

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

June 26, 2009

At the Regular Meeting of the Southeastern Public Service Authority of Virginia (SPSA) held at 9:30 a.m., in the Regional Board Room at the Regional Building, 723 Woodlake Drive, Chesapeake, Virginia, there were:

ROLL CALL

Members:

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

Alternates:

William E. Harrell <i>absent</i>	(CH)
June Fleming	(FR)
W. Douglas Caskey <i>absent</i>	(IW)
Stanley A. Stein	(NO)
Stephen E. Heretick <i>absent</i>	(PO)
Mike Johnson	(SH)
Selena Cuffee-Glenn	(SU)
John Barnes	(VB)

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

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

* Indicates Late Arrival (after beginning of Closed Session)

** Indicates Early Departure

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

PUBLIC COMMENT PERIOD

Chairman Williams stated that there were no speakers signed up for the Public Comment period.

SPECIAL PRESENTATIONS:

ITEM NO. 1: PRESENTATION OF RESOLUTIONS OF APPRECIATION

Chairman Williams stated that there would now be a Special Presentation to recognize all of his former colleagues (that have abandoned him), and asked them to come forward at that time. Chairman Williams asked Mrs. Ivory to read the first Resolution which was for Mr. Leroy Bennett and then we would acknowledge that the others were the same, just personalized for each one. Mr. Bennett’s Resolution is printed herein as the example:

Southeastern Public Service Authority of Virginia
Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth,
Southampton, Suffolk, and Virginia Beach

RESOLUTION OF APPRECIATION

Presented to LEROY BENNETT

WHEREAS, Leroy Bennett, has been a representative of the City of Suffolk, and has served on the Board of Directors of the Southeastern Public Service Authority of Virginia from August 25, 1998 through February 18, 2009; *and,*

WHEREAS, his willingness to support the regional solid waste management programs of the Authority with his knowledge, experience and his personal time has rendered an invaluable service to the citizens of the City of Suffolk, southeastern Virginia, the Commonwealth of Virginia, and to this Authority, enhancing the quality of life for all; *and,*

WHEREAS, with a feeling of deep gratitude, on this occasion, his associates in the Southeastern Public Service Authority of Virginia express their respect and appreciation for his professional service to the Authority and to the citizens that it serves.

NOW, THEREFORE, BE IT RESOLVED, with great pride, the Board of Directors of the Southeastern Public Service Authority of Virginia recognizes, thanks and commends **Leroy Bennett,** for his service to the Authority, and upon completion of his service presents this Resolution as a token of its esteem and orders a copy be spread upon the minutes of this meeting.

Adopted this 26th day of June, 2009

Attest: _____
Donald L. Williams, Chairman of the Board

Rowland L. Taylor, Executive Director

Mr. Bennett spoke and said, "I didn't come prepared to make a speech, but I had asked Charlie to go ahead and speak for the three of us. I could stand here and have a lot to say but I think I shouldn't go there this morning. It was great to be able to serve the people of the Tidewater area for the many years that I served here. There were a lot of challenges, but we stepped up to the plate, and did what we thought was the right thing to do. Now, that we are moving into a new year coming up wherein the Board will not be elected officials, they will be appointed by the Governor. I think this will mean a lot to the Board and the future of what will happen and take all the politics out of the decision-making so I think that was a great thing, that you will see a great improvement with that. Thank you."

Chairman Williams then called upon Ray Smith who spoke and said, "I would like, not to be repetitive, I would like to get to some of the things Leroy mentioned, but most of all it was an honor and privilege for me to represent my City even at the time after I was not elected to return to City Council, it was a privilege for me, and I enjoyed all of the persons that I met and dealt with and it was just a great experience. And, most of all, just an honor to serve on this Board and I wish everyone the best, Bucky and all of his staff, the best, and whatever it is that they seek to do and keep the optimism that things are going to turn around and things are going to get better providing that we stay, you stay on the course that you are on now. Thank you."

Lastly, Mr. Wrenn spoke and said, "This thing about not being political, I would have to ask Mike about that. SPSA gets me up a lot and we all know that; however, being able to step back and see what's going on and read the newspaper and thank God to see your name is not in there is a blessing and it also gives you a chance to see how really the democratic process works. There was a lot of head-knocking and a lot of confusion and a lot of going back and forth and meetings in the corner and in the parking lot and all of that, but if you disagree with somebody you don't take them out in the parking lot and shoot them like you do in some countries. You work it through, and there is an awful lot to be worked through by this organization, and I feel it is a fine job that's being done, it is being dealt with as it should be, and I in the long-term future I expect to see nothing but success."

ACTION AGENDA:

ITEM NO. 2: FORMAL REPORT ON DEBT RESTRUCTURING

Chairman Williams stated that we were honored this morning to have Dr. Sheryl Bailey of the Virginia Resources Authority with us to give us a formal report on the restructuring of our debt. He then thanked her for being with us and called her to the podium.

Dr. Bailey said, "Thank you. Good morning, members of the Board, and also many friends in the audience. VRA is happy to come to you this morning to share with you some tremendous results that we have accomplished together, working together. The purpose this morning is to brief the SPSA Board on the results of the restructuring and also provide the Board of Directors an overview on VRA services to support SPSA, both the past, current and in the future."

Dr. Bailey then took the Board through her presentation which is herein attached as Appendix A.

Chairman Williams thanked Dr. Bailey and also said he would like to thank the CAO's that are here and the ones that aren't here and all the local localities' for their cooperation in working out the problems. Mr. Taylor added his gratitude and said SPSA appreciated everything VRA had done and while he had expressed it several times, he did not think we could express it enough times to make up all the difference and effort you-all have put forward.

At this time, Chairman Williams said that before we move on to Item 3, he wanted to recognize our State Delegate John Cosgrove who is with us this morning, "John, thanks for coming and all you are doing for us."

ITEM NO. 3: PRESENTATION OF THE ANNUAL RECYCLING REPORT

Chairman Williams called Mr. Dean Arrington, Recycling Manager, to the podium to give his annual report.

"Good morning, Chairman Williams, SPSA Board, and guests. My name is Dean Arrington, Recycling Manager for SPSA and I am pleased to present to you the Recycling Report for the SPSA region. Keep in mind that as far as this Recycling Report goes, this is for the entire region, it is not for one particular city, so the recycling rate in Franklin is same rate as far as Virginia Beach and this is important and you will know why in a couple of seconds."

Mr. Arrington then took the Board through his PowerPoint presentation which was provided as a handout and is attached herein as Appendix B. In conclusion, Mr. Arrington said, "I want to thank each community for the efforts they do each year as far as recycling their materials, and really thank the employees of SPSA as far as what they do day in and day out and that of the private sector. There is a lot of effort that goes into this and this is the region's recycling rate. Thank you for your time."

Chairman Williams thanked Mr. Arrington and said he wanted to remind the CAO's that the real incentive here is to get your localities to put it in the blue can instead of the green can. The blue can is \$3.47 a can. The green can \$170 a ton. So every recyclable that goes in the trash instead of the recycle bin costs \$170 a ton; it is a good incentive to get them to put it in there.

ITEM NO. 4: APPOINTMENT OF THE NOMINATING COMMITTEE

Chairman Williams said he would like to invite Mr. Mike Barrett, Mr. Barry Cheatham and Mr. Jeff Gardy to the Nominating Committee and asked that they meet immediately after this meeting to get new slate of officers for the upcoming year that will be announced in July. He further stated that Mr. Barrett was the Chairman and he assured me it is going to be a very quick meeting immediately after this.

ITEM NO. 5: REQUEST FOR CLOSED SESSION

Chairman Williams stated the next item was a Closed Meeting and invited all the local city attorneys and any city managers that are here on the Board to stay with us and then asked that all others in the room be excused. Mr. Thiel, General Counsel, stated that we could entertain motions pursuant to Items I and II as printed herein and in Agenda Item # 5, a motion to approve the motion for inclusion of non-members as the Chairman indicated, and a motion to approve the request for a Closed Meeting. Mr. Barrett (VB) made such a motion and it was seconded by Mr. Cheatham (FR). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

I. Motion for Inclusion of Nonmembers in Closed Meeting.

That the following be permitted to attend the closed meeting because they are deemed necessary and because their presence will reasonably aid the Board in its consideration of the topics that are the subject of this meeting: CAOs, city/county attorneys, staff and financial consultants of the member communities; SPSA staff present at this Board meeting; and Hampton Roads Planning District Commission representatives.

II. Motion to Approve Request for Closed Meeting.

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

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

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

(3) In connection with advice and discussions related to (a) a contract for the sale of electricity and (b) SPSA's financing and contracts, both pursuant to Virginia Code Sections 2.2-3711(A)(7) and 2.2-3711(A)(29) for the purpose of consulting with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel and possible negotiation of revisions to the terms of existing contracts and negotiation and award of new contracts where competition and bargaining are involved and where discussion in open session would adversely affect the bargaining position and negotiating strategy of the Authority.

Upon conclusion of the Closed Session, Mr. Collins (CH) made a motion to approve paragraph III as noted herein and in Item #5 of the agenda, Request for Closed Meeting. The

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

III. Motion to Approve Certification after Closed Meeting.

The Board of the Southeastern Public Service Authority of Virginia hereby certifies that, to the best of each member's knowledge: (a) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act were discussed in the closed meeting to which this certification applies; and (b) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting just concluded.

ITEM NO. 6: ACTIONS ARISING FROM CLOSED SESSION

Chairman Williams stated that we had one action to take as a result of the Closed Meeting, that we needed a motion to extend the electrical sales contract for six months and then see what the market is at that time. Mr. Collins (CH) made that motion and it was seconded by Mr. Barrett (VB). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

ITEM NO. 7: TREASURER'S REPORTS

Mr. Taylor stated that Liesl [Ms. DeVary] had done a tremendous amount of work and that this was the beginning of a new process. He added that we had gotten some comments back and will try to add those particular items back in as best we can and so what we will be doing is giving you a better product in July. This is a work-in-progress; a "WIP" according to Liesl [Ms. DeVary].

Ms. DeVary said that one quick thing she wanted to bring to the Board's attention is in the cash flow analysis that was done in accordance with the restructuring. It showed that SPSA would realize a \$16 million budgetary savings. But since that closing was done basically at the end of our fiscal year all of those funds were transferred to the trustee, and we are not able to transfer that back. So, while we are still in a positive cash flow, there is nearly \$16 million that we will not have access to, we will actually gain that going forward because starting July of course we won't be making future transfers, we will be utilizing that but it does change the cash flow position. Mr. Taylor said they would bring that back to the Board also when that was worked out. Mr. Collins asked if they were saying you want us to receive the Treasurer's Reports in the July meeting and Mr. Taylor responded, "No" and Mr. Collins then asked if the Board would have it by e-mail..... Mr. Taylor responded that that was for May, actually.

Mr. Collins then made a motion to accept the Treasurer's Reports and that motion was seconded by Mr. Cheatham (FR). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

CONSENT AGENDA:

ITEM NO. 8: CAPITAL BUDGET TRANSFER

Mr. Taylor stated that the transfer was for \$25,000 towards the completion of the leachate pumping station renovation that was on the Notice of Violation at the Regional Landfill that has been finished and we just need that to tie up the paperwork. Chairman Williams clarified by saying, no new money, just moving it from one place to the other. Mr. Taylor confirmed that and indicated there was one new item that would be addressed under new business. Mr. Barrett (VB) made a motion to approve the capital budget transfer and the motion was seconded by Mr. Collins (CH). All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

INFORMATION ITEMS:

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

ITEM NO. 9: MINUTES OF THE BUSINESS ADVISORY COUNCIL

ITEM NO. 10: STAFF REPORT ON BUDGET VARIANCES

ITEM NO. 11: PERFORMANCE INDICATORS

ITEM NO. 12: PUBLIC INFORMATION ACTIVITIES

ITEM NO. 13: MISCELLANEOUS ITEM(S)

OLD/NEW BUSINESS

Chairman Williams said under Old Business that we are working on the private hauler contracts; the Regional Landfill Operations Update, I think we talked about it. Mr. Taylor said they are still working under the Notice of Violation for the closure part and hopefully will get it finished.

Chairman Williams then called on Mr. Taylor to explain the one last item to the Board. Mr. Taylor said that he would let Ms. DeVary do that if the Board didn't mind and indicated that she is passing the item out right now. Ms. DeVary said our budget increase request and I can't speak to the capital project itself but it is for the trammel conversions, and there were funds previously budgeted, however, the cost of this is expected for the award, we have done an RFP for it, and we need an additional \$80,000.

What they are going to do is take that "trammel" part out and make a straight conveyor belt. Chairman Williams asked where we were going to get the \$80,000 and Mr. Taylor responded "interest". Ms. DeVary said there are interest earnings available in the construction loans themselves so rather than a budget transfer, we would just be authorizing to increase the budget by \$80,000.

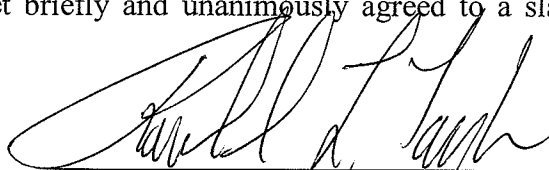
Chairman Williams then asked if there was a motion to approve the budget increase and Mr. Barrett (VB) made such a motion. It was seconded by Mr. Collins (CH) who asked what the interest was coming from. Ms. DeVary said it would be from construction funds; previous monies that you issued in 2007 and some funding for capital projects that still remains as cash. Mr. Collins said he did not remember that being in our revenue side of the budget. Ms. DeVary said that it isn't because it can only be used for capital projects so it is not in your operating side. Chairman Williams said it is our capital money accruing interest and not in the operating budget. Mr. Collins then clarified by saying so you are asking us to appropriate the interest that is accruing for a capital bill and Mr. Taylor responded, "a portion of that interest." Ms. DeVary added that it was just to increase your budget for this project which is using capital funds. But they are planning on doing is giving you a capital status report, budget report each month so you will see the result. Mr. Collins said he understood we are spending a couple thousand dollars a month on this item, is that right? Mr. Taylor said, "No, about \$80,000 every two to three months because when it gets cracks in it they have to be...and Mr. Collins said we are spending \$80,000 every two to three months and we are asking for \$100,000... and Mr. Taylor spoke and said no, the whole project is \$640,000-some but we need \$80,000 additional before we can actually issue the contract and we already have \$544,000 is already available through I think 2007 capital that we have. But it wasn't enough to issue the bid because the bid was going to be a little bit higher so we needed that additional money before we could issue bids for that project. Chairman Williams then called for a vote. All present voting yes; opposed none; motion carried by a unanimous and recorded vote.

Mr. Cheatham (FR) said one thing he wanted the Board to think about was that we have this little bit of a windfall of money evidently from our restructuring and the thing about that money instead of paying in, maybe putting it into a reserve account instead of spending it. And so much every month whatever much we set aside for that instead of paying it to the administrator, paying it to the reserve account that cannot be touched unless we have three-fourths of the Board approval, do you want to put that on the agenda for next time and we can talk about it? Mr. Taylor responded that we could and Chairman Williams said that was a good point.

ADJOURNMENT

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

At this time the Nominating Committee met briefly and unanimously agreed to a slate of officers to present at the Annual Meeting.



Rowland L. Taylor
Executive Director

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