the contract award to Goodman and Company and the motion was seconded by Mr. Willson (PO). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

b) New Information Technology Software: Ms. DeVary said the next is a contract for the software system that SPSA uses. Currently we use a system called SAP. It costs us \$298,000 per year just for hosting fees and annual maintenance fees. The hosting fees what I am referring to there is that the data is not stored or hosted onsite; here it is stored some where else, and it is called a hosting fee basically a rental fee and that alone is \$224,000 per year. Additionally, the current version of SAP that we are on is no longer being supported. SPSA converted to SAP in 2002 so if we were to continue with this system we would need to upgrade to newer version of SAP which would cost at least \$350,000 and then you are still going to be paying \$300,000 a year for your hosting and annual maintenance.

So we issued an RFP for a new system and we received 3 responses. One is from Tyler Technology, the second one from Horizon, and the third from Cogsdale. We had a committee of staff looking at it and we recommend that we convert to MUNIS, which is with Tyler Technologies. The other thing I will mention is that I was project manager in Isle of Wight for converting Isle of Wight to this software and all of their modules. So I have past experience with this system, the cost to implement is around \$385,000 however, based on my experience I am pretty sure that I should be able to save at least another \$50,000 to \$100,000 because we won't need as much training and consulting because I already know how to setup the system. But here it shows you [referring to her PowerPoint presentation] just between now and 2018, that if we spend \$385,000 today it is going to save you about \$1.7 million between now and 2018. As you can see the annual fees for MUNIS going forward are \$30,000. Fiscal year '12 there wouldn't be any because the first year is waived. We would anticipate an aggressive conversion to try and implement this July 1st. The other benefit is other localities use Tyler Technologies, one Isle of Wight, City of Portsmouth, Portsmouth Public Schools, HR division and the City of Chesapeake I believe is converting to it. We will also be handling it all on site; no more hosting fees. We don't need any additional staff; our current staff will be able to handle it.

Mr. Adams (SU) asked if we would have to have new hardware to run this software and Ms. DeVary replied that was all included. She added that in the contract award that \$385,000 is broken out; the software license is about \$128,000 but the training is about \$135,000 and I'm fairly confident we will not need that much. And then the conversion of the data of that is about \$46,000 and we are going to have to see as we go through the process whether or not it is worthwhile to convert. We are unsure how difficult it will be to extract the information to be able to do the conversion. So this \$385,000 is a max amount which I am fairly certain we will be in much under that but that does include the cost for a new server; it is already included. Mr. Williams (FR) asked if it is compatible for convenience shifts of historical data into the new format and Ms. DeVary said that is what we will have to see whether we can get the information out of SAP. Mr. Williams also asked what kind of guarantees do we have that MUNIS or Tyler Technologies will not come out

with a new model next year and quit supporting this one and Ms. DeVary said it is all within their contract. Part of their annual service fee includes all up grades. Mr. Williams said okay, but I'll come out with a new model, new Chevrolet model with chrome that will be better and I won't support the old model, so what guarantees do we have that they are going to service this system through 2018 and Ms. DeVary replied it is within their contract. Mr. Adams asked how long have we had the other system and Ms. DeVary replied since 2002 and it cost over \$1 million. This system covers all of the accounting functions, your human resources payroll and it also has all of our work orders and key maintenance and inventory items. All of those pieces are intertwined. And the other thing that I am requesting to put in the contract is to cap what the annual maintenance costs are from year to year. Mr. Williams asked Mr. Caskey (IW) is he was happy with the system in Isle of Wight and Mr. Caskey replied absolutely. Chairman Leafe said that several of the people around the table have some experience with it in their jurisdictions is a comfort level as far as I am concerned. Mr. Barnes (VB) said you have the personnel and hardware and the procedures to do the back up for the system, what \$300,000 worth of back up that is being provided and Ms. DeVary said yes, that SAP runs on the Oracle operating system which is much more difficult to manage onsite that is why SPSA originally went through this hosting arrangement. All of this for MUNIS is a sequel-based system which is much easier to deal with; our current staff is already familiar with that type of operating system and I have all of those costs included in this number as well as the annual maintenance. We also asked if there is any reason we would need to expect we would have to change our hardware between now and 2018 and they said no. Ms. Fleming (FR) said so you are asking for two things and Ms. DeVary said yes, one is to award the contract to Tyler and the second is to approve the transfer from your 'undesignated capital' the \$995,000 in order to pay for this project. Mr. Willson (PO) said you referenced the savings you anticipate we can realize, is the contract that flexible and Ms. DeVary replied that it is. The contract, it goes ahead and sets up how many days that they recommend for consulting and training, and then it is a recommended number of days. You only pay for what you actually use.

Ms. Williams asked if we need two separate motions and Chairman Leafe said let's do it in two motions. Ms. Fleming said she had a motion but wanted to make sure when I make it I understood one thing you said. Did you say you weren't sure about whether you could over lay the information and Ms. DeVary said it is whether or not it is going to be worth our while and time to do it because it is difficult extracting information from SAP. Ms. Fleming (FR) then made a motion to approve the staff recommendation to purchase the new system and it was seconded by Mr. Williams (FR). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote. Then Chairman Leafe asked for a motion to approve the transfer of funds to accommodate the purchase of the system and that motion was made by Mr. Johnson (SH) and it was seconded by it's been moved and seconded by Ms.

Fleming (FR). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

Ms. DeVary said these are all the things that we are constantly looking at, what are our expenses and I know it may seem to you all it is taking a while to get around to all those things but we are making progress and continuing to look at all of the annual recurring costs and see what we can do to reduce them.

c) Oceana Contract Change Order: Ms. DeVary said the third contract is actually a change order and Mr. Steve Coomer will present that for you but I do have a picture [which was part of her PowerPoint]. Mr. Coomer said last month the Board approved a contract to do the major maintenance at the Oceana Transfer Station. We received proposals and to our astonishment they came in a lot lower than what we anticipated so we wanted to take the opportunity at that time, at the bottom of our apron we have a bunch of asphalt which is constantly under a lot of wear and tear. The tractor trailers coming in, spinning on it and as you can see from the pictures causes a lot of damage and holes and the water can then seep in under the concrete. We want to take this opportunity to pull all that asphalt out and replace it with concrete so the whole apron is the same in concrete and will last a lot longer. We are asking for a change order for that contract. Ms. DeVary said the amount is \$49,561. For all of the changes with the Oceana Transfer Station we had budgeted \$652,000. What you approved last month was \$394,000; so there are plenty of funds. Mr. Adams (SU) asked is it 8-inch deep or something and Mr. Coomer replied that it would be ten-inch thick concrete. Ms. Adams said how many square feet; it sounds expensive; is it 3,000 or 4,000 PSI and Mr. Coomer said he thought it was 6,000 PSI. Mr. Williams (FR) asked if it was the same contractor who has the base contract and Mr. Coomer said yes, sir, we wanted to get it all done at one time. It would be done during the six-week period of the closure and would not require any additional closure. That is running on schedule right now. All the paperwork has gone back and forth between contractor and the engineer and all of it is on schedule right now.

Mr. Williams (FR) then made a motion to approve the change order and the motion was seconded by Mr. Ms. Fleming (FR). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

### **3. REQUEST FOR CLOSED SESSION**

Chairman Leafé called for Mr. Huelsberg to read the request for closed session which is herein printed for the record. Mr. Williams (FR) made a motion to approve the request for closed session as read and it was seconded by Mr. Adams (SU). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

#### I. Motion to Approve Request for Closed Meeting.

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

*I move that a closed session be held for discussions regarding (1) the Service Agreement with Wheelabrator Technologies, Inc., including certain operational and other matters related to SPSA's relationship with Wheelabrator thereunder, and (2) the possible sale of SPSA's recycling facility located in Chesapeake, Virginia, each in accordance with (a) Virginia Code Section 2.2-3711(A)(29) for the purpose of considering the 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 public body, and/or (b) Virginia Code Section 2.2-3711(A)(3) for the purpose of discussion or consideration of 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, and/or (c) Virginia Code Section 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.*

Immediately upon completion of the Closed meeting, the following certification was read:

*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.*

A motion to approve the certification was made by Mr. Woodall (CH) and seconded by Mr. Willson (PO). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

#### **4. ACTIONS ARISING FROM CLOSED SESSION**

Chairman Leafe stated there were two items as a result of the closed session and called on Mr. Trey Huelsberg, General Counsel, to present those items. Mr. Huelsberg the first was regarding the waiver with Wheelabrator and he read the following request:

*I move that the Board of Directors approve the (mutual) Release & Waiver of Liability Agreement with Wheelabrator in substantially the form presented to the Board, and authorize the Executive Director to take such action as may be necessary or appropriate to finalize and execute the Release & Waiver of Liability Agreement.*

The motion to approve the request was made by Mr. Adams (SU) and seconded by Ms. Fleming (FR). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

Mr. Huelsberg then moved to the second item which was the purchase and sale of the recycling facility. He then read the following request:

*I move that the Board of Directors (a) approve the sale of SPSA's Recycling Facility, located at 921 Professional Place, Chesapeake, Virginia, to Area Equipment Warehouse, LLC, on the terms and conditions set forth in the Purchase Agreement presented to the Board, including in particular the sale price of One Million Two Hundred Thirty-Six Thousand Dollars (\$1,236,000), and (b) authorize the Executive Director to take such action as may be necessary or appropriate to finalize and execute the Purchase Agreement, and all ancillary agreements associated therewith, and otherwise to consummate the sale of the Recycling Facility in accordance with the terms thereof; provided, the proceeds from the sale of the Recycling Facility shall be allocated as required in SPSA's Senior Bond Resolution, and any other applicable Bond Resolutions, so as to satisfy the requirements thereof.*

A motion to approve the request was made by Mr. Woodall (CH) and seconded by Mr. Caskey (IW). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

## **5. MISCELLANEOUS ITEMS**

Mr. Taylor said what they did with the miscellaneous items was to provide the Board with information regarding the Strategic Plan Action Steps update, those things that had transpired since the last meeting. Additionally, the Emergency Waste Disposal Diversion Plan was also provided but can wait until next month when we hopefully take action on the Wheelabrator proposal.

## **6. INFORMATIONAL ITEMS.**

- Minutes of the Executive Committee meeting of October 22, 2010

Minutes of this meeting were submitted in the agenda packet as an informational item. No action is required on them.

## **OLD/NEW BUSINESS**

There were no Old or New Business items at this meeting but Mr. Adams (SU) asked about the landfill in Suffolk, the comment that said we were taking in \$1.7 million in tipping fees. At that level, how many people are we working there? If you look at the other sheet you have three supervisors and one superintendent. How many total people have we got at the landfill? Mr. Taylor replied fourteen including the superintendent. He also said we are considering all ready in the budget process reducing it to eight. Mr. Adams said on a \$1.7 million operation you can't have that

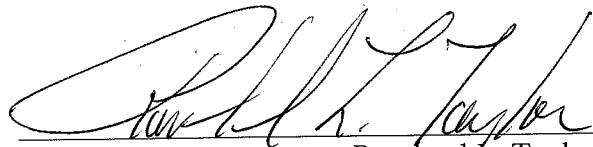
many superintendents and supervisors. Ms. DeVary said when we first started looking at it there were 22 budgeted. In the current year we only have fourteen and that includes the superintendent and we are looking at further reductions for the budget. Mr. Adams says when you say for the budget, this would happen fairly quickly and Mr. Taylor replied July 1st. Mr. Adams said we are going to carry that many extra people until July 1st? Ms. DeVary said potentially. Mr. Taylor said when you consider the operation and the number of hours they are open out there that is not extra people; those people are doing something all the time. Mr. Adams asked what the hours were and Mr. Taylor said 7:00 a.m. to 5:00 p.m. stating that we have two shifts and that is part of the reason. Mr. Taylor said some come in from 7:00 a.m. to 3:00 p.m. and some come in from 9:00 a.m. to 5:00 p.m. He also indicated that a 40-hour week is one of the things that would be presented in the budget. Mr. Adams said it doesn't make sense; no normal corporation is going to wait six months to react to something that should be reacted on quicker than that. He also said he thinks we ought to react quicker than to wait for the budget; that's what got us where we were. Mr. Williams (FR) asked if Mr. Taylor was going to respond to Mr. Woodall's (CH) request and Mr. Taylor replied that he was.

Mr. Williams said he has been thinking about it and Ms. DeVary's report today confirmed it; we have a commitment to Wheelabrator for a half a million tons a year municipal waste. He said he agreed with Ms. DeVary but according to the budget book he had we have a budget for municipal waste of 442,630 tons so we are already down some and now you are telling me that we are going to have less than at the current projections less than 400,000 tons. The good neighbor policy conceded to the \$335,000 which was negotiated and I understand that but I think it is time that we go back as a group to Wheelabrator and to seek a reduction in the committed tonnage for this municipal group. I really do think we are missing it a long ways and we cannot continue to pay them for handling refuse that we are not providing them. Each of the municipalities; I think we ought to have a concerted effort to go back and to seek a reduction in our committed tonnage to Wheelabrator. Ms. DeVary said one point when you look at the total tonnage for the Wheelabrator contract you also need to include the tonnages from the Navy; it is on the waste stream report under municipal it has 'Navy waste'. You also have to include that when you are looking at it. Chairman Leafe said we did not negotiate the agreement with Wheelabrator; the Wheelabrator agreement, the deal was based on the 500,000 tons for good or for ill. There probably are a variety of other things more in our control to look at and that is as we move along it may be a better analysis is why our tonnages are down. Each of our communities need to look at and it is not necessarily "improper" but people are going to look at their contracts and they have the ability to divert five percent and people are working at doing that because they think it is more economical. The City of Chesapeake went to a recycling program that they didn't have before; more power to them but it is something that as far as was in the waste stream and then went out of the waste stream. There are a variety of ways we can and need to look at it. Some of it is within ourselves and you all can decide about 'approaching Wheelabrator' but I think the 500,000 tons, that was the deal that brought us the \$150 million that we have applied to debt service and worked very well. Mr. Woodall said if you look to renegotiating contracts I don't think that what Mr. Williams is saying is all that bad of

an idea. We all understand we have a contract; that is just one area. There are several other areas in the contract that aren't beneficial to us in any shape or form and probably hurt us in some instances. I think in some point in time, after a year of service, we look and see what those things are and identify those things it doesn't cost us anything but time to sit down with them and say these are some concerns we have in our contract. All they can say is 'no' and we have what we have now. If you preface further discussions down the road with that type of meeting then when they do 'blip' on the other side for a settlement then you have that door shut. Mr. Adams asked if there was any way we could give that \$335,000 deal with if we came up short over the next two years it would apply to that and Ms. Cuffee-Glenn (SU) said she made that recommendation several months ago. Mr. Williams said it never got to Wheelabrator; it was voted down. Ms. Cuffee-Glenn suggested that since the Chair and Mr. Taylor were going to be with the Mayors' and Chair's on Friday and since there would be people there that are not members of SPSA that it might be helpful to bring a little sheet of 'accomplishments' of SPSA for information. Chairman Leafé said we put out something in an e-mail and he would not disparage his mayor but his guess is that they don't spend a chunk of there time reading everyone's e-mail submittal. I think it is a good idea.

#### **ADJOURNMENT**

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



Rowland L. Taylor  
Executive Director

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