

**MINUTES OF THE BOARD OF DIRECTORS OF THE  
SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA  
(Amended)  
May 25, 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 <i>absent</i>	(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 <i>absent</i>	(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 Alternate Ex-Officio Members Mark Popovich (IW) and Jon Mendenhall (SH) and the following 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. PUBLIC HEARING FOR FEE SCHEDULE**

Chairman Leafe stated there was no one signed up to speak at the Public Hearing so the Public Hearing was closed.

## 2. INFORMAL ITEMS: DISCUSSION ONLY

### A. MONTHLY REPORT ON WTE OPERATIONS

Chairman Leafe said Mr. Paul Grego was here and would give the Wheelabrator monthly.

Mr. Grego said, "Thank you, Chairman. Good morning, Board. The monthly Op stats for the month of April at Portsmouth were as follows. Total waste received was 39,005 tons, the waste delivered to the RDF was 60,454, and the total RDF processed was 47,181 tons. Ash delivered to the Virginia Beach landfill was 14,776; electric power sold was 17,755 megawatts. Steam sold to the Navy was 44,500 k-pounds with the overall boiler at 79 percent. Generator was available 94 percent of the time with no environmental, no lost time or OSHA recordable accidents. We still remained under a joint consent order with the Virginia DEQ. All in all, it was a pretty good month. We completed our last boiler outage on Unit number 3. This was the CO outage replacing key components to the grates over the fire air system. That outage went very well and now we're going to be pretty much tuning the boilers over the next couple months just to optimize them the best that we can. Volumes are starting to pick up. We had quite a few diversions during the outages which we expect to see during a two week outage during the summer months but it went very well. The wait lines have been at minimum. We're trying to shred out every day diverting from the transfer stations and keeping the traffic flowing even in the afternoon hours. So far that's been going well. The plant should be operating at about 90 percent availability over the next two weeks with a four boiler operation and then we have another two week outage planned on Unit number 4, starting June 5th through the 19th and that will be again to replace some key pressure parts in the super heater, and also to perform routine maintenance.

Mr. Williams (FR) had one question. It looks like during the month of April you diverted about a hundred truck loads to Suffolk based on a report. Do you see a time on the horizon where you might take all of the refuse that SPSA has committed to give you or budgeted to give you without any diversion? Mr. Grego replied yes, actually, I did look at that. It looks like even running at full capacity, if you look at the volumes in June, July, and August, there will always be a partial diversion. There's more refuse coming in during the summer months, during the tourist season, that exceeds the capacity of the plant so that will always be there. If the plant runs at 90 percent availability, which is our plan, there shouldn't be any diversions throughout the rest of the year. Mr. Williams asked when will you get to the 90 percent and Mr. Grego replied the 90 percent availability should be starting in 2012 calendar year. There being no additional questions Chairman Leafe thanked Mr. Grego for this report.

## B. EXECUTIVE DIRECTOR UPDATES

Chairman Leafe called on Mr. Taylor to give his Executive Director updates. Mr. Taylor said regarding the landfill, we have not received any odor complaints recently. On the Cell VII permit, based on the latest information that we have from DEQ, they anticipate that permit being issued between today and Friday. We have not received the permit at this particular time but we hope to be able to receive it very soon.

Landfill gas: All of the items regarding the agreement that we established with Suffolk Energy Partners (SEP) have been completed. Also, a new landfill flare permit has been issued by DEQ. It will be installed by SEP at their cost, and we anticipate that that will begin in about 45 to 60 days, and will take close to a like amount of time for the installation to be completed.

The Virginia Beach working group: We have sent out a memo regarding the establishment of a meeting, and right now we're hoping to have our next meeting set for June 16<sup>th</sup>. At that meeting we'll have a list of areas where we feel that there are concerns or issues and they will have a like list, and then we will begin to discuss what is on those lists and those things that we can agree on, we will put those aside and then spend more time on the other issues. There may be other additional meetings in the future.

The 2018 SCS study update: The technical review committee met with Bob Gardner, last week and then Bob also met with the CAO's last Thursday and gave an update regarding the report. At the current time they hope to have the final report completed by the end of this month or the first of June. At that particular time, the CAO's will be reviewing it and will likely have more than one meeting regarding it and then decide how and when they will actually present it, whether to SPSA or to the HRPDC Board and possibly to their own community.

The regional office building: In the Strategic Plan this was the month for bringing back a possible realtor contract for someone who would be able to look at the selling or leasing of our particular portion of this facility. We have not finalized the potential contract at this point so that will be coming back to you in June. We would like you to know that right now we have everybody moved up to the second floor. We have 15 people in the building now and we are all on the second floor. We have also turned up the air conditioning on the first floor and are only having janitorial services provided, for example, do the restrooms and the hallways only. We have also split or will be splitting on July 1 the janitorial bill. One will be sent separately to HRPDC and separately to SPSA, as well as the grounds maintenance portion. Right now, there's only one electrical service that comes into the building, and we're looking at the possibility of seeing what the cost would be to have that separate so that if you did lease or sell the particular portion that SPSA is in, then at least you would have a separate electrical bill. Right now the electrical, for example, is 75 percent HRPDC, 25 percent for SPSA. We are also looking at other items, such as the water and gas, and we will continue to look at ways that we can possibly reduce expenses here.

The Recycling building: We got a call last Friday morning and they said they want to close on the deal. So Friday afternoon we were able to close on the purchase of the recycle building, and Monday we received the wire transfer for the funds. We have probably received thus far almost \$1.2 million, which does not include the commission that we had to pay on it. But we also have received several hundred thousand dollars' worth of funds for the sale of equipment, whether it's furniture, trucks, bins, and the like from closing the recycling program.

On the Oceana Transfer Station, the reason we had to do major maintenance to Oceana was because of high winds and such and we are fortunate to say that this morning after that the high winds of yesterday, Oceana still is standing.

Mr. Adams (SU) said going back to the Suffolk landfill; you talked about putting another flare. As our host customer, are they up and running -- I assume they're not running yet? Mr. Taylor replied they haven't started.

Mr. Martin (CH) said you mentioned the Virginia Beach working group meeting on June 16<sup>th</sup> and you said there is a list of areas of concern. When will you be sure of that meeting date and who is on that group? Mr. Taylor said Liesl and I and Scott Whitehurst (Landfill Superintendent) and Charles Fagg, Contract Administrator are the SPSA representatives. Mr. Martin said he is curious to know what's in dispute, the Virginia Beach list and our list. Ms. DeVary said I think we're going to try to resolve things at a staff level and see how much we can get done, if we can resolve the issues. Chairman Leafe said there was a series of letters that went back and forth between Jim Spore, and Mr. Taylor and it was obvious in those letters that there are points of difference, as well as two points raised in the audit. That was what was done with regard to some of the ways to be handled and accounted for. So that's when -- I think it was at their suggestion, to set up the staff working groups, which we agreed to, and they met once and this is, as I understand it, a continuation of that process. Anything that is, "agreed upon" or "disagreed upon" or might fall in a different -- a capitulation or compromise category will come back to the Board for discussion before that takes place, with or without recommendations from staff. Mr. Taylor said I think the letters pretty well outline the general categories of the areas in which there were concerns. Mr. Williams said he read the minutes of last month's meeting and the presentation, and the question came up, and it was probably I would guess a dozen issues in here that come up. Somebody from the Board would ask a question of Mr. Spore or his spokesman and they say, well, that's an issue we've got to work through. So there's more than the letters as a part of the presentation last week, and I personally would like to see a list of the issues that you're discussing, that the working group is working with Virginia Beach on. Chairman Leafe said when the working group gets together, is there anticipation or we'll require that they develop a list of issues, the issues that the parties think they have and ones where they think there is agreement between the parties and ones where they think that they don't believe there is agreement and then submit that information to the Board so the Board can look at it. Is that satisfactory? Mr. Barnes said identifying the list of issues is step one for the group. The issues that we're talking about are not new issues. These are things that have issues known to

both staffs for some period of time. It's just a matter that they haven't at this point had to be worked through. I think we've identified the issues at this point, we've got the right group of folks to get together and work through those, and as we do that, I think that's where we'll identify the issues and work through them just the way you mentioned. Chairman Leafe said but they will have a meeting currently scheduled for June 16th, which is before our next Board meeting so we would anticipate a report at our next Board meeting. And the evaluation of that and how the parties view it and we'll have to make a determination whether that is an open meeting report or a closed meeting report, i.e., legal matters pending litigation or something. I don't think it's possible to make those determinations yet, but, hopefully our staff can pay some attention to the issues and narrow whatever our issues are, and they're going to be important to some of the ultimate decisions that we will make with regard to landfills and landfills' use and both Virginia Beach and Suffolk and other alternatives, some of which may also be at the -- there may be other issues that come up out of the study that's being done for the CAO's.

### C. CHAIRMAN'S COMMENTS

Chairman Leafe said he really doesn't have any comments but rather wanted to report on things. He said the pieces seem to be never as fast as some would like, and yet it seems to me on an orderly pace, we are getting to a decision point from DEQ on Cell VII. We are getting to the study that's being done for the CAO's, which we, the staff, have had input into, and ultimately, the communities are really the important drivers as to the post-2018 situation and what they expect to do with solid waste and what the resources are and possibly what role there is or should be for a regional body such as ours. But that study is coming along and the process that has begun with talking with Virginia Beach, working at the staff level is the other piece that seems to be coming along that will allow us to have the information available to make decisions on the future of the landfills and the future of the operations and what the options are that all of us have to deal with. I had asked Ms. Cuffee-Glenn to comment about the study from the perspective of the CAO's, her comments may have been concluded with a little bit of Mr. Taylor's comments but can you add anything further in that regard. Ms. Cuffee-Glenn (SU) said I think Mr. Taylor certainly clearly communicated to you all where we are as it relates to the study. We did have comments and discussion with Bob Gardner last week and we look forward to getting the final document and then have a schedule of when the information will be released because once it's released it becomes public information if it were to come to the Board before the final draft is done. So we're hoping mid-June to review that document and move forward and hopefully have recommendations to our respective localities as well as to SPSA as it relates to the next steps as we plan for post-2018.

Chairman Leafe thanked Ms. Cuffee-Glenn and said we do look forward to that. That's been a comprehensive effort that we have known about for a long time, since last fall at least, when it's was getting under way and again as these things want to do, time kind of drags out a little bit because you can't get everything done exactly when you would like to get it done. The time frame still seems to be a reasonable time

frame for our decision making process that might go into that which we can do once we have the information available to us for those decisions.

On another note, we closed the Public Hearing on the fee schedule earlier and we still have the need to act upon that fee schedule. Is there a motion to approve that fee schedule as presented for public hearing? The one principal item there was is the increase in the CDD fee from \$35 to \$40. Mr. Woodall (CH) made a motion to approve the fee schedule as presented and the motion was seconded by Mr. Oksman (PO). All present voting yes except Mr. Martin (CH) who said "opposed". He then said I was going to say I would rather have given a disclaimer, but without that opportunity, I'll have to oppose it. Chairman Leafe then said would you like to give a disclaimer and Mr. Martin said he had been trying to get the Chair's attention to do so and Chairman Leafe then apologized and allowed Mr. Martin to enter his disclaimer. Mr. Martin said the city of Chesapeake has pending litigation, which one of the counts alleges discriminatory and unequal tipping fees, and so for the record, my vote today is without prejudice to the city's position in that litigation and if that is entered into the record, then I will change my vote to positive. Chairman Leafe said we'll enter that, that is in the record and I understand the reservation that you have. There are some other items that have been put in the schedule that have to do with dead animals and a couple of other things that are being removed, does anybody want those elaborated on? They are, in effect, cleanup items for the fee schedule. There being no further questions or requests for elaboration on the fee schedule that Chairman Leafe declared the fee schedule has been adopted.

## **2. ACTION AGENDA**

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

Chairman Leafe said the minutes of the previous meeting, the April 27, 2011 meeting, had been submitted in the agenda and asked if there were any additions or corrections. There being none, Mr. Adams (SU) made a motion that the minutes be approved and it was seconded by Mr. Willson (PO). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

### **B. ADOPTION OF THE BUDGET**

The next item is the adoption of the budget. The budget was presented to the Board in March. We had a full discussion of the budget at our April meeting. At that point, the indication was that we would just move on the budget this month and that would be my intention. If there is somebody who has an amendment to the budget, you are certainly able to do that but otherwise I'll take a motion on the budget and then a second. There being no amendments, Mr. Oksman (PO) made a motion to approve the budget. Ms. Fleming (FR) asked for a roll call vote on the budget and Chairman Leafe replied okay and called for a second to the motion. Mr. Adams (SU) seconded the motion. Chairman Leafe said it has been moved and seconded; is there any further

discussion? There being none Chairman Leafe said there's been a request for a roll call. Are there any amendments for the budget? Hearing none, then the motion is to approve the budget, and roll call has been requested and is appropriate so if you'd call the roll, please, Mrs. Ivory. Mrs. Ivory said: Mr. Woodall, no; Mr. Martin, yes; Mr. Everett Williams, no; Ms. Fleming, no; Mr. Hardison-sorry; Mr. Popovich, no; Mr. Leafe, yes; Mr. Stein, yes; Mr. Oksman, yes; Mr. Willson, yes; Mr. Mendenhall, yes; Mr. Adams, yes; Ms. Cuffee-Glenn, yes; Mr. Page Johnson, yes; Mr. Barnes, yes. Mr. Chesson added "I vote yes". Mrs. Ivory then said eleven in favor, four opposed. Chairman Leafe repeated eleven to four and Mrs. Ivory replied yes, sir. Chairman Leafe then said the budget is approved.

## C. FINANCIAL MATTERS

### (2) Contracts

Before beginning the Financial Reports Chairman Leafe amended the agenda to address the Contracts first. He said there is a list of contracts, most of which are option year type contracts and Mr. Steve Coomer, Purchasing Administrator, is going to present those. It would be the Chair's intention -- if there is no objection, that we will have him present each of the contracts, and if there are questions, go along with that and then we will -- at the end, vote on the group of contracts as a single vote. If there is any particular contract that any member would like excluded from that for individual consideration or vote, we will simply flag that and have that individual consideration.

Mr. Coomer said: Mr. Chairman, members of the Board, what I have in front of you today is nine of our service contracts. As the Chairman said, the majority of those are continuing options from previous years just to continue the services, make them flow easily from one fiscal year to the other. The first one in your list is the Household Hazardous Waste disposal. This is the hazardous waste we pick up throughout the different organizations and it gets disposed of properly through Ecoflo. They take it and get rid of it in the proper manner.

Second is the Telecommunication Services. This is basically our life line, all our public lines, all our land lines, everything connecting everything throughout the six cities and two counties.

Environmental Consulting and Field Services, this is to do the monitoring of the different groundwater and wells and things under our purview.

Security services at the Regional Landfill. These are the people that are there when the landfill is closed keeping an eye on everything for us.

Loader Tires, this is a contract for keeping all the tires on the front-end loaders throughout, getting them changed, making sure they're within specifications, doing everything they need to do on that.

Grounds Maintenance, again, self-explanatory; covers all of our sites with the exception of Franklin and Isle of Wight.

HVAC services, this will cover everything through all of our buildings, one contractor everything under one service.

Electrical Repair Services, same thing. A lot of these are more or less your public works type contracts that you all would have as we don't have a public works, this covers all of those.

Truck Tire Maintenance program. This is for the tractors and the trailers that we run.

Chairman Leafe then said information has been distributed on each of those contracts in our packet. Are there any of these individual contracts that anyone would like removed for separate consideration? There was some discussion a couple of the contracts but no one wanted any excluded from the packet for separate consideration. That being the case, Mr. Williams (FR) made a motion to approve all contracts as presented and the motion was seconded by Mr. Martin (CH). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

#### (1) Financial Reports

Ms. DeVary provided a copy of her PowerPoint which is herein attached as Appendix A. Ms. DeVary then took the Board through the monthly financial report portion of the presentation stating that as of April 30th, total revenue exceeded total expenses by approximately \$6.3 million, tipping fees rating underbudget by about 7.2 percent or approximately \$3.5 million. She noted that SPSA invoiced Wheelabrator last month for approximately \$148,800 for diverted waste of 2,231 tons.

Ms. DeVary also said municipal tonnages pretty much leveled out from the prior month and said if we continue, then in May and June, we will have about two or three percent more than what I had originally projected, which could equal maybe \$800,000. Total expenses year-to-date are under budget by approximately 13 percent. That's primarily in the area of the capital projects. Operating expenses are under budget by about 11 percent, or approximately 1.8 million, and it's primarily in the areas of for insurance, equipment maintenance, and tires. Capital expenses year-to-date are about \$3.7 million, we have encumbrances about little over one million, and the undesignated amount is approximately \$825,000. Cash balances remain very healthy; we have \$23.9 million in the bank plus \$10 million in an operating reserve.

Mr. Adams (SU) asked we're going to use part of the \$23 million to try to pay back, to get completely out of debt and Ms. DeVary said staff will be making recommendations for that. Mr. Adams said I assume you're not earning a lot in the

bank. Ms. DeVary said I think it's about .3 percent. Mr. Adams said he would think the sooner the better. Chairman Leafe asked how much of our debt is callable and Ms. DeVary replied just the 2008 debt. The current outstanding balance is right under \$16 million. Chairman Leafe said everything else we've got to pay full boat until the end of time and Ms. DeVary replied yes.

Chairman Leafe then thanked Ms. DeVary and said he had neglected to introduce the newest Ex-Officio member at the beginning of the meeting and proceeded to welcome Mr. Jon Mendenhall as the Alternate Ex-Officio member from Southampton County.

Ms. Cuffee-Glenn (SU) then made a motion to approve the financial reports subject to audit and it was seconded by Mr. Willson (PO). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote. Ms. DeVary then said Mr. Chairman, I have a correction. I said it was \$16 million, but we paid some -- so it's really \$12 million. Mr. Adams then said so we can pay that down and still have \$11 million left? Ms. DeVary nodded correct. Mr. Adams said he would like to do that as soon as she could.

(2) Contracts

(Addressed prior to the Financial Reports).

**3. MISCELLANEOUS ITEMS**

**4. INFORMATIONAL ITEMS.**

**OLD/NEW BUSINESS**

There was no official Old or New Business items at this meeting, however, Mr. Woodall (CH) said he just want to get something clear that he did not understand. In our purchasing procedures, I talked to Mr. Taylor about it, and when we buy something, we have procedures put out by the state like all the communities do. But when we have this Agreement with Virginia Beach, when they have a capital item, and I asked Liesl to break that out for me and I haven't got it yet, but when I have a capital item, how do we follow that? And the reason I'm bringing it up is because when Everett [Williams] and I went over there the other day we were looking around and that happened to pop into my mind. If they buy a truck for the ash or wherever it is they need, whatever the piece of equipment is, Virginia Beach buys it, correct, I think you purchase it, don't you? Mr. Barnes (VB) replied that's correct. We've done that a couple different ways. Mr. Woodall continued saying, you tell us how much it is and then somewhere in there you buy it and we give you that amount of money. Mr. Barnes said that is one of the ways that it could happen, yes. Mr. Woodall said are you doing it any other way than that? Mr. Barnes replied we've done that a couple of different ways. We've actually

acquired used equipment from SPSA. We've used equipment that is worn out in other parts of the operation that we can still use at the landfill. We've leased equipment and we've purchased equipment. When we purchase equipment, we go through public procurement and then pass on the cost of that procurer. Mr. Woodall said when they're spending SPSA's money, who from SPSA oversees that? Who looks and says, yep, that's the truck they needed and they needed it for ash and they bought it for ash and they're using it for ash. Y'all might be able to handle this in your meeting. That would be fine. I don't care where you talk about it, but my question is going through your landfill, it popped into my mind we've got nobody over there actually looking or overseeing the monies that we're spending and then at the end of the life of that piece of equipment, there's a salvage value involved, and I haven't heard but do you give us the money back from the salvage value, or do you all absorb the salvage value? I assume you absorb it through your system. Mr. Barnes replied he was not sure how that is done. Mr. Woodall said there is a salvage value. Over the length of that contract pieces of equipment have been going through like that and it seems to me we don't have any oversight on that whatsoever, and that's money we're just not paying attention to. Just letting it go.

Chairman Leafe said put it on the list for your meeting. Ms. DeVary asked Mr. Trey Huelsberg, SPSA General Counsel if he would like to comment on that point based on the Virginia Beach contract and Mr. Huelsberg said I think that's a good point. That is, we're responsible for the capital expenditures necessary to operate the landfill. Mr. Barnes wouldn't acknowledge as well, but is there any control over how the expenditures are made, and I think it's something worth pursuing just to make sure there are appropriate controls, and that SPSA is -- I would expect Virginia Beach follows all proper procurement procedures just like any other municipality, and they do things the way that we would expect and the way all other municipalities pursue expenditures, but it's surely one thing to add to the list. I think it's a good point.

Mr. Martin (CH) asked aren't we as a Board obligated to the state under law to have all of our capital expenditures come before the Board. That's why we're looking at all these contracts every meeting for the capital expenditures, certainly the operating expenses at the landfill are a separate item, but the capital expenses and the contracts. Ms. DeVary replied we don't own it; we're not purchasing the equipment. It's only if SPSA were purchasing and going to have ownership of it that we must follow procurement. This is a contract where we're going to reimburse them for expenses. Mr. Martin replied you're saying the Virginia Beach contract overrules. Ms. Cuffee-Glenn said all localities; Chesapeake, it doesn't matter.

Chairman Leafe said it is a very good question, and it's one of those issues that needs to be on our list that staff is working on to resolve, so that we all can have an understanding of what's being spent and what areas and what operations are taking place. Absolutely. I mean, that's why we tried, and we should be trying to clarify these issues as much as they can be. We talked a lot more last year about the Suffolk landfill and issues related to that, and that hasn't gone away, but we need to clarify responsibilities and issues for each of our landfills in order to, and this is certainly a good point.

Mr. Huelsberg said I would again reiterate that it's not SPSA property. So it's not subject to our procurement procedure, but it is very much subject to Virginia Beach procedure, and it's a

very good point Mr. Woodall raises about ensuring that there are proper controls that are being affected, in compliance with procedures, and that SPSA's budget isn't being taken advantage of. That's not to say that we expect that but it's something that we need to look more at.

Mr. Barnes said Mr. Chairman, what the contract – I don't remember the contract verbatim, but there is something in there about 'reasonable costs'. That's what the contract says, SPSA will pay the 'reasonable costs' for the operation of the landfill. We run a lean but appropriately staffed landfill operation, just like we run a lean but appropriately staffed collection operation in all of our other operations. We don't have two different standards for operations. There's not the landfill SPSA-reimbursed operation and the rest of our operations. They're all of our operations. So in our view, we're meeting the requirements for reasonably staffed and reasonable expenses for the landfill. We are certainly happy to answer questions or, Mr. Woodall and Mr. Williams have taken tours of the landfill, we're happy to have anybody and everybody else tour the landfill, see what operations are going on. We've got questions, the issue of salvage value is certainly a good question. I'm not certain how that's handled. If there's something that needs to be done or looked into, we'll look into that.

Chairman Leafe said if there are items that members of the Board have that they feel ought to be clarified or ought to be on the list for discussion, please communicate those to Mr. Taylor. He's our Executive Director, and he's in charge of our running this operation under our policies. So if we have issues that relate to that, please communicate them so that we can make sure they are addressed.

Mr. Woodall said the only thing I'm saying is any time, I'm not questioning the way they do what they do, and Virginia Beach is Virginia Beach, fine. But any time any money comes out of SPSA's dollars, we have a right to question and ask and to oversee, whether anybody likes it or not, it's immaterial we have that right to do that. And at least knowing it's going where it's supposed to be going. Mr. Williams (FR) said as a reasonable businessman, I am flabbergasted that this operation has been going on for more than 25 years now without some of these issues having been solved and resolved before. There should be some guidelines published as we've gone through that -- so Ms. DeVary doesn't have to fight new battles every month. Mr. Oksman (PO) said that's why we're here. That's why Congressman Cosgrove had his bill passed.

Mr. Adams said Judge, one last discussion that we had a little bit last meeting in relationship between the airspace versus the weight. We are looking at that or is that a moot issue? Chairman Leafe said that's not a moot issue. That's an issue that's been put out on the table and it's a very good issue. Mr. Taylor said we met with the engineer after the last meeting. Mr. Adams said some of the contracts the way they were written some of the things that were done are mind boggling to me, and hopefully, we can correct some of this, but there's been an awful lot of taxpayer, here and in our cities, money wasted with mismanagement and if we were a building at that time would be a prime example. I guess y'all are seeing the press coming out on that. They're being very kind, saying we didn't have the money to keep it running or what have you, but it's pretty obvious what everybody in the other side of the industry knew: it was the worst run waste-to-energy plant imaginable.

Chairman Leafe said I do know while we can make corrections and adjustments to our course and we need to do that, there isn't any way that we can go back 25 years and rewrite the history and rewrite the circumstances under which some of these things came into being. I expect somewhere along the line if somebody could go back and scratch Carbone off the Supreme Court's list of decisions, and this had gone forth as it was originally contemplated i.e. that all of the waste could be directed to SPSA both private and public, you'd have a different operation, a different set of circumstances. Mr. Adams said you'd have more waste though judge. Chairman Leafe said we probably would have had more waste, I'm not denying that. Ms. Fleming said Judge, I do think it raises an issue that you've said graciously that people have issues bring them forward. And I don't know the answer to this, but it does raise the question of what are the issues that are being looked at, and I don't know how to get that to a manageable place where we can all understand it, but that seems to have been a prevailing attitude previously, we're working on it, it's something we're looking at. We really just now are saying we sort of trust you're looking at all of these and I don't know what the answer is. Mr. Williams said I'd like to see a list of the issues so we can check them off. Chairman Leafe said because it is going to be an issue that comes back and it's going to be -- I mentioned it now because it's one of those that we're going to have to resolve, a year ago, and going back a year and a half to when we first got started, there was a vocal part of the Board that wanted to immediately shut down the Suffolk landfill. We needed to shut that down and get Suffolk into the mode of paying tipping fees and be done with it, because we didn't need it anymore. Well, you know, the pendulum has zipped over and now we're talking about whether we need the Virginia Beach landfill and we can put the ash in Suffolk. It might occur to some that they are mutually exclusive positions, and we can't have both of them. So it is the accumulation of this information and these pieces that are being done in the study that are coming together so that we are able to decide which of those is right, if either of them are right, and my goal is that we don't cut off our options and we don't get ourselves pinned in a box by making a decision that seems perfectly obvious. Maybe as the Suffolk situation did a year ago, that in hindsight, it maybe isn't quite as obvious today or maybe not even obvious at all as to what's the best way to proceed. So I get back to everybody has their own sense of what their responsibility is here. Some directly represent communities, some don't represent anybody but themselves, even though they may filter through a community, but ultimately, we're going to sort this out. We've got some good minds and differences of views and differences of opinions on a variety of things, and I expect in my quiet moments I have to concede that I probably changed some initial thinking that I may have had from one thing to another based on the accumulation of information, and hopefully all of us are doing that and that we will eventually and not a long way out, but we will soon, as we get these in place, we're going to have to make some good decisions and we're going to have a good solid waste operation for the region. Ms. Fleming said I see that and I agree with all of that, but that still doesn't say that there's not a need to understand what we're working on. Chairman Leafe said I absolutely agree with you. Ms. Fleming said I agree with all of that.

Ms. Cuffee-Glenn said this question is for Bucky [Taylor]. The conversation that you'll have with Virginia Beach and the staff, is it to rewrite or to reconcile? Mr. Taylor replied reconcile. Ms. Cuffee-Glenn said I know June [Fleming] has been clear about we're not going back 25 years. I'm trying to understand. Chairman Leafe said it is to understand from each party's perspective what the Agreement says and what they think their position is, and we may both be thinking the same thing but we may very well not be thinking the same thing and

where we're not, then we have to begin to work through some process to resolve those differences.

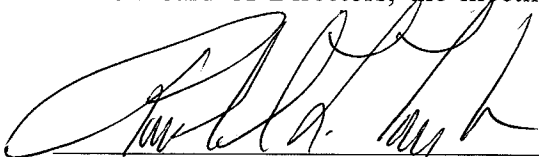
Mr. Oksman said returning to the issue that you've raised, which I think could be restated as since we're paying Virginia Beach the operating cost, are we paying the whole or the net operating cost, and is there really a difference between those, and I think that's a legitimate issue. I'm glad it was brought up. Ms. DeVary can explain what those numbers are. Mr. Martin said I've got the confidence this staff can get together and have a fruitful discussion, but at some point staffs' need policy guidance from the Board, and I think it's very important when we get to that point that we come back with the list of things because your staff can only execute what the Board policy is. They don't make the Board policy. As a staffer, I'm keenly aware of that every day, but I want to make sure that's kind of what I'm hearing from the Board members, do what you need to do, but if you need our direction, come and ask. We're more than willing to listen to all the issues, understand them, and collectively give you a direction and a position to take in these negotiations. Chairman Leafe said if our staff people don't understand that at this point, then we've got to start worrying about them and I don't worry about them. I think it's been perfectly clear that as we clarify what the positions are and what the disputes are, all of that has to come back to us for determination and guidance to the staff as to what our position should be on any issues in which there is a disagreement.

Mr. Woodall said two quick questions out of this. Mr. Stein, at the last meeting you mentioned a previous Board. I don't know how many years ago, about the five percent rule. Do you remember that, 95-5. You said the Board had sort of agreed not to get involved in that or words to that effect. Additionally, Ms. DeVary have you got an audit schedule? Ms. DeVary replied no, sir, not yet. Mr. Woodall asked when are you going to have it? Chairman Leafe then asked Ms. DeVary to talk to the Chairman of the Audit Committee when you decide to work that out.

Chairman Leafe then said if there is nothing else to come before this meeting today, I will declare the meeting adjourned, with my thanks for the input and conversation and the actions of the Board, and I will retain my high level of confidence in the ability to get this stuff.

### 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