

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

September 28, 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 <i>absent</i>	(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 <i>absent</i>	(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. Page Johnson	(VB)	Mr. John Barnes	(VB)

* Indicates Late Arrival

** Indicates Early Departure

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

Others present at the meeting included the Alternate Ex-Officio Members Jon Mendenhall (SH), Eric Nielsen (SU) and Dr. Betty J. Meyer (CH) 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 the Chair, the Pledge of Allegiance, and Roll Call by Mrs. Ivory. A quorum was present.

PUBLIC COMMENT PERIOD

There was one speaker, Mr. John C. Holland, for the Public Comment period.

Mr. Holland's name and address are: John C. Holland, Jr., 4801 Nansemond Parkway, Suffolk, VA 23435

Mr. Holland: Good morning. I am more or less speaking as a citizen and a business man. I have studied this plan for the future of SPSA, as well as the disaster plan. All the cities have their own public works, nothing against any of the staff but to me SPSA is just another tier of government when every city has their own contracting department and public works. I believe they can all get better competition and pricing individually, and that's not only with their waste disposal in the future but also with their disaster debris. My observation is that waiting for the storm chasing companies to show up here actually just held up the cities from doing their jobs and getting the

debris done. Some of them were two or three weeks late getting started waiting for the storm chasing companies to come save us all. There was one city, I am not going to say which one, had no choice. It had to clean up the roads so anybody could even get here and they did a great job. The storm chasing companies from FEMA actually just got in the way. It seems like to me FEMA could say here cities you all handle it because you know what you are doing and we will verify the tickets and pay the bill. Again, just too many layers there. All I see is add more cost, and again holding up in one case emergency things that ought to be done right then. The out of state companies don't even know the layout of your cities. All cities I have worked with, the staff is excellent and I see them taking a lot of pride in getting the job done. So that's all I have to say.

Chairman Leafé thanked Mr. Holland for his comments and moved to the informal agenda.

1. **INFORMAL ITEMS: DISCUSSION ONLY**

A. MONTHLY REPORT ON WTE OPERATIONS

Mr. Paul Grego of Wheelabrator Portsmouth said good morning, Board. I'd like to present the monthly report for the month of August. The op stats for August for Wheelabrator Portsmouth total waste received by SPSA was 42,311 tons. Waste delivered to RDF plant was 60,316. Total tons processed for the month were 51,972 tons and ash sent to landfill was 13,928 tons. Total power sold to the grid was 16,435 megawatts. And 22,115 k-pounds of steam were sold to the Navy. Overall boiler availability was 78% and overall generator availability was 98%. I have no environmental issues to report. We still remain under a joint consent order with DEQ for dioxin through May of 2012. We did have one minor accident this past month. So far in the month of September we have had 5 reportable accidents. So it certainly wasn't a good month accident's wise. Because of this we are stepping up safety awareness. On a general note the property tax assessment has been resolved. The State Corporation Commission (SCC) of Virginia submitted the assessed value to the City of Portsmouth and has been agreed to by the City of Portsmouth and Portsmouth will be sending a tax bill based on that assessment. And that's all I have for the month.

Chairman Leafé asked if there any questions for Mr. Grego? There were no questions.

B. EXECUTIVE DIRECTOR UPDATES

Mr. Taylor then began his monthly reports. The first item dealt with activities of the landfill. SPSA has not had any odor complaints at the landfill over the past month. Even with the heavy rains from Hurricane Irene we have fared very well. We continue with our odor neutralizing efforts. We will be providing additional information regarding odor control in just a few minutes. I have Scott coming to make a presentation on odor control methods that was requested for DEQ to be submitted to them prior to September 30.

Ash continues to be brought to the landfill. One of the part-time persons has been hired and the process is continuing on hiring the other.

Since the last meeting, we have had 3,541 tons of waste diverted and that was primarily due to Hurricane Irene.

As noted above, DEQ established as one of the requirements for the issuance of the Cell VII permit to research the odor neutralizing application methods and we had Scott perform that research. Scott Whitehurst has a brief presentation for you this morning.

Scott began by noted that as Bucky pointed out, in the Cell VII amendment to the waste permit at the landfill we were required by September 30 of this year to take a look at alternate methods beyond what we are currently doing to neutralize odor at the landfill. It is not a requirement to proceed with acquiring a new system. It is simply a requirement that we take a look at other methods. What we currently do is we have a chem-station neutralizer. We dilute it in our water truck and that is applied to portions of the perimeter roads and working face at the landfill. That cost us over \$1,500 per drum and lasts us about two months per drum based on the dilution ratio that we use. And our annual costs there just over \$9,000 using that method.

Some of the other methods that we have taken a look at over the past few months as far as dispersion and alternate neutralizer are two different pole mounted systems that use sprayers and fans and also a portable drum mounted fan and two different neutralizing products besides the one we are currently using. The pole mounted sprayers, based on discussions with some other landfills in the area and representatives from companies that have been to the landfill may not be the best solution for us should we need to move forward with an alternate system. The reason for that is they seem to be maintenance intensive due primarily to clogging sprayer heads. They do not have a large dispersion pattern. Essentially when the neutralizer exits the spray nozzle, it dissipates immediately rather than being thrown out for any specified distance. We do have some experience at the RDF Plant with these types of systems. They do tend to work quite well in a closed environment but again this is the landfill and we are in an open environment so we need to take that into account as we look for alternate methods. We would need to run distribution lines for the sprayers and we would also have to provide power to run the system and at this time it is a possibility that we could run the system off of our existing leachate and ground water vaults that surround the Cells; however, that would obviously be an additional cost to run power to all these units.

Again, this was not a recommended system for our landfill at the time we looked at this particular system. The next system we looked at, were pole mounted fans. Like the sprayer system, this is a unit that would be mounted on a pole at the perimeter of the landfill. Rather than using a sprayer this would use a fan system which tends to be a little more effective and probably a little better in the environment we are working in at the landfill. Due to this amount of throw, you have approximately a 60 to 70 foot throw of the neutralizing agent. However, again this is a pole-mounted system. If we did have to do maintenance on it or normal interval maintenance it would be difficult because it is mounted up on top of a pole. The fan units that we looked at were approximately \$8,000 each. It was recommended we go with 3 fan units, and a different type of neutralizer than what we are using now, bringing the initial investment to over \$40,000 and would run us about \$20,000 or a little more than that afterwards.

Should we be placed in a position where we need to actually acquire a different neutralizing method and system than what we are using now staffs' recommendation would be to use the

portable drum mounted fans. They are the same type of fans that were just described in the pole-mounted system but these fans simply sit on top of a drum of the neutralizing product, so any maintenance that we had to do would be much simpler. We would not have to go up a pole or rent a lift to provide access for the maintenance. There would be very little distribution line that would have to be run and these could be run using existing light plants that we have at the landfill already. The price of the fans would be the same and the number of units would be the same. And again our year one price is just over \$41,000 with a little over \$20,000 annually charge thereafter. Keep in mind this is a less-intensive system regarding maintenance. We looked at two other neutralizers besides the one we are using now. Ecosorb is one of products we looked at. We are currently using it in the water truck. It can be used in the sprayer fan also. The annual cost is cheaper than what we are currently using and the initial seems to be effective or as effective as the current product we are using. We have also had an order in for a test sample of the next product we have not tested it yet. But I would suspect it would be received by the middle of next week. The cost is significantly more for that particular product. At \$13,750 annually, it can also be applied using our current method, fans or sprayers.

Our recommendation would be that unless we are required to go with a different neutralizing method, we will continue with what we are using or consider switching to the Ecosorb product which is a little bit cheaper. Otherwise if we do need to move to a different system, we will look at the portable drum-mounted fans. That's all I have on this topic.

Chairman Leafe asked Scott if going to a new system will ultimately be determined by DEQ? Scott replied right now I am waiting to see what the feedback is from their waste division at the local office. My opinion is that if we continue to have a good record with no odor complaints, then I am not sure that we will be required to do anything. My hope is that they will take our recommendation into consideration if they do direct us to move forward with a different system. Mrs. Fleming (FR) stated that we were asked to look at other methods. Having done that, you feel the method we have in place is the best of all you looked at? Scott answered by what I can say the current method that we have using our neutralizer and a water truck once a day, we are not generating or receiving any odor complaints. So because of that, my feeling at this point is that our method of dispersion of the neutralizer is effective. So I would have to say unless directed by DEQ we should continue using what we are currently using. Ms. Fleming then asked why would they ask us to change if we think what we have is the best so why would we change something? Scott replied that I think the purpose was to ensure that we had information in a timely manner in case we needed to move forward this fall. In other words, if we have to go towards an alternate method of application within the coming months that we already have the information to make a decision at that point. If we didn't do this study, then we would have to take a month or more to investigate the options that are out there. So at this point if we do need to move forward DEQ's feeling was we are prepared to make decision based on the study that we did. These were systems that we had the initiative to go out and research. It is my feeling that in most cases like this DEQ is not going to recommend a product because if it doesn't work effectively then they are going to be on the hook for making the recommendation. Chairman Leafe asked that the Board be kept apprised as to what transpires on this matter.

Mr. Taylor continued with his monthly reports by noting that the second item pertains to one of the Board's strategic plan and that was for staff to look at the Household Hazardous Waste

(HHW) program, white goods and Freon program to see whether or not those programs are beneficial and whether or not their revenues outweigh the expenses. Mr. Taylor asked Scott to proceed with his presentation.

Scott began by saying that currently our HHW and white goods programs, which does include refrigerant recovery from any refrigerant container devices, are programs that have proven to be beneficial to the communities over the years. HHW is solely for collection of various household hazardous wastes from homes only and is not setup or permitted to collect commercial HHW. Some of the common things we receive are batteries, paints, fuels, pesticides, lawn products and many other things.

White Goods recycling is more broadly labeled as metal recycling. We do take what is defined in regulations as white goods which are technically refrigerators or other household appliances. If we do get appliances in that have Freon, then we have staff who are able to recover the Freon and that Freon is then recycled. We do currently serve all of the communities in the SPSA region. As I see it, the benefits of this program are we do have an experienced and properly trained staff. We collect the material from residents and the material is then bulked up for pick up by the disposal company. What I mean by that is the waste is collected and placed in 55-gallon drums and then we have a contractor that disposes of the material for us approximately twice a year. A lot of the localities that we serve do claim our recycling numbers and collection numbers for their permits. And in particular, their storm water permits. Most of the localities here are required to show a method of household hazardous waste collection in their storm water permits so everyone here is able to take credit for that program in our own permits. It does reduce cost to SPSA. We have the same individuals that are collecting household hazardous waste at our full-time facility at the landfill and events that we use at the other transfer stations. The same folks that do that are making regular rounds to our transfer stations based on our unauthorized waste control plan. Based on that plan if we see household hazardous waste we cannot dispose of that in the trash. We must pull it off and set it aside and then properly dispose of it. In FY10 we served over 19,000 participants and FY11 we served over 10,000. And the waste collected there in FY10 approached 23,000 gallons and just over 950,774 pounds of solids. FY11 was a little over 10,000 gallons and 290,000 pounds of solids. The declines between 2010 and 2011 are primarily due to Virginia Beach taking over the former full-time facility that is located at its landfill and then also with the sale of the RDF plant and power plant to Wheelabrator we lost the Portsmouth collection facility. That was a stationary facility that we could not pick up and move to another site. We do coordinate with public works in Portsmouth periodically. If they have a call for service, we will arrange for a special event for Portsmouth so their residents also have an outlet for their household hazardous waste and in addition any resident can visit any of our HHW facility at any of the event times or any time at the landfill. So just because we have an event in Chesapeake does not mean that a Portsmouth or Virginia Beach resident cannot utilize that service.

Our cost to run the programs was \$547,000 in FY10 and \$223,000 in FY11. And our budgeted number for '12 is \$310,000. And again the reduction in budgets seen here is primarily attributable to the loss of the facilities in Virginia Beach and Portsmouth. What we do is whenever a resident comes in to a SPSA facility, we collect their name and address and from that information, we generate a bill and that bill is sent to the specific locality. That's how we recoup

cost for disposal and operation of the programs. And you can see the numbers there for our net revenue. FY10 was approaching \$500,000, \$250,000 in FY11 and \$215,000 is what we are projecting for FY12.

We do periodically take a look at some of the market rates because many of the items that we dispose of or recycle do have fluctuating prices. Oil and batteries are the most abundant items. If we feel like metal prices are down we do have space at landfill where we can hold metal until those prices come back up and we did see that and took advantage of it last summer when the metal prices dropped significantly. We were able to hold enough metal and then once the metal prices rebounded we took advantage of the higher prices. What we feel that may happen if we did not have this disposal option, localities could form their own programs such as what Virginia Beach did when they took over our facility. What we have seen is that Virginia Beach had the luxury of having a facility that was already up and running. We do know, however, that some other localities in the area have attempted to start HHW collection program and it is likely that based on the required training, and experience that is needed to handle these chemicals you would be looking at least a year before you would have a trained staff that was qualified to collect this material.

If we did not have a program SPSA would have to pay for collection services at the transfer stations. We would be looking at per transfer station per pick up anywhere from 2,000 to \$3,000 and that does not include disposal. We could contract our collection events out as some of the localities on the Peninsula do. We currently have 56 events that we hold each year at the various transfer stations in addition to the full-time facility at the landfill. For the mobile events that a contractor will hold we are looking at minimum of \$4,000 a year for 56 events so that would be a little over \$220,000 a year. That does not include the random collections that we do at the transfer stations that must be handled also.

So what I have concluded is that our programs are valuable programs to SPSA and our communities. We are able to sustain ourselves currently, and we have provided an environmental friendly disposal solution. And at this point it is the finding of the analysis that SPSA staff continue to provide HHW and white goods collection services to be staffed in house versus contracting out. That's all I have on this topic.

Chairman Leafé asked if there were questions or comments.

Mr. Martin (CH) asked if based on the financials when looking at cost to run the programs, how much are we budgeting in FY'12. How much is collection cost and how much would be disposal cost? Mr. Whitehurst replied that the disposal costs typically run, depending on the amount of material we have because it is charged per drum, and depending on the type of material it is, the drums vary in price the typical event would run us somewhere between \$27,000 and \$32,000 for disposal alone. Mr. Martin (CH) said that of the \$310,000 then how much of that is disposal? Mr. Whitehurst replied that he believe we have budgeted somewhere in the \$60,000 range to accommodate two disposal events each year. Mr. Martin (CH) asked if the remainder of that is the in-house labor and operation cost? Mr. Whitehurst replied that was correct. Mr. Martin (CH) continued by saying that secondly, one of the things I think you stated is there are declines in participation in FY10 and FY11 and a lot of that was attributed to Virginia Beach and

Portsmouth but how much is maybe attributable to the inconvenience of the limited drop-offs service that we have? It is not available every day at every transfer station where people can just say yep, I have got stuff and I need to drop it by the SPSA site. The way it is now I have got to figure out which two days of the month in Chesapeake, for example, I can use the transfer station as a drop off site. So have you had discussion about how the inconvenience factor impacts your bottom line? Mr. Whitehurst answered that no; that is not something we looked at. Typically the people we have come in the morning, in the afternoon and during lunchtime and most of those folks are going to work, coming home from work or on lunch break and drop the material off. We have not taken a look at the convenience factor at this stage. Mr. Martin (CH) said that I guess if there was any thought if you increased the number of events, how much more would that cost and how much more volume would you generate. Chairman Leafe stated that he understood that all HHW is billed back to the community. And it seems for the environmental factors we want to be encouraging people to pull the hazardous waste out and it ought to be made convenience but you have to have those discussions with the communities, too, because there has to be somewhere along the line, there has to be a cost factor to having this mixed up in the processible waste where the paint cans get thrown in the garbage can as opposed to being taken somewhere.

Mr. Whitehurst said that if the board would like us to we could take a look at some of this as far as increasing events or increasing participation he'd be glad to. Mr. Woodall (CH) asked whether the service has more demand or less demand? Mr. Whitehurst replied that it is hard to say at this point because of the loss of the Virginia Beach facility. I would say prior to losing Virginia Beach, service was increasing. I don't think there is any question we can improve our numbers, but it's obviously going to come at a cost to the locality. Chairman Leafe stated that staff needs to stay behind it because obviously there are some issues associated with it. You folks need to have discussions with the public works department in the cities and counties and they need to make some general determinations as to what kind of priority they want to put on that sort of thing and make some determination as the value to them in their waste water permits and that sort of thing. Thank you for the report.

Mr. Taylor continued his monthly reports by beginning the report on the meeting between SPSA and Virginia Beach staffs relating to the Ash and Residue Agreement. He stated that a meeting was held on September 14th. Most of the major operational issues have been taken care of. We still have a list of items that has been presented to the board a couple months ago that we discussed at this past meeting and everybody understands the positions more clearly but we still don't have agreement on all of them and the likelihood is some of them we probably may not have agreement. The remaining issues discussed were the closure and post-closure cost, who would be responsible for the Virginia Beach 5 percent free waste disposal, should the percentage of closure and post closure cost for phase 1 be based upon volume or tons, development and construction cost of Phase 2A and what was the true amount that was actually spent at that time by each party to have Phase 2A ready for acceptance of the ash and residue and the waste that would be brought there. We are still trying to deal with what is the best way to address the municipal contract hauler waste. We had certain questions that we posed to Virginia Beach and we have not had a response to those questions at this time. But we are meeting next week, October 6th, to continue our discussions and we will determine then what the course of action

may be following that meeting. Chairman Leafe noted that this topic will be on our agenda for executive session in October.

Mr. Taylor continued his reports by saying that the computer conversion continues. SPSA went live with the work order and inventory part on September first and all is working well. The audit is underway and we hope to have the audit presented at the October meeting.

In regards to the recent accident that we had there was no ticket issued to our driver. The accident occurred on the morning that we had the very heavy rain. The tractor and trailer which was empty was truck headed back to the Norfolk Transfer Station and when it came out of the tunnel the tractor skidded and hydroplaned and went into some of the jersey wall. The truck which was 2002 model may be totaled but we haven't gotten the final word yet. The driver had no injuries and no other people were involved in it.

Mr. Taylor noted that Paul Grego of Wheelabrator had already mentioned the real estate and other tax issues that Wheelabrator has been working through with the City of Portsmouth and the State Corporation Commission.

Mr. Woodall asked about the property tax issue with Wheelabrator, and that Paul mentioned personal property taxes and it's been settled. You want to go into it? Mr. Taylor stated that we received a letter, which I will provide everyone, yesterday regarding the appraisal. The State Corporation Commission (SCC) has appraised the facility and the previous number that was given was approximately \$144.9 million. The real estate appraisal from the SCC came in roughly at \$111 million so based upon this first look SPSA's tax part for year 2012 could be somewhere in the \$347,000 range. Where previously it was estimated it could be upwards of \$600,000 to \$700,000 range. And for 2011 if they go back for that partial year that could be an additional \$174,000. These are preliminary numbers and further review will need to be made. Mr. Woodall asked do we pay personal property tax? Mr. Taylor responded that SPSA doesn't pay any taxes and we would not participate in the personal property taxes of Wheelabrator. The Service Agreement only says that SPSA will participate in the real estate taxes. The Personal property was \$41,000. Mr. Woodall asked does SPSA pay that for our facilities? Mr. Taylor replied that we did not pay taxes on any property.

Chairman Leafe pointed out that SPSA's participation in paying a portion of the real estate taxes is part of the contract of the sale to Wheelabrator. Mr. Woodall stated then that you can make a contract that requires you to pay taxes when you actually don't have to pay taxes. He stated that was amazing. Further, he asked if you can make a contract for a group to pay real estate taxes that it is illegal for them to pay real estate taxes? Mr. Huelsberg responded that it is a cost sharing responsibility that is contracted for. Mr. Woodall stated that it's a real estate tax.

Mr. Huelsberg restated that SPSA contracted to share those costs. Mr. Woodall continued by saying that you can make a contract to make something that you are not responsible or legally have to do something that you have the authority do. Mr. Huelsberg replied that the property is not even SPSA property anymore, so to carry your analogy further. Mr. Woodall than asked if when it was our property did we pay real estate taxes? Mr. Huelsberg responded no. Mr. Woodall stated that we sold it and started paying real estate taxes for property that we don't own any more for infinity to the end of the contract. Mr. Huelsberg replied that until it reached a certain threshold SPSA agreed as part of the sale to share in the amount by which the real estate

tax exceeds that threshold. Mr. Woodall responded that he wanted no misinterpretation when it comes up to vote on that I vote against that. Especially paying Portsmouth real estate taxes on property we don't own. Chairman Leafe commented that it should be thought of as a payment in lieu of tax.

D. REPORTS FROM THE HAMPTON ROADS PLANNING DISTRICT COMMISSION

1) Regional Solid Waste Management Plan (RSWMP)

The Chairman called Mr. John Carlock of the HRPDC to come forward to make his presentation. Mr. Carlock thanked the members of the board. He began by noting that the record that I will talk first and Bob Gardner will be up shortly. Mr. Carlock provided a brief review why we have done this plan, the history of how we got to this point, contents of the plan and what our next steps are. State requirements going back to the late 1980s require that there be either a local solid waste management plan or cooperatively localities can work together to develop a regional solid waste plan. The full plan was provide to the Board and was available on SPSA's web site also for review. Mr. Carlock noted that in March of last year both boards approved returning the maintenance and development of the plan back to the HRPDC. The next step in that process is to get model resolutions to each of the 16 cities down tease and towns in Isle of Wight and Southampton to adopt that resolution recommending that DEQ make the change and then obviously a period of time when DEQ will have to go through their review and redesignation. So our recommendation to you today is that you adopt the plan, and then that the SPSA and PDC jointly submit that plan to DEQ, submit the model resolutions to the localities for their action and proceed along those lines.

Chairman Leafe asked if there were any questions of John?

Dr. Betty Meyers (CH) spoke in reference to source reduction which would obviously involve changing tactics. She asked if DEQ was working with us at all or working with our commercial partners since we can't control the manufacturing source to make changes where it will really reduce the source. Consumers have no choices unless we can get the manufacturing process and maybe the selection of products that local vendors are providing changed. And that's the only way you will get source reduction. And we are not high enough on the hierarchy. If we are not focusing public education on that particular component of the commercial. Mr. Carlock responded that DEQ does not have a program where they are out encouraging vendors to change their packaging or individuals to change what we buy for us to put pressure on the businesses to change their packaging. EPA puts out pretty regular information but it is all educational and voluntary for the businesses. They don't expect us to be the leaders in that.

Motion to approve Regional Solid Waste Management Plan (RSWMP)

Mr. Woodall moved, seconded by Ms. Coffee-Glenn, that the Regional Solid Waste Management Plan be approved and submitted to DEQ for its approval. The vote of the motion was unanimous.

E. SCS PRESENTATION ON THE DISPOSAL OF WASTE IN THE REGION POST 2018

Chairman Leafe welcomed Bob Gardner to the podium to make his presentation regarding the

Update to Solid Waste Management for Southside Hampton Roads Planning Horizon 2011-2047. (It should be noted that these minutes do not reflect the verbatim presentation made by Mr. Gardner but rather provide a very brief synopsis of the major divisions of the topics he discussed. The full report upon which this presentation is made is available on the SPSA and HRPDC website and in the office of the SPSA Executive Director.)

Mr. Gardner provided a thorough review of the document. In that process we will go from 35,000 feet and go down into the weeds on a couple of points. My purpose today is to hopefully just give you some background sense or an executive summary of the plan. The report itself is several hundred pages long and so there are many details associated with that plan that I can't go into in this context and I suspect you will have ample time to review it. This work was done through the HRPDC on behalf of chief administrative officers and thank the CAOs for their input and as well as their staffs, as we prepared this report and we couldn't have done it without that input from SPSA staff, Bucky and Liesl, with regards to the details of your budget and your costs were very important in development of overall analysis. I would like to cover three things today; one is scope of work so you understand the context of what we prepared. Second, I'd like to give an executive summary and talk about the findings and conclusions associated with the report and talk about the implementation of the project itself. If you recall when we did this initial study back in 2008, we met with all the regional members and met with the communities to obtain a sense of values each of you had. Those things have interestingly changed with all the changes that occurred between 2008 study and present time. Those changes include the sale of WTE facility and changing in SPSA board and changes in the amount of waste openly managed in the region. So we have had a number of changes that have occurred in that process as well some of the values and opinions expressed. So we want to as part of this updated study to meet with member communities to get the lay of the land as to what you are thinking about, how you feel about, SPSA and regional landfill and Wheelabrator and life in general with regard to solid waste management. Those were incorporated in the overall analysis and several meetings in the context of this particular project.

Chairman Leafé thanked Mr. Gardner for his presentation. We will look forward to receiving the report and analyzing it. We will talk about the report at next month's meeting so we hope you will be available to respond to questions during that time. I have said this before, and I will continue to say as frequently as I can, and that is that most of these decisions have to be made by the local governments before we can make any decisions in terms of who is in and who is out under what scenarios. We can't ultimately do any of the decision making without the input of the local governments individually and collectively, as to how they want to proceed. So I encourage you to encourage them and the same is true for the PDC and all of the representatives of the individual government sitting around this table, but I would emphasize the sooner the communities can make a decision the better for all because there are some areas in which we could make some decisions, that could be counter-productive to what they would ultimately do.

2. ACTION AGENDA

A. MINUTES OF THE BOARD MEETING

Chairman Leafe stated that we will now move to the action agenda. The minutes of the previous board meeting have been distributed.

Motion to approve Minutes - August 24, 2011 Board Meeting

Mr. Woodall moved, seconded by Mr. Adams, that the minutes of the August 24, 2011 meeting be approved as presented. The vote of the motion was unanimous.

B. FINANCIAL MATTERS

1) Financial Reports

Chairman Leafe called on Ms. DeVary to present the financial report.

Ms. DeVary began by stating that for the month ending August 31, total revenues exceeded total expenditures by \$2.7 million. This is up considerably compared to \$1.5 million in the prior year. Tipping fees are down less than one percent as compared to this same time frame a year ago, but in line with what we had budgeted. If you recall last month I mentioned how municipal tonnages were down about 9% and now this month they are up around 10%, so basically I think this was just a timing issue with the waste stream with July and August because we are right on target. Total expenses through the end of August were \$5.7 million as compared to \$7.3 million in the prior year. The largest decline from a year ago is reduction in the service fee we paid to Wheelabrator this year. At Wheelabrator's request we have hauled total of 15,488 tons of diverted waste from the transfer stations to our landfill, and in turn they have paid us approximately \$1.1 million. So that's the largest decline from year to year in expenses. Under capital expenses we have incurred \$260,000. Year to date we've had encumbrances of about \$338,000. As to our cash balances there has been no real change, \$23 million plus another \$10 million in operating reserve. That concludes my report unless there are questions.

Mr. Woodall (CU) asked to refresh his memory on how the budget has been adjusted by approximately \$588,000. Ms. DeVary stated that this was for projects that were not completed at the end of June and they were carried over for completion in the current fiscal year. Mr. Woodall (CH) noted that overtime was up 32 percent and it was primarily is for hauling. Ms. DeVary pointed out we diverted a lot of waste this time and we were paid additionally for that transportation. Mr. Woodall (CH) asked why electricity went up 116 percent and Ms. DeVary answered that it was primarily the timing of payments. Mr. Woodall asked that when you're putting your information together for the Virginia Beach landfill for their bill, you have a committee, right? Mr. Taylor responded that was correct. Mr. Woodall (CH) further asked if they look at that bill? Mr. Taylor responded that they did and that they meet on a monthly basis for that. Mr. Woodall (CH) said that then my only observation and already said this to the Chairman earlier is that when I am looking at total operations expenses budgeted was \$15 million plus and then go to that slide where you said \$33 million undesignated funds. I think that is way too high as I said before I think it should be \$4.5 million and looking at that 15 million dollars you have 18 months of operating expenses already in that money. That's just an observation. Mr. Woodall (CH) stated that he was just talking about the \$23 million and it has nothing to do with the bond resolutions. Mr. Woodall (CH) stated that his observation is that SPSA has got 18 months cash we could operate if we didn't collect another dollar already in the bank. That's why I think your tipping fees are still too high.

Chairman Leafe thanked Mr. Woodall for the observation and noted that again some of these things that we are working toward and trying to come up with some definitive numbers related to landfill closure will help us in that respect. But we certainly recognize that that is a large number as it relates to ongoing operating number. Mr. Martin (CH) asked if there is a target date for that reconciliation? Chairman Leafe responded that we have another meeting that's taking place in early October. We will discuss it next month and then how we go about trying to resolve those differences we will just have to see as we go along. Mr. Taylor noted that the Board needs to look closely at the liabilities that we know we have out there, too.

Motion to approve Financial Reports Subject to Audit

Mr. Woodall moved, seconded by Mr. Caskey, that the financial reports subject to audit be approved as presented. The vote of the motion was unanimous.

2) Contracts

Ms. DeVary continued with her reports and noted that the first contract for your consideration is renewal of pollution legal liability insurance policy. We had VML, who is our broker; actually solicit bids for us on this because VML doesn't place that type of insurance. And we received two quotes. One quote was from Chartis which is formerly AIG who the current policy is with and other quote was from Ace. The previous policy was a three-year policy, so we went ahead and bid this one for 3 years also. The current cost for three years ago was around \$66,000. The three-year policy quote we have just received is quoted at \$43,800. And there are sufficient funds in the current year's budget to cover this.

Ms. DeVary noted that the primarily decline in the price quotes occurred because SPSA divested the waste-to-energy facilities from the policy.

Motion to approve Pollution Legal Liability Insurance Contract

Mr. Woodall moved, seconded by Mr. Willson, that the pollution legal liability contract submitted by Chartis in the amount of \$43,800 for a three year period to be approved as presented. The vote of the motion was unanimous.

Mr. Steve Coomer brought forward the next two contracts. The asphalt replacement at the Landstown transfer station is the next contract to be considered. Mr. Coomer stated that SPSA went out and received four bids. The low bid for asphalt and material was \$116,310.50 from Asphalt Roads and Materials. We had budgeted \$105,000. We've gone in and taken a look at this and figured in a 10 percent additional work could be required. With this added the final estimate will be \$128,000 so he recommended the board to approve the \$105,000 we have in budget and pull the \$23,000 from two other capital items. That would be \$12,000 from undesignated budget funds and \$11,000 from MSW trailer funds that came in under budget.

Mr. Coomer noted that SPSA had received a rough price about six months ago which led us to the \$105,000 figure but it has deteriorated quite a bid in that six-month period. Steve also commented that they compare on base bids.

Motion to approve Asphalt Landstown Transfer Station Contract

Mr. Woodall moved seconded by Mr. Adams to approve the asphalt replacement at the Landstown Transfer Station. The contract submitted by Asphalt Roads & Materials in the amount of \$116,310.50 including a contingency of additional funds being transferred from undesignated funds (\$12,000) and MSW trailer funds (\$11,000) for a total of \$128,000. The vote of the motion was unanimous.

Mr. Coomer then went to his last contract item which was the repairs to our convenience center hopper at the Boykins Transfer Station. He noted SPSA received two bids with the apparent low bid \$38,941 Parham's Welding and Fabrication and we had \$40,000 budgeted.

Motion to approve Contract for Hopper Replacement at Boykins Transfer Station

Mr. Woodall moved seconded by Mr. Martin to approve the hopper replacement at Boykin's Transfer Station contract submitted by Purham's Welding and Fabrication in the amount of \$38,941. The vote of the motion was unanimous.

3. CLOSED SESSION

Chairman Leafe than said that completes the regular agenda items. We have one matter for executive session which should be a short personnel matter, so Trey give us your closed session motion. He then called on Mr. Huelsberg, General Counsel, to read the closed session request which read as follows:

I move that a closed session be held for discussions regarding confidential personnel matter of the board Southeastern Public Service Authority of Virginia in accordance with Virginia Code Section 2.2-3711(A)(1).

Motion Request for Closed Session

Mr. Willson moved, seconded by Mr. Martin.

Chairman Leafe requested a roll call

Mr. Woodall: Yes

Mr. Martin: Yes

Ms. Fleming: Yes

Mr. Caskey: Yes

Mr. Leafe: Yes

Mr. Willson: Yes

Mr. Chesson: Yes

Mr. Johnson: Yes

Mr. Adams: Yes

Mr. Page Johnson: Yes

Mr. Barnes: Yes

(Closed session.)

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

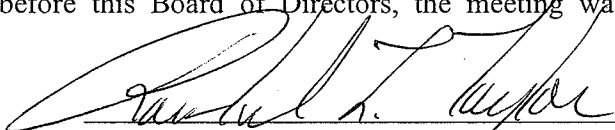
That the Board of the Southeastern Public Service Authority of Virginia hereby certifies that, to the best of each member's knowledge: (a) only public business matters lawfully exempted from open meeting requirements by Virginia law under the Virginia Freedom of Information Act were discussed in the 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.

Motion to Approve Certification

Mr. Caskey moved, seconded by Mr. Adams to approve certification as read. The vote of the motion was unanimous.

ADJOURNMENT

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



Rowland L. Taylor
Executive Director

Submitted by: Blanche Christian
Secretary, SPSA Board of Directors