

SPSA
BOARD OF DIRECTORS
MEETING AGENDA

June 23, 2010

START TIME: 9:30 a.m.

Location:

Regional Board Room
SPSA/Regional Building
723 Woodlake Drive
Chesapeake, VA 23320

AGENDA-AT-A-GLANCE

SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA

BOARD OF DIRECTORS Regular Meeting

WEDNESDAY, JUNE 23, 2010

**REGIONAL BOARD ROOM, SPSA REGIONAL BUILDING
723 WOODLAKE DRIVE, CHESAPEAKE, VIRGINIA
9:30 A.M.**

CALL MEETING TO ORDER	.	.	.	.	.	CHAIRMAN LEAFE
INVOCATION	.	.	.	.	.	EVERETT WILLIAMS
PLEDGE OF ALLEGIANCE						
ROLL CALL						

PUBLIC COMMENT PERIOD

(ALL SPEAKERS MUST REGISTER PRIOR TO CALL TO ORDER – 5-minute maximum per speaker unless advised by Chairman differently; 30-minute total maximum time.)

1. INFORMAL ITEMS: DISCUSSION ONLY

A. MONTHLY REPORT ON WTE OPERATIONS . . . John LaRiviere

This will be the first report from Wheelabrator.



Wheelabrator Portsmouth Inc.

A Waste Management Company

3809 Elm Avenue
Portsmouth, VA 23704

June 15, 2010

Mr. Rowland L. Taylor
Southeastern Public Service Authority
723 Woodlake Drive
Chesapeake, VA 23320

Dear Mr. Taylor:

Please find attached the Monthly Report for the Wheelabrator Portsmouth Inc. facility required by Schedule 15 of the Service Agreement. Should you have any questions on any of the items covered herein please do not hesitate to contact me.

Sincerely,

FOR

John D. LaRiviere
General Manager

enclosures

Wheelabrator Portsmouth Inc.

Monthly Report for the Month of May 2010

This report is submitted as required by Schedule 15 of the Service Agreement for the period indicated above. Paragraphs below are keyed to the items of Section 1.2 contained therein.

Section 1.2

(a) Unit 1

- wall tube leak
- grate casualty
- ash handling system down

Unit 2

- ash handling system down
- wall tube leak

Unit 3

- scheduled outage for grate cleaning and tube work
- superheater tube leak
- bag house work

Unit 4

- waterwall tube leak
- air supply equipment failure
- superheater tube leak
- fuel feed system casualty
- wall tube leak

#3 STG

- buss bar short

(b) Jun 21-29 Unit 4 Outage

Jul 10-16 Unit 1 Outage

Aug 7-20 Unit 2 Outage; Eddy Current Magnet Test

(c) Developing upgrade plans for several major systems and pieces of equipment, and facility upgrade strategy. Boiler and Safety related work underway.

(d) Tests Completed

Monthly HRSD waste water sample

CEMS Calibration Gas Audits

Monthly RDF quality test

Tests Planned

June – August: Monthly HRSD waste water samples

1st Half 2010, RDF Plant waste water sample (MH-5)

2nd & 3rd Quarter 2010 storm water samples

3rd Quarter 2010 ash residue test

Monthly RDF quality test

Unit 2 Dioxin Retest

(e) FM Global Insurance Risk Assessment

Pressure vessel certification in RDF and SP Plants

(f) OSHA Recordable Accidents: One – eye injury during feed chute repairs

Lost Time Accidents: None

(g) Not Applicable

(h) Not Applicable

(i) Weekly

(j) Not Applicable – Managing CO in accordance with VADEQ guidance and our 18 month Control Plan.

(k) Not Applicable

(l) None

(m) See Spreadsheet

(n) See Spreadsheet

(o) See Spreadsheet

(p) See Spreadsheet

(q) See Spreadsheet

(r) See Spreadsheet

(s) See Spreadsheet

Section 1.3

See Spreadsheet

CALENDAR YEAR 2010

MONTH	NAVY STEAM DEMAND (K-LBS)	NAVY STEAM DELIVERED (K-LBS)	THIRD PARTY ACCEPTABLE WASTE (TONS)	OUT-OF-STATE WASTE (TONS)	OUTSIDE-AREA WASTE (TONS)	PROHIBITED WASTE (TONS)	PROCESSIBLE/NON-PROCESSIBLE REMOVED FROM RDF (TONS)
JAN		0					
FEB		0					
MAR		0					
APR		0					
MAY	30175.3	30175.3	34679.35	68.78	60.81	0	9187.36
JUN		0					
JUL		0					
AUG		0					
SEP		0					
OCT		0					
NOV		0					
DEC		0					
YTD TOTAL	30175.3	30175.3	34679.35	68.78	60.81	0	9187.36
CY TOTAL	30175.3	30175.3	34679.35	68.78	60.81	0	9187.36
12 MO ROLLING AVG	2514.608333	2514.608333	2889.945833	5.731666667	5.0675	0	765.6133333

WASTE DIVERTED TO LANDFILL (TONS)	CARBON (TONS)	PEBBLE LIME (TONS)	UREA (GAL)	SODIUM BICARBONATE (GAL)	HYDRATED LIME (TONS)	SULFURIC ACID (LB)	FERRIC CHLORIDE (GAL)	SOFTENER POLYMER (GAL)	CAUSTIC SODA (LB)
1110.67	N/A	504.97	N/A	N/A	N/A	0	N/A	N/A	45043
1110.67	0	504.97	0	0	0	0	0	0	45043
1110.67	0	504.97	0	0	0	0	0	0	45043
92.55583333	0	42.08083333	0	0	0	0	0	0	3753.583333

2. ACTION AGENDA

A. MINUTES OF THE BOARD MEETING Chairman Leafe

[MOTION WILL BE NEEDED TO APPROVE MINUTES]

The minutes of the regular Board meeting of May 26, 2010 are included and presented for your review and approval.

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

May 26, 2010

A Regular Meeting of the Board of Directors of the Southeastern Public Service Authority (SPSA) was held at 9:30 a.m. on Wednesday, May 26, 2010 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	(IW)	Mr. W. Douglas Caskey	(IW)
Mr. Joseph Leafe	(NO)	Ms. Regina Williams <i>absent</i>	(NO)
Mr. G. Timothy Oksman	(PO)	Mr. Douglas Harvey	(PO)
Mr. Roy Chesson	(SH)	Mr. Michael Johnson	(SH)
Mr. James C. Adams, II	(SU)	Ms. Selena Cuffee-Glenn	(SU)
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 following: alternate Ex-officio Board members Mr. Eric Nielsen (SU) and Mr. Taylor Williams (FR); 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; Anthony M. Thiel, General Counsel; Warren Nowlin, Special Counsel, and staff from SPSA and the Hampton Roads Planning District Commission.

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

Mr. Stanley Stein, alternate ex-officio member of the Board with Norfolk was “sitting in” for Regina Williams, taking her seat at the Board table

PUBLIC COMMENT PERIOD

There were no speakers for the Public Comment period.

1. **SPECIAL PRESENTATION**

Chairman Leafe called on Mr. Taylor to make the presentation. Mr. Taylor called Ms. Betsy Madden forward and Ms. Ivory read the Certificate of Appreciation that was presented to Ms. Madden upon her retirement from SPSA after 14 years of service in human resources and its contents are herein contained:

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

Certificate of Appreciation

This Certificate of Appreciation is presented upon the retirement of

ELIZABETH HUME MADDEN

*as a token of esteem for her devoted service to SPSA
from November 1, 1996 through May 28, 2010.*

*The SPSA Board of Directors and Executive Staff wish to convey their respect
and gratitude, along with an expression of highest commendation for her
commitment to SPSA, its employees and customers, as well as her
support of its nationally recognized comprehensive solid waste management program.*

*In recognition, the Board of Directors wishes to publicly thank and congratulate
Elizabeth Hume Madden and orders a copy of this Certificate of Appreciation
officially spread upon the minutes of this meeting.*

Presented this 26th day of May, 2010

Joseph A. Leafe , Chair

Rowland L. Taylor
Executive Director

2. INFORMAL ITEMS: DISCUSSION ONLY

A. PRESENTATION

Chairman Leafe stated that we had a presentation by Mr. Marley Woodall which had been continued from the last Board meeting and that we appreciated his cooperation in that regard. Mr. Woodall gave a PowerPoint presentation that is attached as Appendix A which detailed the tipping fees for the member localities, the host fee for Suffolk, the capped contract rate for Virginia Beach and the tonnage amounts projected for FY2011.

Chairman Leafe thanked Mr. Woodall for the presentation and urged the Board to exercise patience with the work that remains to be done. Ms. Cuffee-Glenn said she appreciated Mr. Woodall's analysis of what is going on and that certainly Suffolk wants to be at the table. She said she thinks the presentation, however, is flawed because there is a price you pay and it is not zero when you have a landfill in your city so as we look at and explore what the options are she hopes we keep that in mind as a Board when making those decisions for the future.

Mr. Oksman said Mr. Woodall had just made one of the most important presentations in the history of SPSA and he hoped it does not simply become some kind of museum piece. He said he thinks it is incumbent on SPSA to find a way to follow-up on it and asked that we include at the next meeting an open discussion between Board members about what we do; what our response should be to Woody's presentation. Chairman Leafe said he would underline the patience point and pointed out that Mr. Woodall had acknowledged up front another very important piece and that is legal contracts that exists between SPSA and the communities. That doesn't take away the need for the discussion and the ability to have the discussion but we have the overlay.

Additionally, Chairman Leafe pointed out that there are other decisions the Board has to make and that is we need to make a decision at our next meeting as to whether or not we are going to go forward with the Cell VII expansion. That decision needs to be made by July 1st, and so at our next meeting that needs to be thoroughly discussed. Part of the information needed to make that decision is in the study that Woody referred to but then our staff needs to work on that with us in terms of helping the Board understand the consequences of a decision not to expend or a decision to expand and when we can make the decision and then when we need to construct and what the pieces are with that. Mr. Hardison asked what if we don't have enough information, what's wrong with getting an extension on the decision. Chairman Leafe said we had asked for a 6-month extension and are waiting for a response from Suffolk.

Chairman Leafe also said the Executive Committee is going to go ahead and plan to outline the way to approach a strategic plan for SPSA. It is not 'doing the plan', but deciding what we are going to do. We are outlining a method and a procedure for talking about a strategic plan and having a retreat.

Mr. Woodall said a time line would be very, very helpful so we know what deadlines we have and the dates.

B. SCS LANDFILL ODOR STUDY AND RELATED ITEMS

Chairman Leafe called on Mr. Bob Gardner of SCS Engineering to present his report on the odor study.

Mr. Gardner: Mr. Chairman, Board members, Bob Gardner with SCS Engineering. We were retained back in the spring to conduct a study of the odor problems that had been encountered at the landfill and we conducted that study in March. The purpose of that study was several fold. The fundamental question is "is the landfill the contributing source of the nuisance odors that were being experienced by the surrounding community". We also looked at the evaluation of other potential odor sources associated in the area. And also then to compare the measured results in terms of the concentrations of various constituents that we detected to health standards which is a fundamental question. Mr. Gardner then took the Board through a PowerPoint presentation which is attached herein as Appendix B.

In concluding, Mr. Gardner said regarding health impacts, none of the constituents that they detected were at concentrations above the established health standards. That's important. It doesn't minimize the nuisance issue associated with those odors; those are real and that's not what that is addressing. Nuisances are nuisances, it doesn't necessarily mean that they are health issues so that's one piece of information we think is significant. There were several odor sources encountered, distinct odors on site and off site. The tell-tale rotten egg smell is basically hydrogen sulfide and other types of sulfide containing compounds that you experience. Those particular odors are associated with the landfill, they could be associated with marshes and there are marshes in between the landfill and where the community is as well. There is also the Sara Lee smell, the coffee that was evident in the neighborhood. You had the odor smell that was more of a glue smell, which is part of that BAFS facility and then there were some other odors we couldn't figure out. Some of the odors that we smelled are characteristic of landfills. We work on hundreds of landfills throughout the country so we have a good sense as far as calibration of our nose and definitely landfill odor that we experienced out there. So that's a major conclusion as well. Weather conditioned played a significant factor in the odor events that occurred.

Suffolk Councilman Leroy Bennett said he really appreciated all the efforts that has been put forward to try and work with the community to try and improve that quality of life in that community. He said the odor had improved approximately 95% although I am still getting complaints. But the experience left a bad taste in the community about the landfill. So I am just being straight up with you. The future of landfill; if you had to take a vote in that community about expansion I know what the answer would be; it's 'no' because of the way it was handled and that it took so long to take action and the people have a big concern with that. They lost a lot of faith in SPSA because of the way it was being handled. So I think that we will have to take another look at what has taken place. They are concerned now with what is going to happen in the future or what do you have in place to prevent this type of occurrence from happening again. And that's their big concern. Bucky, I was talking to him earlier and he was saying the landfill now is taking different types of debris rather than raw garbage. That will help a lot. The sooner you start getting the gas sold off over to BASF, that will have a great deal because that's where most of the odor mostly is coming from. Again, I cannot thank staff, our staff and all the Board members for your support and help that you put

forth to get this study done. I'm hoping that we will be able to make sure that the community will stay focused and be informed of any action that is being taken at the landfill. Chairman Leafe thanked Mr. Bennett.

C. CLOSING REPORT ON WTE SALE

Chairman Leafe called forward Mr. Warren Nowlin, Special Counsel with Williams Mullen to give his closing report on the WTE sale.

Mr. Nowlin said he had a very brief and happy closing report. I am here to report now the obvious that we were successful in closing the WTE sale on April 29th. Consistent with our pre-closing report with you all we were successful in generating a gross receipt of \$152.8 million which was in excess of the face purchase price. We were required to place \$2.5 million in escrow which I will be address in a minute which was related to the pre-closing condition of the plant and the net proceeds therefore at closing to SPSA for debt defeasance was \$150.3 million. So 'mission accomplished' timely at least in that respect. Again, that money is being applied to debt retirement. I can report also it has been a smooth transition in virtually all aspects. I think it fair to say that Wheelabrator, at least its hauler First Tee, has had some challenges in having enough equipment to satisfactory all of its hauling requirements by the daily deadlines but the waste is getting hauled to other landfills meaning Bethel and Waverly and not to Suffolk and only ash is going to SPSA landfills predominantly Virginia Beach. So I believe that in light of the prior presentation that is another very favorable aspect that the residents of the area can consider for this transition. I am very happy about that. The only real open issue is the \$2.5 million escrow for plant condition. That amount was a negotiated amount. It is frankly consistent with what we presented to you in the prior meeting. I think reasonable minds can differ as to whether there was actually a rational basis for that particular amount given the pre-closing reports but that is the amount that was agreed to that allowed us to go to closing and there is a process under the contract that's now underway to resolve that amount. We are engaging jointly with Wheelabrator and an independent engineer to give us a report on the closing condition of the plant and that report will be binding and final. We are working on the terms engagement. We have had I would say a delay in getting the engineer engaged because many of the engineers that we have consulted jointly with Wheelabrator have had affiliations and relations with Waste Management which has conflicted them out of the engagement but I expect that progress, we have a conference call on it this afternoon and I do expect that within the next sixty and at the outside ninety days there will be resolution and the amounts will be distributed from escrow. That is my report. Chairman Leafe thanked Mr. Nowlin and the Board gave him a round of applause.

Mr. Hardison (IW) asked how much of the \$150 million was 'inventory'. Mr. Nowlin said the waterwalls were not in the inventory. I want to say that was literally a \$100,000 delta in their favor. About \$100,000 inventory value reduction during the closing period that was a negative adjustment, reduced the receipts by \$100,000 but there were no issues or disagreements over inventory including the issue of stale inventory that was addressed at one point.

Mr. Hardison said we haven't paid for the water walls. Ms. DeVary replied, "No sir. One thing that still remains that we are reconciling and we are working with Wheelabrator is the outstanding payables and receivables. So we are working through those and we will over the next 30 to 60 days. Some of the purchase orders that remained outstanding that pertained to inventory we just went ahead and assigned those purchase orders to Wheelabrator. So that's how we are working through it.

Mr. Martin (CH) said he wanted to recap and said to Mr. Nowlin you mentioned \$2.5 million escrow, what other SPSA financial obligations are in the contract that we may be exposed to down the road. Mr. Nowlin replied in response to the closing none. The only post-closing adjustments and there are two, one is the true-up on the receivables which Liesl and her staff are working through now and I expect will be done in the next 30 days which is a standard post-closing adjustment. It is like a working capital adjustment and only other one is plant condition escrow. There are no other open items at all under the post-agreement with the one exception of the residue testing plant is still being finalized but no financial commitments or obligations under the Purchase and Sale Agreement are dangling at this point and we are now relying on the Service Agreement which is going to be a long term relationship obviously. Chairman Leafe asked Mr. Nowlin if there is not something in the agreement that does give Wheelabrator a cap on certain taxes and also related to a 'change of law provision'. Mr. Nowlin replied that yes there are certain pass-throughs for 'change in law' which we have discussed a variety of times before the Board here. One of which is there is a threshold for real estate taxes and if ever the State Corporation Commission establishes a value that results in a payment to taxes to Portsmouth in excess of \$1 million then those amounts will be passed through to SPSA which is a standard practice in this industry. Mr. Martin said basically now we are down to our service agreement. Mr. Nowlin said you are operating under the Service Agreement and that issue of assessment is an active matter before both the State Corporation Commission and will be addressed this year. Mr. Martin said he remembered the term, changes in environmental law requirements and asked if there is a pass through on that for the term of the service agreement or a limited time? Mr. Nowlin replied that it is throughout the term but there are limits and there is annual basket and if the annual basket is not exceeded I think it is \$250,000 then there is no pass through. And that basket is actually a deductible; it is not a factive zero as we say in the legal industry it is a deductible as opposed to a basket. Mr. Martin said our Service Agreements are 'put or pay'. Mr. Nowlin said they are 500,000 tons at \$38 a ton for the term of 20 years. Ms. DeVary said it is \$36 today. Mr. Nowlin said it goes to \$38 next fiscal year. Mr. Williams (FR) said he remembered that there was some potential obligation if the phase one filtering process and I am using the wrong word didn't work then we would have to pay part, we had some potential obligations for phase two or something and all of a sudden that disappeared so do we have any pending or potential obligations in that department. Mr. Nowlin said that is a great question; you are referring to the carbon monoxide controls and there was an arrangement whereby we, SPSA, was responsible to pay up to \$350,000 roughly for phase one carbon monoxide remediation controls. That issue was addressed in the final addendum to the Purchase Agreement. SPSA did pay that amount and then we modified the agreement which was approved at the last meeting by which we agreed that there would be no further contribution or payment by SPSA and we would go to closing and Wheelabrator is now responsible for all post-closing carbon monoxide issues and SPSA is responsible for pre-closing but no financial commitment on the capital improvements.

Ms. Cuffee-Glenn (SU) said and the \$850,000 from Portsmouth came from what account; it didn't come from the proceeds of the sale and Mr. Nowlin replied that was correct.

3. ACTION AGENDA

A. MINUTES OF THE BOARD MEETING

Chairman Leafe said the minutes of the previous meeting, lengthy minutes had been distributed and asked if there was a motion to approve them. Mr. Oksman (PO) made such a motion and it was seconded by Mr. Caskey (IW). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

B. (1) APPROVAL OF MODIFICATION TO SCHEDULE 26 (FORM OF AUTHORIZED HAULER SOLID WASTE DELIVERY AGREEMENT) TO SERVICE AGREEMENT WITH WHEELABRATOR PORTSMOUTH, INC.

Chairman Leafe called on Mr. Taylor to discuss the next two actions. Mr. Taylor said we have agreements with Meeks and Allied. Before Wheelabrator is able to take on a new customer, SPSA has to approve the customer in the sense that can we continue to handle and be able to handle the waste volume that they may be bringing in. In other words if they were going to get a customer that would bring in a half million tons and just automatically given they would start doing that we wouldn't be able to handle those tons. That transfer station may end up being running over so this is the reason for it to come to SPSA. They have requested that a form be provided here that the Board would approve and then as these come in, they would not necessarily have to have Board approval every time but would have to have the review and analysis that's necessary to ensure that we would not go over our permitted requirements from DEQ to be able to then have them authorized and accept that waste. We are paid for private hauler waste from the transfer station to the RDF plant; each one of them. So we do need approval for the two documents shown on page 23. Mr. Taylor said the agreements were on the website because they were 20 some pages each. Mr. Martin (CH) asked if this is the beginning of a whole series of them; are we going to have to approve all the private haulers that haul to the transfer stations. Mr. Taylor said if that's what the Board wishes but that's not what we are requesting here. We have to approve any private hauler but we are requesting to be able to be done per form and I know Warren is here to speak to it also and then that way we will be able to have that information, analyze it and then approve it without it having to come back to the Board every single time. Mr. Oksman (PO) said you would be authorizing, this would authorize SPSA professional staff to make this authorization based on its review and professional judgment. Mr. Taylor replied that was correct. Mr. Martin said he thought it is a good idea to control the input into our system that we don't overload it because if we start overloading our transfer stations that will impact our municipal services which is our primary mission so that's good thing. He also said that he was a little concerned about the administrative; just a blanket administrative review because of the history there has been about bringing in out-of-area waste into the system. Mr. Martin said he would hate for that type of action to happen without the Board being made aware of it whether we say, yes, we will have an agreement with New York sanitation department to barge waste into SPSA. He

said he certainly didn't want that to happen administratively, he would like that to happen with the full knowledge of the Board. Mr. Oksman asked if he would be fair in assuming that based upon the open disclosure that your administration has given to SPSA that whenever contracts are approved they report to the Board also. Mr. Adams (SU) asked how often these contracts are coming up. Mr. Taylor replied that there are not too many private haulers but these two were asked if they wished to have a contract prior to the plants being sold to Wheelabrator. They had contracts with SPSA and they chose not to move those contracts forward but subsequent to that they found out that instead of \$36 a ton their waste is now \$60 a ton so a contract seems more attractive now.

Chairman Leafe asked if we can approve these contracts and then staff come back and give the Board the guidelines under which you are going to proceed with the approval of the other contracts. Whatever the amount; it doesn't seem necessary that every contract come back to the Board but at the same time we do need to know what guidelines the administration is applying to the contracts in terms of quantity and nature and so forth and that way the Board can be comfortable as to what it is that is coming in. These two contractors you dealt with upfront but others will be ones that presumably will be generated by Wheelabrator and then you are asking us to approve it, can we do it that way; is that satisfactory to the Board? Mr. Woodall said we are doing this because you want to watch the limit, the tonnage limit. When you bring something up you have to show us then how it affects that number. In other words, if your tonnage number is ten and you already have five, six and seven in place and a guy comes up with eight; you don't want them in there. But just putting a contract before us and not talking to that aspect of it doesn't give us what we need so you need to tell us this will put us close to our limit or whatever but in your information you have to have something like that so the Board can gauge it. Chairman Leafe then said that's the way we will proceed, how it will be handled administratively but as it relates to these two contracts, these are ones that you have been handling and know the quantities and they are local people. Mr. Taylor said yes sir. Chairman Leafe then asked for a motion to approve these two contracts and Mr. Martin (CH) said he would move the approval of the agreements with Wheelabrator, Portsmouth and Meeks Disposal and Allied Waste as printed in agenda and the motion was seconded by Mr. Oksman (PO). All present voting yes; opposed none; motion approved and carried by a unanimous vote.

(2) APPROVAL OF EXECUTION AND DELIVERY BY SPSA OF AUTHORIZED HAULER SOLID WASTE DELIVERY AGREEMENT (IN FORM APPROVED IN (B)(1) ABOVE) WITH MEEKS DISPOSAL COMPANY, INC. AND ALLIED WASTE SERVICES.

(See action taken above; both approved in one discussion and motion.)

C. FINANCIAL MATTERS

Chairman Leafe called upon Ms. Liesl DeVary to present the financial reports. Ms. DeVary said the first thing we will be review will be the financial reports for the month ending April 30th. Year-to-date revenues exceeded expenditures by \$9.6 million. As part of the closing on the sale of the WTE facilities as Mr. Nowlin mentioned, SPSA received a reimbursement by

Wheelabrator for their portion of the expenses that SPSA incurred as it related to this transaction and that was approximately \$2.8 million dollars. So that's where you will see in the monthly report under revenues under 'Miscellaneous revenues' you see that amount of money coming in. It certainly well exceeds what was budgeted. Total expenses to date are under budget by approximately 7 to 8 percent and that's primarily in the areas of fuel, contractual services, capital projects and our debt service. Nothing out of the ordinary to report on the waste stream. The schedule of capital projects, to date we have spent approximately \$7.6 million total on capital projects and equipment replacement of which \$6.9 of that was spent on WTE facilities and the balance \$670,000 was spent on non-WTE facilities. Of the \$6.9 million, we are in receipt of reimbursement in amount of \$1.8 million as it pertained to an insurance claim on the turbine generator that was repaired so we have recouped that amount of money. Operating cash balances remain at nearly \$25 million with an additional \$7.9 million held in reserve. Are there any questions regarding the financial reports for April?

Mr. Williams (FR) said I guess it might come up better in the budget, but are we fairly well clear of all lawyer, consultant expenses that went with the closing; that's all part of the charges back to WTE but do we have any big outstanding bills in that department. Ms. DeVary said yes, we haven't actually paid those yet. You will see that reflected in the May report but they are accounted for within the budget. What we did with closing with Wheelabrator we estimated what the expenses were and had been incurred to date but not yet billed and we got that amount recouped from Wheelabrator. With no further questions Ms. DeVary made a request that the Board approve the report pending audit. Mr. Woodall (CH) made the motion to approve the monthly financial report subject to audit and the motion was seconded by Mr. Adams (SU). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

Ms. DeVary continued saying next we have two contracts for your consideration and reminded the Board that per state code the SPSA Board must approve any procurement contract that exceeds \$30,000 in value. The first contract we have before you is for diesel fuel. This is an annual bid and it is bid out based on all of the diesel fuel that we use throughout the system. The bid this year has already been reduced for the reduction of terminating recycling as well as the sale of the WTE system. The bid is bid based on historical numbers and what the total value of that contract is to be but of course that isn't what we absolutely are going to spend. Of course we only spend it as we use it. So you are pretty much are really bidding just the markup price and we are recommending that you award this to Papco. The mark-up prices range on the location of where the delivery of diesel is and it ranges anywhere from 8 cents to 25 cents. It was also clarified that all fuel is purchased tax-free as we are a tax exempt organization.

Mr. Woodall (CH) made a motion to approve the contract for diesel fuel and it was seconded by Mr. Caskey (IW). All present voting yes; opposed none; motion approved and carried by unanimous vote.

Ms. DeVary said the next contract is for the annual audit. This service was bid out last March, it was for the fiscal year 2009 audit; it was awarded to KPMG. KPMG has performed the audit for SPSA for the last six years. When it was awarded last year it was awarded for

one year with four option years on it and the option year for fiscal year 2010, the base price was \$132,600. I spoke with them just yesterday about this. KPMG's primary concern is the number of hours that it takes to perform the audit it wasn't so much the fixed dollar amount. So I talked with them to find out what can we do to reduce the number of hours in order to bring this fee down. And they are in agreement and have sent just yesterday a revised engagement letter believing that the price will not exceed \$112,500 which is a reduction of \$20,000 dollars and that's also assuming a reduction of one hundred hours. We feel certainly confident that we can do that. The audit is prepared and done by myself and another staff person so as long as we don't get hit by any buses or anything we feel confident we will be able to handle that. We also will have weekly meetings with them once their field work begins to make sure that we are both on schedule, and then previously I did send this out to the Audit Committee. They are also aware we will be rebidding it this next year because certainly the transition that SPSA is going through this next years audit I would expect the fee for that will be substantially lower. Mr. Woodall (CH) said the Audit Committee concurs with what Ms. DeVary has said. They agreed that we are going to bid it out so we get to issue the contract not somebody else and number two we asked her to go back and say this is too much money and ask them to come back with something better so that's the first time I heard the dollar they came back with so we concur. There being no questions Chairman Leafe called for a motion to approve the contract for the audit and such a motion was made by Mr. Hardison (IW) and seconded by Mr. Oksman (PO). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

D. FY2011 BUDGET DISCUSSION

Ms. DeVary began her presentation on the fiscal year 2011 operating and capital budget by saying that when the budget was first introduced there were several unknowns, outstanding variables such as application of the \$150 million in sale proceeds to cash debt service and other things so to begin she would like to review with the Board the changes that we have made to our revenue. Ms. DeVary then took the Board through a PowerPoint presentation, which is attached herein as Appendix C, detailing the changes to revenue estimates, expenses, and the capital budget. She also reviewed the use of the \$150 million proceeds and the subsequent reduction in the debt service. Ms. DeVary also discussed the tipping fees and the use of cash balances to affect those numbers.

Mr. Hardison asked for 2011, what the dollars allocated for consultant fees and attorney fees and some may be one in the same, what is that total number for each one. Ms. DeVary replied that Legal Fees are at \$300,000 and Professional Services, these are the ones that have just been customarily in the Executive Office budget, are at \$150,000 pointing out that \$50,000 of that is customarily spent on the R.W. Beck report, the annual survey. She also said that is another contract we will be bidding out this next year and we also have another post employment benefit calculations report that's done. Mr. Oksman (PO) requested that the Board identify this topic, legal expenses, as a subject for future detailed discussion. Chairman Leafe said he had also addressed this issue and that the fees had been high in the past because of a lot of different issues. He also acknowledged there are not contracts that require the payment of that entire amount. Ms. DeVary said we are not committed to spend that; if we decide we will spend only \$100,000 then the other \$200,000 can be re-appropriate.

Mr. Everett Williams (FR) asked for an accounting of the Virginia Beach expenses, the total of \$2.9 million. He wants to see it broken out by how many people, etc. Ms. DeVary said she would forward that on to the Board after the meeting noting that she had received it from Virginia Beach and that it is broken out by how much for salaries, benefits, contractual each by the different items.

Continuing, Ms. DeVary stated that staff had implemented the reduction-in-force as they had originally estimated. It was a total of 47 positions. Several of them had been vacant so the head count was much less than that but these 47 positions is excluding the positions that were terminated through recycling and through the sale of WTE. It brings our total positions budgeted at 168.5. I believe in the budget document we said 161. There are 9 positions we are going to evaluate over the next three months. It is primarily in transportation and we have budgeted that these 9 additional positions will be rified come early fall. As everything settles down and the dust kind of settles with our Service Agreement with Wheelabrator we wanted to make sure that we were not short having drivers available especially since we are getting into our very heavy season. So that should then bring our total positions down to 159. Ms. DeVary said Bucky and she have active conversations daily about our expenses; we don't want to spend money either. Ms. DeVary said that once we get direction from this new Board on what you want to see, what you want to do then we are able to tailor our budget accordingly. This budget, number one is my first year doing it and number two, we didn't have direction from the Board on preparing it or anything. So that's where we have lots of room for improvements and I'm confident we will get there, it will take a little bit of time. Mr. Hardison asked how much money is included for pay raises for these 168 people. Ms. DeVary replied zero.

Mr. Hardison asked Mr. Taylor what we estimate we are going to save in 2011 due to increased efficiency. It is something that every company has to do every year; every business, every government organization should and certainly we should. Mr. Taylor said they would have to sit down and figure it out; there are the 47 positions for instance. Mr. Hardison said he wasn't talking about an answer today but that there has got to be a number there we are striving to reduce cost and increase efficiency which means we are trying to do our job better that's all it means, try and do our job better to this extent.

Ms. DeVary said regarding the capital program, once again, we need direction by this Board of what condition do you want the existing assets of SPSA to be in come 2018 because as far as staff knows we are to shut down come January 25, 2018. So that's where it is I guess basically front ended in the capital at this point because we are seeing these things need to be replaced. We possibly can put them off a year or two but that's why we don't have anything in the out year because as far as we know we are ending in 2018. Mr. Taylor said the whole idea looking at it is not to do anything in last three to four years if at all possible.

Chairman Leafe said that adds to the discussion that we need to have because some of our major assets are the transfer stations and the equipment that go with it and we may or may not go away in 2018 but if we go away 2018 trash will be hauled and the transfer stations will still be necessary and valuable assets to all of the communities and the value is going to be enhanced if those transfer stations and equipment are in good shape and happen to reach some agreement with the communities that they purchase the transfer stations from us then it

increases the value to SPSA and the ability to get rid of our debt. Mr. Everett Williams (FR) said last year we had a capital budget of \$20 million which came down to \$17.5, about \$10 million of that was set aside for the WTE plant leaving \$7.5 set aside for the rest of the operation which included at that time recycling which takes away the need to buy some trucks and other stuff that went there and so \$8 million fell in the right conceptual category to me based on history, and the very fact that this year we did not spend very much to support the functions of SPSA outside of the WTE plant. And so having the staff thinking we can live with \$5.8 million worth of capital budget this year seems entirely in order to me conceptual wise, and I support that number and we will probably be tasked to achieve it. Mr. Woodall (CH) said when you look at these projects, everything has got a five years or less life. We are going to be here five years or less SPSA and look at all of them I don't know but I have gone around all these transfer stations and looked at these things that they are doing at the transfer stations and we have floors in terrible shape and at Oceana the place is falling apart. Do I like putting \$500,000 or \$600,000 in that place when we don't own it and can be kicked out in 30 days or less, no, I don't like to do that. But we have people working there and continuing to work there in next bunch of years so I think it is appropriate spending. \$4.3; \$1.5 million; I am in favor of it.

Ms. DeVary said the projected cash balances for fiscal year and I am projecting we will have \$20 million in excess of the \$10 million that will be already set aside from operating reserve. This \$20 million has been generated primarily, \$10 million savings in debt service. When the fiscal year '10 budget was originally adopted the 2009 debt restructuring done had not been done. It did not close until the June 17th so the budget had already been adopted and the existing cash balances were not taken into account when setting up the debt service plan. We have known all along I told the Board before you back in August or September that we were projecting this savings. We also have a \$10 million dollars savings in capital because we budgeted to generate the funds for capital completely from the operating revenue. Once again it wasn't taking into account that we had previously borrowed funds that were sitting in the bank and those capital projects that had been identified for that cash had been deferred. So the good news is we have got about \$20 million. Now you may ask why didn't you consider this when you were first putting the budget together. Two primary reasons; number one, we had no idea whether or not the IRS would accept the volume cap instead of us having to pay a cash penalty; no idea. We didn't know that until 45 days ago. The second one is we had no idea if there was going to be any required or additional improvements necessary to the WTE plant before or after we sold the plant. Based on the assessment and the walk through what may be held in escrow. So that is why and I do recall telling you when we introduced the budget these were certainly unknowns and variables and that the \$170 tipping fee we felt confident that would do nothing but come down. I have identified in consultation with bond counsel and financial advisor I have identified four options for use. First option would be a one-time reduction in the municipal tipping fee which could be \$80 per ton. The second option is to keep the all cash for future capital improvements and equipment replacement and basically bank the money. Third option would be to go ahead and deposit it all to the landfill closure trust therefore reducing your future annual deposits to the landfill closure. And of course the fourth option would be to retire additional debt. Your cost of debt far exceeds any potential interest earnings of holding on to the money. Our debt structure is extremely complicated. Our recommendation is to go ahead and use the \$20 million today to retire additional debt

In concluding, she said staff recommendations are to (1) authorize the use of \$20 million to retire additional debt; (2) adopt the FY 2011 Operating and Capital Budget of \$56,333,175; and (3) set the municipal tipping fee at \$150 per ton (all other fees as previously advertised).

Ms. Fleming said Mr. Chair, I think if you think back on all we said today and remember the patience the judge has asked us to have and you remember the progression of the information that Liesl just gave us there is absolute clear illustration of why we need to be patient, how one piece ties to the other and why we can go with confidence by adopting this budget now. It clearly leaves the path open to make the changes we need to make but it clearly illustrates your point about being patient and taking it step by step and waiting to see how one thing affects another. I think they have done a great job; think it really confirms what we talked about this morning and we need to remember it is just the beginning. So I would like to say thank you to Liesl for what she has presented and the manner in which she has presented it and if you can wait through and not be too anxious you see the logic of it. Chairman Leafé asked her if she would like to make that a motion and then we would have a second and then have discussion Ms. Fleming said yes, just to get it on the floor because recommendations in there that have to be acted on; so moved. Chairman Leafé repeated that the motion was to approve the recommendations on the retirement of the debt service; we will go through these individually, these are for discussion purposes that we approve the operating budget and tipping fee of \$150. The motion was seconded by Mr. Johnson (IW). Chairman Leafé asked if there was further discussion with regard to that. Ms. DeVary said we will monitor as we do every month and give you a financial report. If we find six months into next fiscal year that we have identified other savings and you want to reduce the fee, you can. Ms. Cuffee-Glenn (SU) said she thought they have done a tremendous job and to move it forward.

Chairman Leafé said we all have the desire to reduce the tipping fee as much as we can but we also have the obligation to make sure that we are protecting the financial integrity of the organization. As one individual the very last thing I want to do is be in a position where VRA is notifying our local jurisdictions that we don't have enough money to pay our debt service and they would like to talk to them about their guarantees. I am convinced that given another year that we can make enough changes operationally and administratively to at least get that number down another ten dollars. Mr. Hardison (IW) said he thought we all have had lots of discussion with staff and I would like to commend the staff on patience in dealing with the different thought processes they were approached with and things worked out.

Chairman Leafé asked that we break these out separately for purposes of a vote so that we are making ourselves clear and the staff is clear. The first one would be the application of \$20 million of excess cash, to the repurchase of bonds and reduction of debt as Liesl has described. It was determined that the previous motion, all inclusive, is still on the floor. Mr. Martin said before we vote on what appears to be one main motion my lawyer back at the City would get me if I didn't make my statement for the record which is that the City of Chesapeake is pending litigation of which one of the counts alleges discriminatory and unequal and tipping fees, and so my vote today is without prejudice to the City's position. Chairman Leafé clarified that the motion is in this case for all three items and that we will take it by roll call. Ms. Ivory repeated that the motion was to approve the operating budget and the tipping fee of \$150 and approve the use of the \$20 million for additional debt

retirement and Mr. Thiel stated that it was the three items shown on slide 14 of the budget presentation. Ms. Ivory then took a roll call vote the results of which are herein recorded: Mr. Woodall, yes; Mr. Martin, yes; Mr. Everett Williams, yes; Mrs. Fleming, yes; Mr. Hardison, yes; Mr. Caskey, yes; Mr. Leafe, yes; Mr. Stein (sitting in for Ms. Regina Williams today), yes; Mr. Oksman, yes; Mr. Harvey, yes; Mr. Chesson, yes; Mr. Johnson, yes; Mr. Adams, yes; Ms. Cuffee-Glenn, yes; Mr. Barnes, yes. Motion approved and carried by a unanimous and recorded vote.

Chairman Leafe said good job to Bucky, Liesl and the staff. He also said he hoped all of our communities will appreciate the extra dollars that we will not be collecting from them this year.

4. REQUEST FOR CLOSED SESSION

Chairman Leafe then said the Board would need to go into executive session, shouldn't take very long, but for two items and called on Mr. Taylor to read the request which was as follows:

A request is made for a closed meeting to consider information, reports and advice regarding (a) 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; and (b) to review, consider and discuss various personnel and employment matters pursuant to Virginia Code Section 2.2-3711(A)(1).

Chairman Leafe said what we will do is go now into executive session and for the first part of the executive session we will have our legal counsel here and staff and deal with that legal item. The second part will be for the Board only. Mr. Oksman (PO) made a motion to approve the request for closed session and it was seconded by Mr. Woodall (CH). All present voting yes; opposed none; motion approved and carried by a unanimous and recorded vote.

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

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

A motion to approve the certification as read was made by Mr. Stein (NO) and seconded by Mr. Oksman (PO). A roll call vote was taken and the results were as follows: Mr. Woodall, yes; Mr. Martin, yes; Mr. Everett Williams, yes; Mrs. Fleming, yes; Mr. Hardison, yes; Mr. Caskey, yes; Mr. Leafe, yes; Mr. Stein (sitting in for Ms. Regina Williams today), yes; Mr. Oksman, yes; Mr. Harvey, yes; Mr. Chesson, yes; Mr. Johnson, yes; Mr. Adams, yes; Ms.

Cuffee-Glenn, yes; Mr. Barnes, yes. Motion approved and carried by a unanimous and recorded vote.

5. ACTIONS ARISING FROM CLOSED SESSION

Chairman Leafe stated there was no action to be taken as a result of the closed session.

INFORMATIONAL ITEMS

There were no informational items.

OLD/NEW BUSINESS

There was no old or new business discussed at this meeting.

ADJOURNMENT

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

Rowland L. Taylor
Executive Director

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

B. GUIDELINES FOR NEW CONTRACT HAULERS . . . Rowland Taylor
[MOTION WILL BE NEEDED TO APPROVE THE AGREEMENT]

Attached is a draft of the proposed guidelines for accepting or rejecting new haulers into using SPSA transfer stations.

The guidelines follow closely with the Service Agreement with Wheelabrator.

GUIDELINES FOR SPSA APPROVAL FOR ACCEPTING NEW CONTRACTS FOR HAULER AUTHORIZED WASTE

The following is the criteria set forth in the Service Level Agreement (SLA) to enter into a contract for “Hauler Authorized Waste”. The below listed requirements are a general overview of the Schedule 26 requirements needed to be listed in the contract submitted to SPSA for approval after terms have been agreed to by Wheelabrator and the Contract Hauler.

Requirements

- Signed contract in the format as set forth in Schedule 26 of the SLA. Other evaluation components are listed below.
 - What are the Estimated Tonnages to be delivered broken down by transfer station? (See attached Schedule 19) List the transfer stations that the hauler will be primarily using.
 - What is the destination of the tonnages (transfer stations or RDF plant?)
 - What is the identification and type of vehicles to be used for delivery of the waste to the destination?
 - Driver Identifications must be provided to SPSA before waste delivery begins.
 - Copies of all insurance riders for all vehicles must be provided before waste delivery begins.
 - Initial and random Tare weights must be provided before waste delivery begins.
 - A certification that the hauler agrees to follow all SPSA rules and regulations regarding operation at transfer stations. (No unacceptable waste will be permitted to be delivered to a SPSA transfer station.)
 - Hauler must agree to follow all state and local regulations as applicable to hauling waste
 - Hauler must agree to follow weight cap of the Transfer stations as defined in schedule 9 (copy attached).
 - Tipping fee charges must be at the same level as all other contact haulers with annual increases tied to cost index as defined in Schedule 26.
 - A list of the private hauler waste currently being accepted by each transfer station is attached. This list is based upon an annual projection comprised of the last 12 months of the waste delivered to the transfer stations.

SCHEDULE 9

AUTHORIZED HAULER ACCEPTABLE WASTE CAP

<u>SPSA Transfer Station</u>	<u>Daily Limit</u>	<u>Weekly Limit</u>	<u>Consecutive Four (4) Week Period</u>	<u>Yearly Limit</u>
Chesapeake Transfer Station 901 Hollowell Lane Chesapeake, VA 23320	200	1,100	4,400	52,800
Isle of Wight Transfer Station 13191 Four Square Road Smithfield, Virginia 23430	100	550	2,200	26,400
Norfolk Transfer Station 3136 Woodland Avenue Norfolk, Virginia 23504	700	3,850	15,400	184,800
Franklin Transfer Station 30521 General Thomas Highway Franklin, Virginia 23851	100	550	2,200	26,400
Landstown Transfer Station 1825 Concert Drive Virginia Beach, Virginia 23453	600	3,300	13,200	158,400
Oceana Transfer Station 2025 Virginia Beach Boulevard Virginia Beach, VA 23462	100	550	2,200	26,400
Suffolk Transfer Station #1 Bob Foeller Drive Suffolk, VA 23434	300	1,650	6,600	79,200

* All Acceptable Waste Caps are measured in Tons.

FORM OF AUTHORIZED HAULER SOLID WASTE DELIVERY AGREEMENT

AMENDED AND RESTATED SOLID WASTE DELIVERY AGREEMENT

THIS AMENDED AND RESTATED SOLID WASTE DELIVERY AGREEMENT (the “Agreement”) is made the ____ day of _____, 2009, by and among the **SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA** (“SPSA”), a public body politic and corporate of the Commonwealth of Virginia, _____ (“Contractor”), and the party specified as “Vendor” on the signature page attached hereto (“Vendor”), or their respective permitted assigns (each a “Party” and collectively, the “Parties”). Unless otherwise defined elsewhere herein, the capitalized terms used herein shall have the meaning given to them in Section 17 below.

RECITALS:

WHEREAS, SPSA and Contractor are parties to that certain Solid Waste Delivery Agreement dated December __, 2008 (the “Original Agreement”);

WHEREAS, SPSA is expected to sell the RDF Plant in a competitive bidding process to a wholly owned subsidiary of either Covanta Energy Corporation or Wheelabrator Technologies Inc., and the purchaser of the RDF Plant shall be the Vendor (the “RDF Plant Sale”);

WHEREAS, closing of the RDF Plant Sale is expected to be consummated on or prior to December 31, 2009 (the “Closing”);

WHEREAS, the parties intend that this Agreement will become and be effective and binding on the Parties only upon the Closing;

WHEREAS, Contractor, for itself or others, regularly engages in the collection and delivery of Solid Waste for disposal;

WHEREAS, following Closing, SPSA will operate the SPSA Facilities, Vendor will operate the RDF Plant and Contractor will deliver Commercial Processable Waste to the SPSA Facilities and the RDF Plant for the account of Vendor;

WHEREAS, subject to the terms and conditions herein, and for the fees provided in this Agreement, Contractor desires to deliver certain Commercial Processable Waste collected by Contractor to the SPSA Facilities and the RDF Plant for disposal and SPSA and Vendor desire to receive and dispose of such waste; and

WHEREAS, the Parties acknowledge that it is in the best interest of SPSA, Contractor and Vendor to enter in this Agreement to continue Contractor’s delivery of Commercial Processable Waste to SPSA Facilities and the RDF Plant following Closing.

NOW, THEREFORE, in consideration of the promises contained herein and their mutual obligations, the Parties hereby agree as follows:

1. Term:

The initial term of this Agreement shall commence and become effective on the date of Closing, provided such Closing has occurred on or before December 31, 2009, and shall expire on January 24, 20__ (the “Term”).

2. Execution of the Agreement:

At Closing, Vendor shall deliver to each of SPSA and Contractor (i) a copy of this Agreement, countersigned by Vendor, and (ii) a written notice specifying Vendor’s Contract Administrator (the “Closing Notice”), and SPSA shall deliver to Vendor a copy of this Agreement countersigned by Contractor. If Closing does not occur on or prior to December 31, 2009, this Agreement shall be null and void, *ab initio*, and shall have no force and effect and the terms of the Original Agreement shall remain in full force and effect.

3. Obligations of Contractor:

(a) Contractor agrees to deliver during the Term of this Agreement to one or more of SPSA Facilities or the RDF Plant (as determined by Contractor), all SPSA Area Commercial Processable Waste collected by Contractor.

(b) If Contractor is found to have committed a Delivery Violation, Contractor shall pay to Vendor, the amounts set forth in subsection 7(c). If Vendor’s Contract Administrator determines that there has been a Delivery Violation, then Vendor shall give Contractor and SPSA notice within two (2) days following the determination that a Delivery Violation has occurred specifying the circumstances and any known details involved. Contractor agrees to investigate thoroughly the Delivery Violation described in Vendor’s notice, to take all appropriate action in response, and within fourteen (14) days of receipt of Vendor’s notice to provide Vendor and SPSA with notice of the results of Contractor’s investigation and any actions taken in response. A “Delivery Violation” shall mean a failure by Contractor to deliver all SPSA Area Commercial Processable Waste collected by Contractor.

4. Operating Provisions:

(a) Contractor shall abide by all rules relating to SPSA Facilities and the RDF Plant that are in effect as of the date of this Agreement, or which may be adopted by SPSA or Vendor during the Term of this Agreement (including without limitation rules regarding compaction of Commercial Processable Waste, the types or sizes of vehicles that may access SPSA Facilities or the RDF Plant and any restrictions required to insure compliance with conditions to permits issued to SPSA or Vendor for operation of SPSA Facilities or the RDF Plant). In addition, Contractor shall follow all

instructions and directions of SPSA's Contract Administrator and Vendor's Contract Administrator that are (i) necessary or useful for the safe and effective operation of the SPSA Facilities and the RDF Plant, and (ii) not in conflict with the provisions of this Agreement. SPSA and Vendor agree not to distinguish arbitrarily between their commercial and municipal customers in scheduling tipping sequencing at SPSA Facilities and the RDF Plant. For security purposes, Contractor shall provide all of its personnel and vehicles entering SPSA Facilities and the RDF Plant with identification satisfactory to SPSA's Contract Administrator and Vendor's Contract Administrator and shall if requested confirm to SPSA or Vendor the identity of all such personnel in advance. Vehicles and personnel not possessing the required identification may be refused entry by SPSA or Vendor. All Contractor vehicles shall be licensed and permitted in accordance with federal and state law, and shall be insured in accordance with industry standards. Contractor upon the request of SPSA's Contract Administrator or Vendor's Contract Administrator shall provide copies of such licenses, permits and insurance.

(b) Contractor shall not knowingly deliver to SPSA Facilities or the RDF Plant any Hazardous Waste, Regulated Medical Waste or Unacceptable Waste ("Prohibited Waste"). Contractor agrees that if it should deliver Prohibited Waste to SPSA or Vendor, title to that waste shall not pass to SPSA or Vendor. Upon receipt of Prohibited Waste from Contractor, SPSA or Vendor shall notify Contractor who, with the reasonable assistance and cooperation of SPSA or Vendor, as the case may be, shall expeditiously and within a period of time reasonable under the circumstances for the industry, remove or arrange for the removal of the waste from SPSA Facilities or the RDF Plant, at Contractor's sole cost and expense, executing all manifests as the generator of the waste. However, if SPSA or Vendor in their reasonable discretion deems it necessary or appropriate for the protection of property, human health or the environment, or for the continuing safe and efficient operation of SPSA Facilities and the RDF Plant, or if Contractor fails to remove Prohibited Waste expeditiously in keeping with industry standards after a request to do so by SPSA or Vendor, then SPSA or Vendor, acting through itself or others, may remove and properly dispose of Prohibited Waste delivered by Contractor and charge Contractor the actual costs for removing and disposing of that waste. Contractor acknowledges that it shall be the generator of any such waste removed by Vendor or SPSA and agrees to sign the manifests for the waste as generator. In addition, should Contractor deliver Prohibited Waste to any SPSA Facility or the RDF Plant, Vendor in accordance with subsection 7(f) shall be entitled to recover from Contractor all actual costs, including reasonable attorneys' fees resulting from such delivery. Contractor shall cooperate with SPSA and Vendor in identifying any customer of Contractor who is the generator of such Prohibited Waste. Contractor shall notify its customers of the requirements of this subsection. SPSA or Vendor may, for the remaining term of the Agreement refuse to accept waste from a generator that generates Prohibited Waste delivered by Contractor. SPSA's Contract Administrator or Vendor's Contract Administrator shall notify Contractor of such determination in writing, and Contractor shall be entitled to treat all waste generated by such generator as being excluded from this Agreement and may dispose of such waste as determined by Contractor until such time as SPSA and Vendor at the request of Contractor agree to accept materials from such generator.

(c) Each of Contractor's vehicles shall be weighed in, with driver aboard, at certified scales operated by SPSA on behalf of Vendor at the time of each delivery. In addition, at the time of first delivery and on a periodic basis as determined from time to time by Vendor's Contract Administrator, vehicles shall be weighed empty with driver aboard, to confirm the correct tare weight. Also, SPSA and Vendor reserve the right to weigh empty vehicles at any time and not on a scheduled or periodic basis.

(d) The Parties acknowledge that SPSA may be required to close temporarily SPSA Facilities or Vendor may be required to close temporarily the RDF Plant from time to time for repairs or for other reasons in the normal course of business. Nothing in this Agreement shall be construed to limit SPSA's right to close any SPSA Facility or Vendor's right to close the RDF Plant for those purposes, or to create any obligation on the part of SPSA or Vendor to provide any alternative delivery point during the period of any closure, so long as SPSA or Vendor is pursuing the repair or otherwise dealing with the cause of the closure with diligence and in accordance with customary practices. In the event a SPSA Facility to which the Contractor is authorized to bring SPSA Area Acceptable Waste is closed, the Contractor may bring SPSA Area Acceptable Waste to another SPSA Facility so long as the Contractor coordinates such delivery to an alternate SPSA Facility with SPSA's Contract Administrator.

5. Obligations of SPSA:

(a) SPSA for the Term of this Agreement agrees to accept all SPSA Area Acceptable Waste collected and delivered by Contractor to the SPSA Facilities. If the Contractor shall fail to follow SPSA's rules and procedures described in subsection 4(a), then SPSA may refuse Contractor's deliveries of SPSA Area Commercial Processable Waste or SPSA Area Commercial Non-Processable Waste (or both) to the SPSA Facilities.

(b) SPSA shall accept SPSA Area Acceptable Waste at the SPSA Facilities during the hours as shown on Exhibit A attached hereto, excluding the regular posted holidays shown on the Exhibit A. In the event additional transfer stations become operational, they shall have hours generally comparable to those set forth on Exhibit A. SPSA may reduce the operating hours of a SPSA Facility upon sixty (60) days prior written notice to the Contractor. If Contractor does not provide SPSA with written notice of its refusal to consent within thirty (30) days following the SPSA's delivery of notice of the reduction in operating hours, then Contractor shall be deemed to have consented to the reduction. SPSA may extend the hours of operation at a SPSA Facility in its sole discretion; however, any extension may be rescinded by SPSA in its sole discretion. SPSA agrees to use its commercially reasonable efforts so that Contractor's vehicles may off load SPSA Area Acceptable Waste in less than thirty (30) minutes waiting time, provided however that SPSA shall not be deemed in default of this Agreement or liable to Contractor for SPSA's failure to achieve this goal. SPSA shall establish and Contractor shall comply with operational procedures to coordinate deliveries and insure efficient management and handling of SPSA Area Acceptable Waste at SPSA Facilities. SPSA

agrees to use its commercially reasonable efforts to notify Contractor, by whatever means are expeditious and practicable, of actual or anticipated closure of any SPSA Facility or delay at a SPSA Facility outside the normal course of business, but SPSA shall not be liable to Contractor for failing to give such notice.

6. Obligations of Vendor:

(a) Vendor for the Term of this Agreement agrees to accept and properly dispose of all SPSA Area Commercial Processable Waste and Outside Area Commercial Processable Waste collected and delivered by Contractor or SPSA to the RDF Plant.

(b) Vendor shall accept SPSA Area Commercial Processable Waste and Outside Area Commercial Processable Waste at the RDF Plant during the hours shown on Exhibit B. Vendor with Contractor's consent may reduce the operating hours of the RDF Plant. If Contractor does not provide Vendor with written notice of its refusal to consent within thirty (30) days following Vendor's delivery of notice of the reduction in operating hours, then Contractor shall be deemed to have consented to the reduction. Vendor may extend the hours of operation at the RDF Plant in its sole discretion; however, any extension may be rescinded by Vendor in its sole discretion. Vendor agrees to use its commercially reasonable efforts so that Contractor's vehicles may off load SPSA Area Commercial Processable Waste and Outside Area Commercial Processable Waste in less than thirty (30) minutes waiting time, provided however that Vendor shall not be deemed in default of this Agreement or liable to Contractor for the Vendor's failure to achieve this goal. Vendor shall establish and Contractor shall comply with operational procedures to coordinate deliveries and insure efficient management and handling of SPSA Area Commercial Processable Waste and Outside Area Commercial Processable Waste at the RDF Plant. Vendor agrees to use its commercially reasonable efforts to notify Contractor, by whatever means are expeditious and practicable, of actual or anticipated closure of the RDF Plant or delay at the RDF Plant outside the normal course of business, but Vendor shall not be liable to Contractor for failing to give such notice. Notwithstanding anything to the contrary above, Vendor shall not be obligated to accept Outside Area Commercial Processable Waste pursuant to this Section 6 at any time the RDF Plant is closed or otherwise not in operation.

7. Fees for Disposal; Billing; Other Charges:

(a) During the Term, Contractor shall pay the tipping fees to Vendor as follows (as adjusted from time to time pursuant to Section 7(b) throughout the Term):

(i) For SPSA Area Commercial Processable Waste, a tipping fee of \$36.00 per ton plus a Fuel Surcharge, and

(ii) For SPSA Area Commercial Non-Processable Waste, a tipping fee of \$60.00 per ton plus a Fuel Surcharge.

(b) The per ton tipping fee amount for SPSA Area Commercial Processable Waste and SPSA Area Commercial Non-Processable Waste set forth in subsection (a) above shall be adjusted each July 1st during the Term as follows: The amount of the tipping fee shall be the amount of the tipping fee for the immediately preceding period ending June 30 increased by the percentage equal to the annual increase in the Consumer Price Index: U.S. City Average: Transportation (1982-1984 =100), NSA for the calendar year ending on the immediately preceding December 31. The rates shall not be decreased. In the event the specified index is not available, the government or industry promulgated transportation cost index that most closely approximates the historical movement of the specified index over the five year period preceding such unavailability shall be substituted for the specified index. The Fuel Surcharge shall be added to the tipping fee calculated in accordance with this subsection 7(b).

(c) In the event of a Delivery Violation, Contractor shall pay to Vendor (i) the tipping fees that otherwise would have been payable for the delivery at SPSA Facilities or the RDF Plant pursuant this Section 7, times a factor of 1.5, and (ii) any attorneys fees incurred by Vendor to investigate or confirm a Delivery Violation, or to enforce Contractor's delivery obligations under this Agreement.

(d) Contractor shall pay for delivery of Outside Area Commercial Processable Waste the tipping fee established from time to time by the Vendor.

(e) Contractor shall pay to Vendor the actual costs to which Vendor is entitled pursuant to subsection 4(b) above.

(f) Contractor shall pay Vendor the total amount of any tax, assessment, fee, cost (including compliance costs) or other charge that may be imposed by the Commonwealth of Virginia or Federal government or incurred by Vendor, in each case in connection with any law, regulation, statute, code or legislation adopted or amended subsequent to the effective date of this Agreement which is of general applicability to the operation of landfills or waste-to-energy systems (but not related to any action, omission or condition solely of Vendor such as fines or penalties imposed by a court or governmental authority) that Vendor is required to pay by reason of the receipt and disposal of SPSA Area Commercial Processable Waste, SPSA Area Commercial Non-Processable Waste or Outside Area Commercial Processable Waste delivered by Contractor under this Agreement. That amount, if any, shall be added to Contractor's invoice for the month in which the fees or charges are payable by Vendor pursuant to subsection (h) below, but in no event shall Contractor be required to pay such fees with less than thirty (30) days notice. Such amount shall be proportionately assessed to all customers of Vendor, including the Member Jurisdictions, based upon the applicability of the tax, assessment, fee or charge to the services provided to those particular customers.

(g) On or before the fifth day of each month, Vendor shall provide Contractor with a monthly invoice setting forth, for the preceding month (i) the total number of tons of SPSA Area Commercial Processable Waste delivered to the SPSA Facilities and the RDF Plant, with a detailed list of deliveries identifying the truck

number, scale ticket number, date/time, tonnage and applicable tipping fee, (ii) the total number of tons of SPSA Area Commercial Non-Processable Waste delivered to the SPSA Facilities with a detailed list of deliveries identifying the truck number, scale ticket number, date/time, tonnage and applicable tipping fee, (iii) the total number of tons of Outside Area Commercial Processable Waste delivered to the RDF Plant along with the tipping fees applicable to that tonnage, (iv) any other fees or charges payable under this Agreement, and (v) the total amount due and owing for the month. Billing, credit and payment terms shall be in accordance with Vendor's credit policies as established from time to time for its commercial customers, including applicable discounts for prompt or early payment, if any are offered by Vendor, but which in no event shall require payment any sooner than the end of the calendar month in which an invoice is provided.

(h) If during the Term, Vendor provides to another customer a tipping fee for disposal of SPSA Area Commercial Processable Waste that is lower than the tipping fee for SPSA Area Commercial Processable Waste then being provided to Contractor under this Agreement, Vendor shall provide such lower tipping fee to Contractor effective immediately as of the date provided to such other customer, and shall continue providing such lower tipping fee to Contractor for so long as Vendor provides it to such other customer; provided however that this protection shall not be effective to the extent the difference in tipping fees is attributable to such higher fees are adjusted pursuant to subsection 7(b) above.

8. Indemnity; Limitation of Liability.

(a) Contractor and Vendor (each a "CV Indemnifying Party") shall defend, protect, hold harmless and indemnify the other Party and SPSA and their respective directors, officers, employees and agents (individually, a "CV Indemnified Party") from and against any cost, expense, loss, claim or liability whatsoever, including reasonable attorney's fees, for injury to any person or loss or damage to property arising out of: (a) the negligence or wrongful misconduct of the CV Indemnifying Party, its officers, employees, agents or contractors; (b) the failure of or by the CV Indemnifying Party, its officers, employees, agents or contractors to comply with applicable law; or (c) any breach by the CV Indemnifying Party of this Agreement. Neither Contractor nor Vendor is required to hold harmless or indemnify any CV Indemnified Party for any cost, expense, loss or liability to the extent caused by the CV Indemnified Party's negligence or wrongful conduct, failure to comply with applicable law, or breach of this Agreement. The indemnity provided pursuant to this subsection shall not extend to any third party, and shall not provide indemnity for consequential or punitive damages.

(b) To the extent permitted by applicable law (without waiving its sovereign immunity), SPSA shall defend, protect, hold harmless and indemnify the Contractor and Vendor and their directors, officers, employees and agents (the "SPSA Indemnified Parties") from and against any cost, expense, loss, claim or liability whatsoever, including reasonable attorney's fees, for injury to any person or loss or damage to property arising out of: (a) the negligence or wrongful misconduct of the SPSA, its officers, employees, agents or contractors; (b) the failure of or by the SPSA, its

officers, employees, agents or contractors to comply with applicable law; or (c) any breach by the SPSA of this Agreement. SPSA is not required to hold harmless or indemnify any CV Indemnified Party for any cost, expense, loss or liability to the extent caused by a CV Indemnified Party's negligence or wrongful conduct, failure to comply with applicable law, or breach of this Agreement. The indemnity provided pursuant to this subsection shall not extend to any third party, and shall not provide indemnity for consequential or punitive damages.

(c) Notwithstanding anything to the contrary above in subsections 8(a) and 8(b), each of the Parties shall only be responsible to provide indemnification for its errors and omissions and the errors and omissions of its officers, employees, agents or contractors, and in no event shall the Parties be responsible to provide indemnification for the errors or omissions of third parties.

(d) No Party to this Agreement shall be liable to any other Party for any special, indirect, incidental or consequential damages of any other arising in connection with this Agreement. The liability of each Party hereto is expressly limited to the disposal fees paid in the immediately preceding year prior to termination of this Agreement.

9. Insurance:

(a) Contractor shall obtain and maintain at its expense the following insurance coverages from insurers who are licensed in the Commonwealth of Virginia and who have a Best's rating of B+ or better: (i) worker's compensation insurance as required by law; (ii) employer's liability insurance having a minimum limit of liability of one million dollars (\$1,000,000) per occurrence; (iii) comprehensive general liability primary insurance with a broad form endorsement including personal injury, property damage and blanket liability coverage having a minimum combined single limit of liability of one million dollars (\$1,000,000) per occurrence; (iv) comprehensive automobile liability primary insurance applicable to all owned, hired and non-owned vehicles having a minimum combined single limit of liability of one million dollars (\$1,000,000) per occurrence; (v) property insurance covering all Contractor's vehicles and other equipment used in connection with this Agreement having a limit sufficient to replace all such equipment; (vi) environmental impact liability insurance having a minimum limit of liability of five million dollars (\$5,000,000) per occurrence, and (vii) excess (of (ii), (iii) and (iv) above) liability insurance having a minimum limit of liability of five million dollars (\$5,000,000) per occurrence.

(b) Notwithstanding the minimum limits of coverage stated in subsection (a), the limit of each underlying insurance coverage must be at least as high as is necessary to support the excess liability insurance coverage. No individual insurance coverage shall have a deductible in excess of seventy-five thousand dollars (\$75,000) without the prior express written consent of Vendor, which consent shall not be unreasonably withheld.

(c) Contractor shall furnish to Vendor and SPSA at Closing certificates of insurance or, at the discretion of Vendor's Contract Administrator, binders evidencing the insurance coverages required in this Agreement naming Vendor and SPSA as an additional insureds. Each certificate or binder shall provide that thirty (30) days' prior written notice must be given to Vendor and SPSA in the event of expiration or cancellation of, or other material change in, any such coverages.

(d) Immediately upon the occurrence of any injury, loss or damage arising out of the performance of this Agreement, Contractor shall promptly advise Vendor and SPSA of the circumstances and particulars.

(e) Contractor may request that Vendor approve Contractor being self-insured for environmental liability insurance. Such a request will be subject to the approval of Vendor's Contract Administrator, such approval to be timely granted and not unreasonably withheld. Conditions of approval may include, but are not limited to, Contractor's identification of a reasonable funding mechanism in support of its insured risk, limitation on the amount of self-insurance coverage, or maintenance of a minimum amount of excess liability insurance coverage.

10. Termination by Vendor:

Vendor may terminate this Agreement immediately upon notice to Contractor for:

(a) Failure of Contractor to make payment to Vendor in accordance with the terms of this Agreement and Vendor's applicable credit and payment policies as reasonably established from time to time, or Vendor's reasonable revocation of Contractor's approval as a credit customer of Vendor under its generally applicable customer credit policies, which failure is not cured within thirty (30) days of Contractor's receipt of notice of nonpayment. However, this provision shall not apply to any disputed amounts being contested by Contractor in good faith pursuant to the terms of this Agreement. Notwithstanding the above, in the event Contractor fails to make payment in accordance with the terms of this Agreement two (2) times in any calendar year, Vendor shall be entitled to terminate this Agreement immediately upon the next payment default in such calendar year, without the availability of a cure period for Contractor.

(b) Contractor's insolvency, dissolution, filing of a petition under any bankruptcy statute, being named as debtor in any involuntary bankruptcy case not dismissed within sixty (60) days after the filing commencing the case, general assignment for the benefit of creditors or the appointment of a receiver for the benefit of its creditors or on account of its insolvency.

(c) Suspension or liquidation of Contractor's business, whether within the SPSA Service Area or generally.

(d) Three or more notices to Contractor in any twelve month period of Delivery Violations by any single driver or five or more Delivery Violations on any single truck route.

(e) Absent Force Majeure, failure of Contractor to comply with any other material term or condition of this Agreement, which is not cured within thirty (30) days of Contractor's receipt of notice, pursuant to subsection 16(b), of the default, or, if thirty (30) days is not a reasonable time in which to cure such defect, if Contractor fails to address such issue and diligently act to cure same in a reasonable amount of time.

11. Termination by Contractor:

Contractor may terminate this Agreement immediately upon notice to Vendor for:

(a) Absent Force Majeure, failure of Vendor to observe any material condition or obligation under this Agreement, which is not cured within **thirty (30) days** of Vendor's receipt of notice, pursuant to subsection 16(b), of the default, or, if thirty (30) days is not a reasonable time in which to cure such defect, if Vendor fails to address such issue and diligently act to cure same in a reasonable amount of time.

(b) Vendor's insolvency, dissolution, filing of a petition under any bankruptcy statute, its being named as debtor in any involuntary bankruptcy case not dismissed within sixty (60) days after the filing commencing the case, general assignment for the benefit of creditors or the appointment of a receiver for the benefit of its creditors or on account of its insolvency.

12. Survival of Obligations

Any obligation for the payment of money, indemnity or otherwise, which shall have arisen from the conduct of SPSA, Contractor or Vendor pursuant to this Agreement shall survive expiration or termination of the Agreement and shall remain in full force and effect until satisfied by the obligated party or waived by the non-obligated party.

13. Representations of SPSA:

SPSA represents and warrants that:

(a) It is an organization in good standing under the laws of the Commonwealth of Virginia and is duly qualified to do business wherever necessary to perform its obligations under this Agreement.

(b) It has the full power, authority and legal right to enter into and perform its obligations under this Agreement.

(c) Execution, delivery and performance of this Agreement by SPSA will not violate any judgment, order, law or regulation applicable to SPSA, to include but not limited to competitive bidding requirements, or any provisions of the charter or bylaws and will not conflict with, constitute a default or result in the creation of any lien, charge, encumbrance or security interest upon any assets of SPSA under any agreement or instrument to which SPSA is a party or by which SPSA or its assets may be bound or affected.

14. Representations of Contractor:

Contractor represents and warrants that:

(a) It is an organization in good standing under the laws of the state of its incorporation and is duly qualified to do business wherever necessary to perform its obligations under this Agreement.

(b) It has the full power, authority and legal right to enter into and perform its obligations under this Agreement.

(c) Execution, delivery and performance of this Agreement by Contractor will not violate any judgment, order, law or regulation applicable to Contractor or any provisions of Contractor's charter or bylaws and will not conflict with, constitute a default or result in the creation of any lien, charge, encumbrance or security interest upon any assets of Contractor under any agreement or instrument to which Contractor is a party or by which Contractor or its assets may be bound or affected.

(d) There is no litigation or proceeding pending or, to the knowledge of Contractor, threatened against or affecting Contractor, which would enjoin the performance by Contractor of its obligations or, if adversely terminated, would materially adversely affect the financial condition of Contractor and the ability of Contractor to perform its delivery and payment obligations under this Agreement.

15. Representations of Vendor:

Vendor represents and warrants that:

(a) It is an organization in good standing under the laws of the state of its organization and is duly qualified to do business wherever necessary to perform its obligations under this Agreement.

(b) It has the full power, authority and legal right to enter into and perform its obligations under this Agreement.

(c) Execution, delivery and performance of this Agreement by Vendor will not violate any judgment, order, law or regulation applicable to Vendor or any provisions of Vendor's charter or bylaws and will not conflict with, constitute a default or

result in the creation of any lien, charge, encumbrance or security interest upon any assets of Vendor under any agreement or instrument to which Vendor is a party or by which Vendor or its assets may be bound or affected.

(d) There is no litigation or proceeding pending or, to the knowledge of Vendor, threatened against or affecting Vendor, which would enjoin the performance by Vendor of its obligations or, if adversely terminated, would materially adversely affect the financial condition of Vendor and the ability of Vendor to perform its delivery and payment obligations under this Agreement.

16. Miscellaneous:

(a) This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia. The Parties shall comply with all applicable laws, rules, regulations, ordinances, permits and requirements of any governmental entity having jurisdiction, including all applicable health and safety, antidiscrimination, affirmative action and minority business opportunity laws and all applicable industry codes, specifications and standards respecting their respective businesses and operations. Except as may otherwise be provided under this Agreement, should the Parties to this Agreement breach, the breaching Party shall be responsible to the non-breaching Parties for all reasonable costs and expenses, to include reasonable attorney's fees, incurred by the non-breaching Parties to enforce performance of this Agreement. Proper venue for all legal actions involving this Agreement shall be in the City of Norfolk, Virginia.

(b) Any notice provided or permitted for under this Agreement shall be given in writing and shall be deemed given when delivered in person, transmitted by telecopier followed by a mailed confirmation copy, or when deposited in U.S. mail, postage prepaid, as certified or registered mail with return receipt requested, or when deposited with a national overnight courier service, addressed to the other Parties at their address as shown below. The Parties may change the address to which notice is to be given or the telephone numbers to which telecopies may be transmitted by means of notice to the other in accordance with the terms of this subsection (b). The Closing Notice shall contain the notice address of Vendor. The current addresses for the Parties are as follows:

SPSA
Attn: Executive Director
723 Woodlake Drive
Chesapeake, Virginia 23320
Fax: 757-424-4133
Phone: 757-420-4700

Contractor

Attn: _____
Fax: _____
Phone: _____

(c) The failure of any Party to object to a breach or default by the other shall not constitute a waiver of that Party's rights with respect to any subsequent breach or default as to the same or any other obligation or condition of the Agreement. No provisions of this Agreement shall be deemed waived except in writing.

(d) This Agreement may be modified only by further written instrument executed by the Parties. After execution of this Agreement by SPSA and Contractor, but prior to Closing, Contractor may not revoke, rescind or terminate this Agreement. Any appendices or exhibits hereto are incorporated by reference. In the event of any conflict between the text of this Agreement and an appendix or exhibit, the text of the Agreement shall govern. The provisions of this Agreement, including any appendices or exhibits hereto, constitute the entire agreement between the Parties and supersede any and all prior or contemporaneous negotiations, understandings or agreements relating to Commercial Processable Waste. It is agreed that this Agreement has been jointly negotiated and entered into, and this Agreement shall not be construed against any Party by reason of that Party's participation in the drafting or preparation of this instrument.

(e) If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the Parties shall make good faith efforts to modify this Agreement in a manner which will implement the intent of the Parties as embodied herein. Any resulting modification in the remaining provisions of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

(f) Neither Contractor nor Vendor may delegate or assign this Agreement or any rights or duties under it without the written consent of the other. Consent to assignment to an entity affiliated with either Contractor or Vendor by common ownership shall not be unreasonably withheld. A permitted assignment shall neither be effective nor relieve Contractor or Vendor of its obligations under this Agreement unless the Agreement shall have been assumed by the assignee.

(g) This Agreement, which has been duly authorized, executed and delivered by the respective Parties, constitutes a legal, valid and binding obligation enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, or by general equitable principles concerning remedies.

(h) This Agreement reflects an arm's-length transaction. Nothing herein shall create a fiduciary, partnership, joint venture, employment or other agency relationship between the Parties except as expressly provided herein. This Agreement is not entered into for the benefit of, nor are any rights granted to, any third party except as may be expressly provided for herein.

(i) The Parties to this Agreement shall have the right to apply to a court as referenced in subsection 16(a) for specific performance in lieu of exercising its right of termination.

(j) The Parties may, in the event of a dispute involving monetary payment, pay such amount(s) into a court as referenced in subsection 16(a) for a judicial determination without being in breach of this Agreement.

(k) This Agreement may be executed in any number of counterparts, each of which may be executed by any one or more of the Parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart. A facsimile signature on this Agreement is as valid as an original signature.

17. Definitions:

(a) **Commercial Processable Waste:** Solid Waste that can be processed into refuse derived fuel under then-current operating permits and applicable law. Solid Waste delivered to a SPSA Facility or the RDF Plant in vehicles with on-board compaction capability, and in roll-off boxes and trailers that are filled using compaction equipment, shall be presumed to be Commercial Processable Waste. Notwithstanding the above, Commercial Processable Waste shall not include Excluded Waste, Hazardous Waste, Regulated Medical Waste, or any of the following:

- (i) Appliances
- (ii) Cable, wire, rope, strapping, labels, wrapping
- (iii) Fire hoses
- (iv) Machinery
- (v) Carpets, rugs or mattresses
- (vi) Furniture
- (vii) Plastic drums and containers over 5 gallons
- (viii) Metal drums or containers
- (ix) Reels of tapes or labels

- (x) Tarps or sections of canvases
- (xi) Pipes or metal rods
- (xii) Tire rims, automobile or other vehicle parts.

(b) **Commercial Non-Processable Waste:** Solid Waste that cannot be processed into refuse derived fuel due to design limitations of installed processing equipment or under then-current operating permits and applicable law. Solid Waste delivered in vehicles that are filled without compaction equipment, such as open top containers, roll-off boxes and trailers and any similar containers, shall be considered Commercial Non-Processable Waste for purposes of this Agreement. Notwithstanding the above, Commercial Non-Processable Waste shall not include Excluded Waste, Hazardous Waste or Regulated Medical Waste.

(c) **Delivery Violation:** Delivery by Contractor of SPSA Area Commercial Processable Waste to a facility other than a SPSA Facility or the RDF Plant.

(d) **Excluded Waste:** The following types of Solid Waste:

(i) Solid Waste generated, purchased or utilized by an entity engaged in the business of manufacturing, mining, processing, refining or conversion.

(ii) Recyclable materials, which are those materials that have been source-separated by any person or materials separated from solid waste by any person for utilization in both cases as a raw material to be manufactured into a product other than fuel or energy.

(iii) Construction debris.

(iv) Waste oil.

(e) **Force Majeure:** A cause or condition beyond the control and without the fault or negligence of a Party, including, but not limited to, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions or strikes. If a Party shall be unable to perform an obligation hereunder by reason of Force Majeure, the Party shall use due diligence to cure or correct the cause or condition which so affects its performance, but this obligation shall specifically exclude any duty to reach agreement in a labor dispute or settle or compromise litigation. Further, the Party shall promptly commence and use due diligence to repair or replace any building, equipment or apparatus rendered inoperable, in whole or in part, by Force Majeure, the inoperability of which prevents full performance by that Party. Failure of a Party to perform resulting from that Party's failure to cure or remedy the consequences of Force Majeure as provided above within a reasonable time shall not be deemed a result of Force Majeure. Notwithstanding the above, none of the following acts, events or conditions shall constitute a Force Majeure:

(i) an act, event or condition caused by the negligence, error, omission or wrongful or intentional action or inaction of the party relying thereon or by its affiliates or subcontractors; provided however, a change in law resulting from the intentional act of SPSA shall constitute a Force Majeure;

(ii) any act, event or condition reasonably foreseeable prior to the occurrence of such act, event or condition, which a diligent party reasonably could have been expected to take into account in a reasonably timely manner prior to such occurrence and prevent or adequately protect against, using commercially reasonable efforts;

(iii) economic feasibility, general economic conditions, interest or inflation rates or currency fluctuation; and

(iv) equipment failure, unless the failure was due to acts, events or conditions of Force Majeure.

(f) **Fuel Surcharge:** A supplemental fee set forth on Exhibit C attached hereto.

(g) **Hazardous Waste:** Solid Waste which because of its quantity, concentration, or physical, chemical or infectious characteristics may: (i) cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible, illness; or (ii) pose a substantial present or potential hazard to human health, the RDF Plant or any of the SPSA Facilities, SPSA's disposal system, or the environment when treated, stored, transported, disposed of or otherwise managed. Without limiting the generality of the foregoing, Hazardous Waste shall include (i) any waste which is defined or regulated as a hazardous waste, toxic substance, hazardous chemical substance or mixture, or asbestos under federal, state or local law, or under rules, regulations, policies or guidelines issued in relation thereof, as they may be amended from time to time including, but not limited to: (1) the Resource Conservation and Recovery Act of 1976 (42 U.S.C., Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984) and the regulations contained in 40 CFR Parts 260-281; (2) the Toxic Substances Control Act (15 U.S.C., et seq.) and the regulations contained in 40 CFR Parts 761-766; (3) any state or regulations of similar or related import; (ii) radioactive materials which are source, special nuclear or by-product material as defined by the Atomic Energy Act of 1954 (42 U.S.C., Section 2011 et seq.) and the regulations contained in 10 CFR Part 40 or (iii) any other material that by federal, state or local law, or under rules, regulations, policies, guidelines or orders having the force of law in relation thereto, are regulated as harmful, toxic or hazardous to health.

(h) **Member Jurisdiction:** The member localities of SPSA, specifically the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach, and the counties of Isle of Wight and Southampton.

(i) **Outside Area Commercial Processable Waste:** Commercial Processable Waste that is created or generated (i) in the Commonwealth of Virginia but outside of the SPSA Service Area, or (ii) in North Carolina, which in no event shall be in an amount more than ten percent (10%) of the Contractor's current volume of SPSA Area Commercial Processable Waste.

(j) **RDF Plant:** A plant for the production of refuse-derived fuel located on Victory Boulevard in Portsmouth, Virginia.

(k) **Recyclable Waste:** Recyclable materials as defined in subsection (c)(ii) above.

(l) **Regulated Medical Waste:** All regulated medical waste so designated by current and future rules and regulations promulgated by the Virginia Department of Environmental Quality ("VDEQ") its successor, or other governmental or regulating body having jurisdiction in the event that the VDEQ's jurisdiction is terminated.

(m) **Solid Waste:** All material customarily referred to as garbage and refuse and also sludge from a waste treatment plant, water supply treatment plant, or air pollution control facility and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial, commercial, mining, and agricultural operations, and from community activities, but not including solid or dissolved material in domestic sewage, or solid or dissolved materials in irrigation return flows or industrial discharges which are point sources subject to permits under Section 402 of the Federal Water Pollution Control Act, as amended (86 STAT. 880) or source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (68 STAT. 923).

(n) **SPSA Area Acceptable Waste:** SPSA Area Commercial Processable Waste and SPSA Area Commercial Non-Processable Waste.

(o) **SPSA Area Commercial Non-Processable Waste:** Commercial Non-Processable Waste that is created or generated within the SPSA Service Area.

(p) **SPSA Area Commercial Processable Waste:** Commercial Processable Waste that is created or generated within the SPSA Service Area.

(q) **SPSA Contract Administrator:** Executive Director of SPSA, unless the Executive Director of SPSA in his sole discretion notifies Contractor in writing that a different officer or staff position will serve as SPSA Contract Administrator.

(r) **SPSA Facility:** Any one of the transfer stations now owned or operated or both by SPSA within the SPSA Service Area. Collectively, all such facilities are referred to as "SPSA Facilities". Notwithstanding anything to the contrary above, as of the date of this Agreement the term "SPSA Facilities" shall not include the transfer

stations operated at Ivor, Virginia or Boykins, Virginia. SPSA Facilities to be owned and operated by SPSA following Closing are listed on Exhibit A attached hereto and made a part hereof.

(s) **SPSA Service Area:** The geographic area covered by the political subdivision boundaries of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach, Virginia and the counties of Isle of Wight and Southampton, Virginia.

(t) **Unacceptable Waste:** (i) primarily large castings, transmissions, car and truck rear ends, springs, fenders or other major parts of automobiles, motorcycles, other vehicles or marine vessels and machinery (other than small household appliances), (ii) stumps or logs larger than six (6) feet in length and six (6) inches in diameter, (iii) spools larger than twenty-four (24) inches in diameter, (iv) carpet rolls or bundles larger than six (6) feet in length, (v) explosives, pathological or biological wastes, (vi) large quantities of sulfur-containing materials and (vii) dirt, concrete and other non-combustible construction and demolition debris materials.

(u) **Vendor's Contract Administrator:** The person designated in writing to each of the Contractor and SPSA (or such other officer or staff person as will be specified by like notice).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Solid Waste Delivery Agreement to be duly executed as of the day and year first written above.

SPSA:

SOUTHEASTERN PUBLIC SERVICE
AUTHORITY OF VIRGINIA

By:

Name: _____

Title:

Date

CONTRACTOR:

[_____]

By:

Name: _____

Title:

Date

VENDOR:

[_____]

By:

Name: _____

Title:

Date

EXHIBIT A

Hours of Operation (accepting Commercial Processable Waste)

<u>Location</u>	<u>Monday – Friday</u>	<u>Saturdays</u>
Chesapeake Transfer Station	7 am - 3 pm	7 am - 12 pm
Norfolk Transfer Station	5 am – 5 pm	7 am - 12 pm
Landstown Transfer Station	5 am – 5 pm	7 am - 12 pm
Oceana Transfer Station	6 am – 3 pm	7 am - 12 pm
Franklin Transfer Station	8 am – 3 pm	8 am - 12 pm
Isle of Wight Transfer Station	8 am – 3 pm	8 am - 12 pm
Suffolk Transfer Station	7 am – 4 pm	7 am - 12 pm

Holidays – Schedule

January	New Year's Day	January 1st
	Lee-Jackson Day*	Friday preceding the 3 rd Monday in
	Martin Luther King, Jr. Day*	Third Monday in January
	President's Day *	Third Monday in February
	Memorial Day*	Last Monday in May
	Independence Day	July 4th
	Labor Day*	First Monday in September
	Columbus Day*	Second Monday in October
	Veteran's Day*	November 11th
	Thanksgiving Day	Fourth Thursday in November
	Friday following Thanksgiving Day*	Fourth Friday in November
	Christmas Day	December 25th

° If any of New Year's Day, Independence Day, Veteran's Day, or Christmas Day Falls on a Sunday, when a facility is otherwise closed, then that date shall be observed on the date designated for its observation as a holiday by the Federal Government. For those holidays marked above with an asterisk (*), all Transfer Stations shall operate under the schedule for Saturday hours, i.e. they will be open for one-half day (either 0700-1200 or 0800-1200 as shown under hours of operation listed above).

EXHIBIT B

Hours of Operation (accepting Commercial Processable Waste)

<u>Location</u>	<u>Monday – Friday</u>	<u>Saturdays</u>
RDF Plant	0300 – 1700	0300 – 1200

Holidays – Schedule

January	New Year's Day	January 1st
	Lee-Jackson Day*	Friday preceding the 3 rd Monday in
	Martin Luther King, Jr. Day*	Third Monday in January
	President's Day *	Third Monday in February
	Memorial Day*	Last Monday in May
	Independence Day	July 4th
	Labor Day*	First Monday in September
	Columbus Day*	Second Monday in October
	Veteran's Day*	November 11th
	Thanksgiving Day	Fourth Thursday in November
	Friday following Thanksgiving Day*	Fourth Friday in November
	Christmas Day	December 25th

- If any of New Year's Day, Independence Day, Veteran's Day, or Christmas Day falls on a Sunday, when a facility is otherwise closed, then that holiday shall be observed on the date designated for its observation as a holiday by the Federal Government. The RDF Plant will be open for its regular operating hours for all holidays marked above with an asterisk (*), and will be closed only for Christmas Day, New Year's Day, Thanksgiving Day and Independence Day.

C. FINANCIAL MATTERS Liesl DeVary
1) Financial Reports

The financial reports for May 2010 are attached and will be presented at the meeting for your review and approval.

Memo

To: Board of Directors, Southeastern Public Service Authority
From: Liesl R. DeVary, Deputy Executive Director
CC: Rowland L. Taylor, Executive Director
Date: June 15, 2010
Re: Monthly Financial Report

Statement of Revenue and Expenses – Budget to Actual Comparison

This report provides a snapshot of the fiscal year to date revenues and expenses as compared to the approved budget. For the month ending May 31, 2010, year to date revenues exceeded year to date expenses by \$8.2 million. Total revenues are down less than 2% compared to a straight line basis of the budget. The \$1.699 million under Miscellaneous Revenue represents an insurance reimbursement on the repairs to the turbine generator.

Total expenses year to date are under budget by approximately 8.5% primarily in the areas of contracted services, fuel, utilities, capital projects and debt service. The operating expenses for administration are over budget due to the expenses incurred for the sale of the waste to energy facilities, however, SPSA received a partial reimbursement of these expenses which is reflected under Miscellaneous Revenue.

The operating expense for waste to energy includes nearly \$800,000 in accrued leave payouts to employees that transferred to Wheelebrator. Additionally, SPSA realized the first monthly service fee payable to Wheelebrator of approximately \$836,000 which included a \$470,000 credit to SPSA for penalties associated with the un-timely removal of trailers at various transfer stations.

Waste Stream Report

This report has been developed to provide the status of tonnages received as compared to the amounts budgeted. The tonnages are grouped based on the budgeted line items referred to as "Tipping Fees" and "Contract Commercial Processible Waste". As of May 31, 2010, total tonnages are down approximately 5% as compared to the budget, however, tonnages associated with non-contract commercial waste, out of area contract processible waste and contract commercial waste are no longer applicable as SPSA tonnage. These types of waste and associated revenues belong to Wheelebrator Portsmouth, Inc. The tonnages illustrated on the attached reflect the "SPSA" waste stream only.

Schedule of Capital Projects

The Schedule of Capital Projects provides the actual expenses and encumbrances incurred to date for budgeted capital projects and equipment replacement. As of May 31, 2010, total expenses incurred for capital projects were approximately \$7.8 million with an additional \$1.1 million encumbered.

Treasurer's Report of Cash Balances

This report captures the activity in each of the thirty (30) respective depository/trust/capital project fund accounts for the month of May 2010. Cash balances remain healthy with approximately \$27 million available for operating needs plus nearly \$9 million held in the operating reserve.

Performance Indicators

Attached are various performance indicators that have been utilized in the past (minus those associated with the waste to energy facilities).

Southeastern Public Service Authority
Statement of Revenue and Expenses - Budget to Actual Comparison
For the Period Ending May 31, 2010

	May 2010				May 2009			
	Budget	Month	YTD	% of Budget	Budget	Month	YTD	% of Budget
REVENUES								
Tipping Fees	\$ 61,763,470	\$ 5,977,283	\$ 65,269,451	105.7%	\$ 62,723,534	\$ 8,407,228	51,329,477	81.8%
Contract Commercial Tipping Fees	10,800,000	(45,273)	9,653,963	89.4%	7,888,080	968,409	11,239,821	142.5%
Tire program	400,000	32,682	336,309	84.1%	600,000	34,506	384,239	64.0%
Recycling Collection Fees	4,100,000	209,212	3,226,799	78.7%	3,942,875	337,336	3,686,481	93.5%
Steam Sales	7,437,409	1,668	6,405,206	86.1%	7,260,743	577,957	6,808,116	93.8%
Electrical Sales	9,400,000	65,500	4,906,624	52.2%	13,300,000	1,083,188	13,439,421	101.0%
Proprietary Waste	1,700,000	-	1,246,250	73.3%	2,200,000	100,498	1,893,024	86.0%
Non-Ferrous Recovery Sales-RDF Plant	123,000	-	75,438	61.3%	250,000	-	105,403	42.2%
Recyclable Material Sales	73,000	-	81,402	111.5%	300,000	10,193	221,105	73.7%
Compost and Mulch Sales	-	-	-	N/A	285,000	-	198,550	69.7%
Bi-Metals Lease/Material Sales	244,750	4,288	384,198	157.0%	575,000	10,856	392,993	68.3%
Household Hazardous Waste Revenue	550,000	62,155	719,295	130.8%	400,000	71,739	524,716	131.2%
White Goods Program	350,000	52,848	229,110	65.5%	350,000	3,977	247,037	70.6%
HRPDC Share of Office Bldg Operating Cost	37,000	3,439	19,989	54.0%	37,000	3,745	37,081	100.2%
Landfill Gas Recovery	230,000	38,228	290,975	126.5%	230,000	6,972	241,418	105.0%
Miscellaneous Income	175,000	1,699,418	4,621,810	2641.0%	200,000	4,382	243,521	121.8%
Interest Earnings	700,000	10,985	109,541	15.6%	1,700,000	89,684	1,573,828	92.6%
Virginia Beach Deferral (estimated excess tipping fees)	17,800,000	-	7,415,279	41.7%	-	-	-	N/A
TOTAL REVENUES	115,883,629	8,112,433	\$ 104,991,637	90.6%	\$ 102,242,232	\$ 11,710,668	\$ 92,566,231	90.5%
OPERATING EXPENSES								
Administration	\$ 7,032,000	\$ 2,131,508	\$ 7,175,987	102.0%	\$ 5,655,324	\$ 683,643	\$ 5,448,222	96.3%
Environmental Management & Safety	1,554,689	178,538	1,232,663	79.3%	1,605,369	170,939	1,367,385	85.2%
Operations	16,463,815	1,029,687	12,293,215	74.7%	17,429,216	1,248,007	17,191,817	98.6%
Recycling	2,485,805	121,609	1,750,237	70.4%	4,159,675	121,700	2,589,510	62.3%
Waste-To-Energy	26,199,673	1,289,723	23,465,756	89.6%	27,507,140	1,792,868	22,977,816	83.5%
TOTAL OPERATING EXPENSES	\$ 53,735,982	\$ 4,751,065	\$ 45,917,859	85.5%	\$ 56,356,724	\$ 4,017,157	49,574,750	88.0%
CAPITAL PROJECTS	\$ 17,999,900	\$ 210,140	\$ 7,825,431	43.5%	\$ 293,056	\$ -	\$ 6,814,651	2325.4%
DEBT SERVICE								
Principal (transfers to trustee)	\$ 20,480,000	\$ 554,167	\$ 12,407,672	60.6%	\$ 28,630,000	\$ 1,922,083	\$ 21,246,563	74.2%
Interest (transfers to trustee)	11,765,937	274,049	4,831,853	41.1%	10,607,342	643,876	8,604,936	81.1%
Interest / Fees - Variable Rate Debt	-	-	913,045	N/A	-	-	-	N/A
New Debt	-	-	-	N/A	1,500,000	-	-	0.0%
Total Debt Service	\$ 32,245,937	\$ 828,216	\$ 18,152,570	56.3%	\$ 40,737,342	\$ 2,565,959	\$ 29,851,499	73.3%
OTHER USES								
O&M - Virginia Beach Landfill (not deferred)	\$ -	\$ 300,981	\$ 1,238,587	N/A	\$ 1,715,110	\$ -	\$ 2,804,236	163.5%
Excess Tipping Fees Paid by Va. Beach (not deferred)	-	1,597,873	12,107,636	N/A	-	-	-	N/A
Service Fee to Wheelabrator Portsmouth, Inc.	-	836,274	836,274	N/A	-	-	-	N/A
Letter of Credit Fees - DEQ Financial Assurance	135,000	-	199,777	148.0%	125,000	-	130,120	104.1%
Virginia Beach Environmental Trust Fund	10,000	10,000	10,000	100.0%	10,000	-	10,000	100.0%
Suffolk Environmental Trust Fund	5,000	5,000	5,000	100.0%	5,000	-	5,000	100.0%
Landfill Closure Fund	1,500,000	-	1,500,000	100.0%	1,500,000	-	1,000,000	66.7%
VRA Operating Reserve	7,500,000	1,014,767	8,985,227	119.8%	-	-	-	N/A
Total Other Uses	\$ 9,150,000	\$ 3,764,894	\$ 24,882,500	271.9%	3,355,110	-	3,949,356	117.7%
Contingency Fund	\$ 2,751,810	-	-	0.0%	\$ 1,500,000	-	-	0.0%
TOTAL EXPENSES	\$ 115,883,629	\$ 9,554,316	\$ 96,778,360	83.5%	\$ 102,242,232	\$ 6,583,116	\$ 90,190,257	88.2%
EXCESS REVENUE OVER EXPENSES	\$ -	\$ (1,441,882)	\$ 8,213,277		\$ -	\$ 5,127,552	\$ 2,375,975	

Southeastern Public Service Authority (SPSA) Waste Stream

Waste Category	FY 2008 Actual (Tons)	FY 2009 Actual (Tons)	FY 2009 Budget (Tons)	FY 2010 Budget (Tons)	FY 2010 Actual (Tons) as of 5/31/10	% of Budget
Waste Stream Budgeted under Tipping Fees						
Municipal Waste						
Chesapeake	112,350	110,390	111,000	110,700	91,849	83.0%
Franklin	4,617	4,922	4,900	4,800	4,195	87.4%
Isle of Wight	19,703	19,458	20,000	20,000	17,234	86.2%
Norfolk	84,064	82,036	85,000	82,000	71,529	87.2%
Portsmouth	51,817	45,830	53,000	48,000	40,309	84.0%
Southampton	9,408	9,445	9,500	9,500	8,591	90.4%
Suffolk ⁴	65,538	62,120	65,000	65,000	42,137	64.8%
Virginia Beach ⁵	144,175	158,838	147,000	147,000	165,390	112.5%
Residential (Free of Charge)	8,072	7,717	-	-	6,695	N/A
Total Municipal Waste	499,744	500,756	495,400	487,000	447,929	92.0%
Sludge - Norfolk	16,062	9,704	15,000	15,000	5,655	37.7%
Non-Contract Commercial Waste ¹	63,182	59,713	230,000	48,000	42,572	88.7%
Other Waste	90,042	56,204	80,000	80,000	59,282	74.1%
Yard Waste & Wood Waste (discontinued 1/2009)	57,692	32,766	62,154	-	-	N/A
Navy Waste	37,618	35,050	40,000	40,000	26,476	66.2%
Construction & Demolition Debris ²	157,273	35,929	120,000	35,000	28,420	81.2%
Out-of-Area Contract Processible	132,545	8,109	50,000	8,000	2,636	33.0%
Total Waste Stream Budgeted as Tipping Fees	1,054,158	738,231	1,092,554	713,000	612,970	86.0%
Contract Commercial Tipping Fees³	459,309	399,697	276,000	300,000	268,074	89.4%
Total Waste Stream	1,513,467	1,137,928	1,368,554	1,013,000	881,044	87.0%

¹ Non-Contract Commercial Waste actual tonnage realized in FY 2009 was underbudget as a result of flow control not being implemented.

² Construction & Demolition Debris was dramatically under budget in FY 2009 due to the downturn in the economy.

³ Contract Commercial Tipping Fees dropped significantly in FY 2009 due to loss of the Waste Management contract.

⁴ Tonnages are down for Suffolk primarily due to the implementation of a fee for bulk waste pick up being implemented by the City in July 2009. The City realized a 95% reduction in bulk waste collections. The fee was removed in December 2009.

⁵ The City of Virginia Beach continues to bring its yard waste to SPSA, which was not budgeted. The City is in the process of implementing its own yard waste facility.

SOUTHEASTERN PUBLIC SERVICE AUTHORITY
FY 2010 SCHEDULE OF CAPITAL PROJECTS
As of May 31, 2010

Project Name	Project Budget	Transfers/ Adjustments	Revised Budget	FY 2010 Expenses	FY 2010 Encumbered	Remaining Budget
<u>NON - WASTE TO ENERGY FACILITIES:</u>						
<i>Operations Center (Shop)</i>						
Roof Repairs	100,000	200,000	300,000	171,549	7,026	121,425
<i>Fleet Maintenance</i>						
Truck Wash Nozzle Replacement	27,000		27,000	25,220	-	1,780
Replace Overhead Doors	118,000		118,000	113,345	2,509	2,146
<i>Transportation</i>						
MSW Trailers	2,500,000	(321,594)	2,178,406	-	-	2,178,406
MSW Tractors	801,500		801,500	317,699	195,427	288,374
<i>Safety</i>						
Defibrillators	39,600		39,600	-	-	39,600
<i>Household Hazardous Waste</i>						
Replace Norfolk Facility (DEFERRED TO FY11)	65,000	(65,000)	-	-	-	-
<i>Regional Landfill</i>						
Cell 7 Permitting	2,356,769		2,356,769	36,272	-	2,320,497
Dodge Truck	31,500		31,500	-	-	31,500
Dual Wheels for Ford Tractor	3,500		3,500	-	-	3,500
Side Mower	7,500		7,500	-	-	7,500
Environmental Sampling Vehicle		12,762	12,762	12,762	-	0
Leachate Lagoon Pumpstation Improv	5,886	(5,886)	-	-	-	-
Monitoring Wells		62,700	62,700	23,651	18,000	21,049
<i>The Shredder Operations</i>						
Conveyor Belt Replacement	10,000		10,000	-	-	10,000
Main Rotors Replacement	238,905		238,905	123,886	111,550	3,469
<i>Chesapeake Transfer Station</i>						
Replace Inbound Scale	75,000		75,000	-	-	75,000
Roof Repairs	40,000		40,000	-	-	40,000
Tippling Floor Repairs	200,000		200,000	21,166	123,416	55,418
Wheeled Loader	-	243,297	243,297		243,297	-
<i>Franklin Transfer Station</i>						
Hopper Repair	20,000		20,000	200	19,800	-
<i>Isle of Wight Transfer Station</i>						
Install Additional Lighting	5,000		5,000	-	-	5,000
Patch Asphalt Area	8,000	5,000	13,000	-	-	13,000
<i>Ivor Transfer Station</i>						
Extend Concrete Pad	5,000		5,000	-	-	5,000
<i>Norfolk Transfer Station</i>						
Replace Metal Hopper Chute	58,410		58,410	-	200	58,210
Replace Outbound Scale	30,000		30,000	-	-	30,000
Stabilize Building	50,000		50,000	-	-	50,000
Tippling Floor Repairs	215,685		215,685	41,282	148,913	25,490
Replace Cat Excavator # 1522 (cancel)	252,000	(252,000)	-	-	-	-
<i>Oceana Transfer Station</i>						
Replace Building	285,000		285,000	-	-	285,000
Repair Tippling Floor Retaining Walls	60,000		60,000	-	-	60,000
Tippling Floor Hopper	75,000		75,000	-	-	75,000
Tippling Floor Resurfacing	60,000		60,000	-	-	60,000
Wheeled Loader	365,000	(121,703)	243,297	-	243,297	-
<i>Recycling</i>						
Automated Curbside Collection Vehicle	245,000	(245,000)	-	-	-	-

Project Name	Project Budget	Transfers/ Adjustments	Revised Budget	FY 2010 Expenses	FY 2010 Encumbered	Remaining Budget
<u>WASTE TO ENERGY FACILITIES</u>						
<i>Refuse Derived Fuel (RDF) Plant</i>			-			-
Convert TLC to Conveyor	880,000		880,000	665,100		214,900
Convert TLB to Conveyor	314,000		314,000	34,212		279,788
Replace Forklift # 1373, Daewoo DS30	38,000		38,000	-	-	38,000
Replace Loader, Cat 980H, # 16-56	600,000	(600,000)	-	-	-	-
Replace Tennant Sweeper 1385	160,000		160,000	-	-	160,000
Tipping Floor Resurface (Part A)	100,000		100,000	-	-	100,000
Tipping Floor Resurface (Part B)	900,000	(600,000)	300,000	-	-	300,000
M3 Magnet & Bridge Rails	67,440		67,440	17,500	-	49,940
C32 Belt Replacement	145,000		145,000	-	-	145,000
TLB Tommel Conversion	93,140		93,140	93,140	-	-
TLB Tommel Conversion	80,000		80,000	80,000	-	-
TLB Tommel Conversion	473,165		473,165	471,260	-	1,905
<i>Proprietary Waste</i>			-			-
Replace Banel Tipper	9,000		9,000	-	-	9,000
<i>Steam Power Plant</i>			-			-
Replace Ash Trailers	241,300		241,300	-		241,300
Coal Slab Lighting	40,000		40,000	27,000		13,000
Compressed Air Piping	150,000		150,000	4,760		145,240
Concrete Floor Replacement, Boiler 1	125,000		125,000	39,495		85,505
Concrete Floor Replacement, Boiler 2	125,000		125,000	39,595		85,405
Concrete Floor Replacement, Boiler 3	125,000		125,000	39,495		85,505
Replace East Ash Conveyor	745,000		745,000	-		745,000
Carbon Monoxide Control	100,000	320,000	420,000	286,619		133,381
Fabric Filter Double Dump Valves, Phase	550,000	(550,000)	-	-		-
Replace Payloader # 1648 Cat	400,000	(400,000)	-	-		-
Installation of PSH & SSH, Boiler # 4	590,000		590,000	536,296		53,704
Refurbish Truck Loadout Conv & Gallery	450,000	(450,000)	-	-		-
SDA Repairs, Unit # 3	100,000		100,000	-		100,000
Slope Wall RDF Storage Pit, Renovation	227,000		227,000	144,565		82,435
Slope Wall RDF Storage Pit, Renovation	614,000	(614,000)	-	-		-
Replace Transfer Conveyors A&C	587,600		587,600	-		587,600
Replace Waterwall Panels, Boiler # 3	1,079,000		1,079,000	20,289		1,058,711
Replace West Ash Conveyor	675,000	(675,000)	-	-		-
Fire Detection System, Wiring Upgrade	75,000		75,000	-		75,000
Ash House & Conveyor Gallery	31,870		31,870	-		31,870
HVAC Renovation (Phase 1)	445,721		445,721	15,500		430,221
Replace Air Compression (Phase 2)	20,242		20,242	11,745		8,497
PLC Network Upgrades, Phase 1	422,511		422,511	422,772		(261)
WW Panels Inc one & FWWH Boiler # 2	604,162		604,162	590,243		13,919
Superheater Tubes - Boiler # 1		840,000	840,000	751,130		88,870
Turbine Generator		2,764,000	2,764,000	2,647,683		116,317
<i>Undesignated</i>		452,424	452,424			452,424
Total Capital Projects	\$ 20,737,406	\$ -	\$ 20,737,406	\$ 7,825,431	\$ 1,113,435	\$ 11,798,540

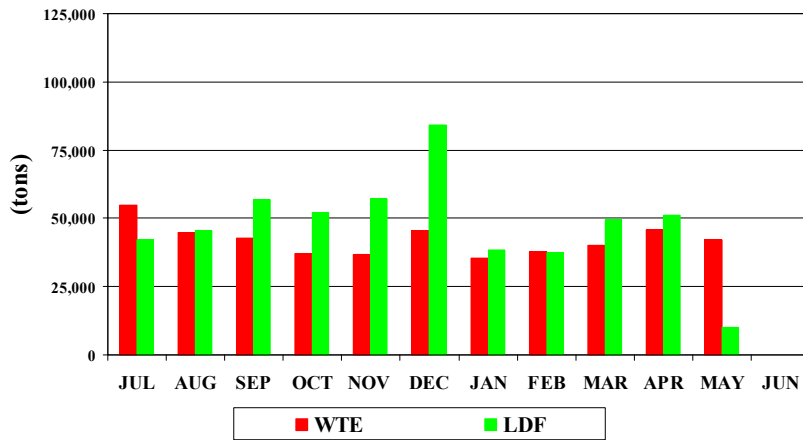
<u>SUMMARY TOTALS</u>						
Waste to Energy Facilities / Total	\$ 12,383,151	\$ 35,000	\$ 12,418,151	\$ 6,938,399	\$ -	\$ 5,479,752
Non Waste to Energy Facilities / Total	8,354,255	(487,424)	7,866,831	887,032	1,113,435	5,866,364
Undesignated	-	452,424	452,424	-	-	452,424
Total Capital Projects	\$ 20,737,406	\$ -	\$ 20,737,406	\$ 7,825,431	\$ 1,113,435	\$ 11,798,540

Southeastern Public Service Authority
Treasurer's Report of Cash Balances
For the Month Ending May 31, 2010

Fund Type	Beginning Balance	Deposits / Transfers In	Interest Earnings	Debt Service	Payables / Transfers Out	Service Fees	Payroll	Ending Balance
<u>Operating Funds:</u>								
Wachovia Operating	\$ 24,927,815.32	\$ 11,583,261.29	\$ 8,248.11	\$ 795,897.13	\$ 6,714,019.33		\$ 1,370,936.68	\$ 27,638,471.58
Checks Outstanding	(752,070.00)							(752,070.00)
Flex Med	6,614.53	2,990.66			4,977.29			4,627.90
Operating Reserve	7,970,462.00	1,014,768.00						8,985,230.00
Total Operating Funds	\$ 32,152,821.85	\$ 12,601,019.95	\$ 8,248.11	\$ 795,897.13	\$ 6,718,996.62	\$ -	\$ 1,370,936.68	\$ 35,876,259.48
<u>Capital Project Funds - Previously Borrowed</u>								
2007A	1,462,976.20		308.00					1,463,284.20
2008A	4,979,959.00		1,048.40					4,981,007.40
Total Construction Funds	\$ 6,442,935.20	\$ -	\$ 1,356.40	\$ -	\$ -	\$ -	\$ -	\$ 6,444,291.60
<u>Trust Funds:</u>								
Landfill Closure Trust	\$ 2,880,138.45							2,880,138.45
Environmental VB	386,571.71	10,000.00	51.41					396,623.12
Environmental Suffolk	375,947.89	5,000.00	26.07	-	-	-	-	380,973.96
Total Trust Funds	\$ 3,642,658.05	\$ 15,000.00	\$ 77.48	\$ -	\$ -	\$ -	\$ -	\$ 3,657,735.53
<u>Debt Service Funds:</u>								
Senior Reserve	\$ 3,355,248.55		\$ 489.55					\$ 3,355,738.10
Excess Bond Funds	-	103,339.54	-					103,339.54
1998 P&I	298,300.05	49,666.67	41.23		99,633.37			248,374.58
Series 6 P&I	1,506.46				1,506.46			0.00
Series 8 P&I	143.37				143.37			-
Series 9 P&I	7,185.96	6,935.84	1.94		252.13			13,871.61
Series 10 P&I	81.62	7,723.38	0.99					7,805.99
Series 11 P&I	33,004.49	31,427.82	8.83		1,576.68			62,864.46
Series 12	1,082,410.45	159,302.09	201.23		607.65			1,241,306.12
Series 13	190,920.53	28,264.18	35.50		156.39			219,063.82
Series 14	887,806.28	134,481.78	165.42		824.22			1,021,629.26
Series 15	183.94				183.94			-
Series 16	10,722.04	9,562.50	2.70		1,159.54			19,127.70
Series 17	1,934.86	1,629.17	0.46		305.69			3,258.80
2007A	2,479,634.03	247,916.67	326.10		793.43			2,727,083.37
2008A	14.20	39,829.17	3.60		39,846.97			0.00
2009 A	120,340.94	115,297.43	25.50		-	-	-	235,663.87
Total Debt Service Funds	\$ 8,469,437.77	\$ 935,376.24	\$ 1,303.05	\$ -	\$ 146,989.84	\$ -	\$ -	\$ 9,259,127.22
GRAND TOTAL	\$ 50,707,852.87	\$ 13,551,396.19	\$ 10,985.04	\$ 795,897.13	\$ 6,865,986.46	\$ -	\$ 1,370,936.68	\$ 55,237,413.83
<u>Line of Credit</u>								
Original Amount	\$ 17,200,000.00							
Draws to Date	9,195,834.88							
Repayments To Date	9,195,834.88							
Available Balance	\$ 17,200,000.00							

Total MSW Tonnage

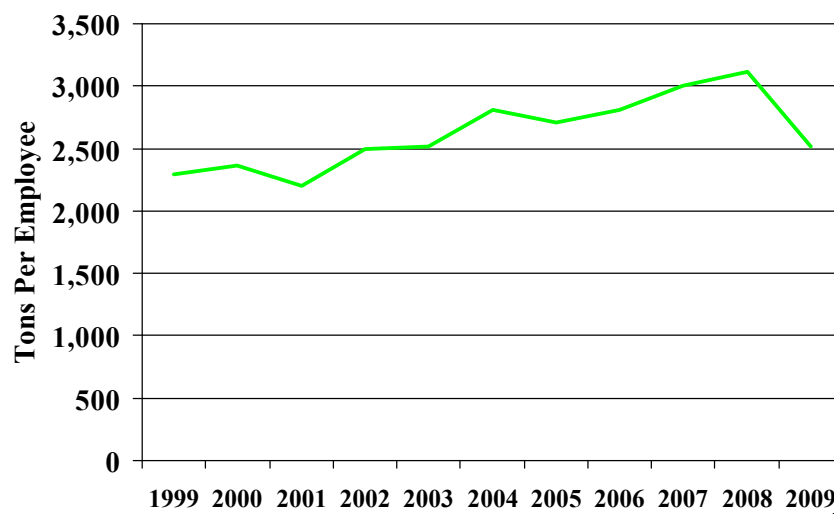
FY 09/10



Cumulative Tons Thru May: 462,730 WTE 524,314 LDF

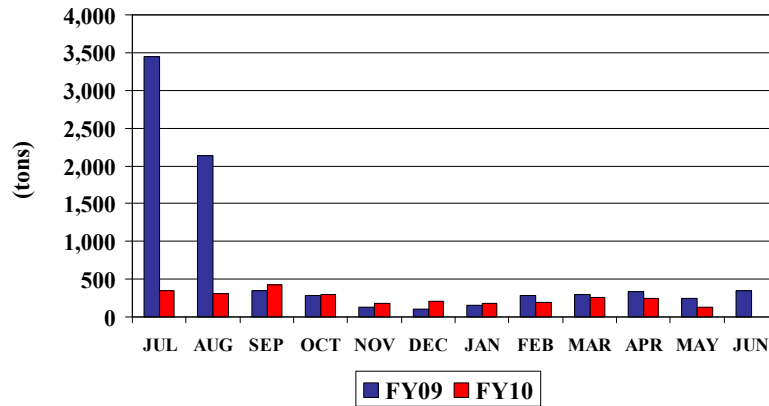
1

Tons Handled per Employee



2

Out of Area Waste

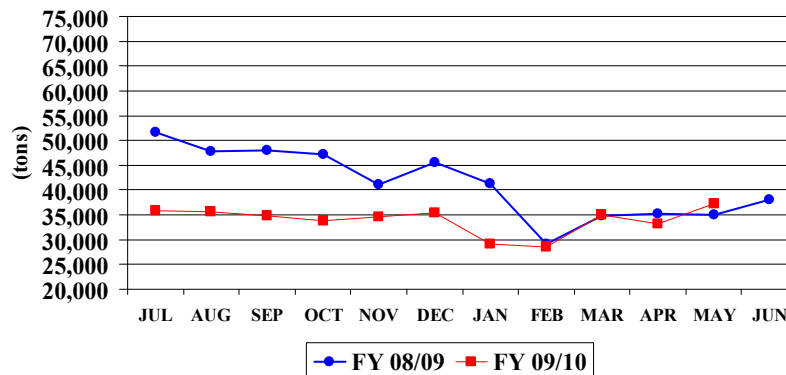


Cumulative Tons thru May: 7,758 2,766 -64.3%

3

Commercial Waste

(Commercial categories - including Commercial, Under Contract Commercial Processable, and Navy Waste)

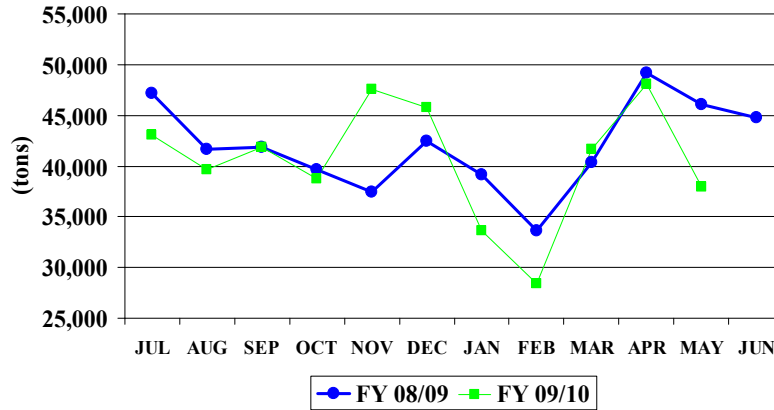


Cumulative tons thru May: 456,457 373,263 -18.2%

4

Municipal Waste

(includes Municipal, Suffolk Municipal, Industrial Waste and Vegetative Waste)

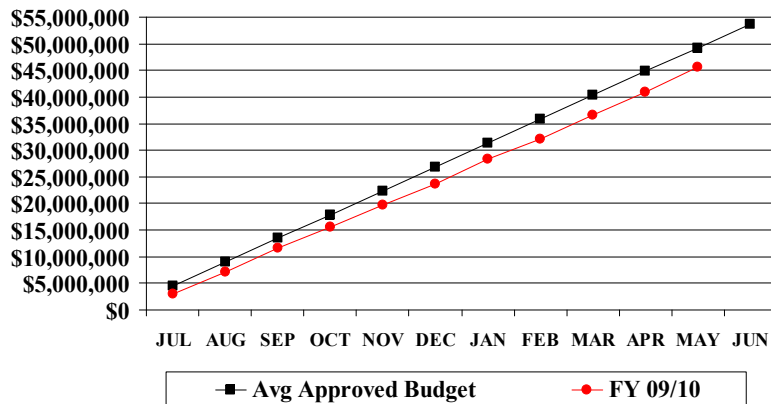


Cumulative tons thru May: 458,643 446,185 -2.7%

5

Departmental Operating Budget Expenditures

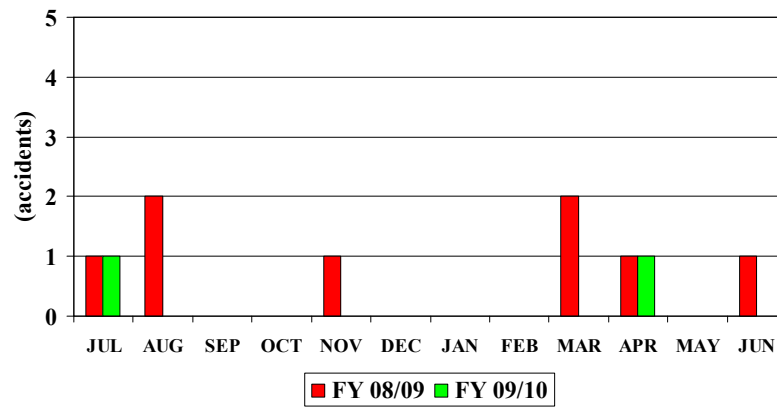
(Cumulative for the Fiscal Year)



Cumulative dollars thru May: \$45,530,614

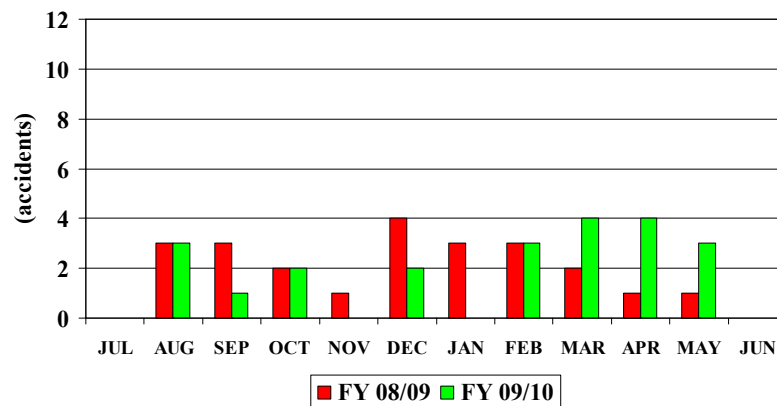
6

Lost Time Accidents



7

Property Damage Accidents



8

2) VRS Resolution

The Virginia General Assembly, in its 2010 session passed legislation creating a separate retirement plan for employees hired on or after July 1, 2010. Historically, employers that participated in the Virginia Retirement System (VRS) paid the 5% employee contribution as an additional benefit not paid as salary. We are in the process of polling the SPSA member jurisdictions for their decision. The City of Va. Beach is the only locality to date that has elected to NOT pick up the 5% employee contribution effective July 1, 2010. The City of Norfolk does not participate in the VRS. The Cities of Franklin and Portsmouth have elected to pick up the 5% employee contribution. The Cities of Suffolk and Chesapeake and the Counties of Isle of Wight and Southampton are undecided as of June 16, 2010.

SPSA staff recommends the Board elect to pay the 5% employee contribution as an additional benefit not paid as salary. With the reduction in force that has occurred in SPSA, there is less likelihood that any major hiring will occur over the years and SPSA has the option of changing this election in future years.

3) Contracts

- (a) Farm Tractor
- (b) Janitorial Services
- (c) Security Services – Regional Landfill
- (d) Loader Tires
- (e) Truck Tire Management Program
- (f) Towing Services

[MOTIONS WILL BE NEEDED TO APPROVE CONTRACT(S)]

Regional Office
723 Woodlake Drive, Chesapeake, VA 23320
phone: (757) 424-4700 fax: (757) 961-4700
www.spsa.com

memo

To: Rowland Taylor
From: Steve Coomer
Date: June 16, 2010
Re: Farm Tractor

Pursuant to § 15.2-5102.1 subsection 11, the Executive Director of the Authority shall not be permitted to execute or commit the Authority to any contract, memorandum of agreement or memorandum of understanding without an informed vote of approval by the Board, except as otherwise provided in or contemplated by such subsection.

BID:	IFB 0040-10	PROJECT:	Farm Tractor		
INITIATED:	S Whitehurst	PRE-BID CONFERENCE:	5/11/10	OPENED:	5/17/10
Projected Cost: \$103,344.00 Total Budget: \$200,000.00					
Proceed with Contract Award		Signature _____ Date _____ Chairman Board of Directors			
Hold until further notice		Signature _____ Date _____ Chairman Board of Directors			

COMMENTS: This tractor replaces a 1992 Ford Model 5640 with in excess of 8,580 hours. See attached pages for more information.

Tractor Used to Cut the Grass on the Cells of the Landfill and Related Work



Current Tractor: 1994 Ford 5640 8,580 hours Pulls a bush hog. Cannot cut sloped areas well. Requires more manual cutting. (From Patrick at Operations: It is more of an issue of age and condition rather than hours. The tractor is in pretty rough shape. Rust and corrosion have taken their toll. The tractor isn't capable of accomplishing the mowing without danger to the operator. Big safety issue. We also had the low bidder bring out the tractor so we could demo it. It is a much more stable machine and is capable of performing all of the mowing required.)



<u>Proposed Type</u>	New Kubota w/110 ph, 4 wheel drive with side cutter and ability to pull a bush hog
Acres Needing to be cut:	155
Number of times per year <u>required</u> to be cut:	2 times; however, we have to cut it 3-4 times per year based upon DEQ requirement that inspector must be able to see the slope to inspect for leachate breakouts.
Current Time is takes to cut once:	2 people 3 weeks
Contracting out cutting:	Quote of \$100 per acre and no weed-eating. This equates to \$31,000 a year for 2 cuts. For 3 cuts the cost is \$46,500; 4 cuts would be \$62,000. "4 cuts" is our normal year. This price does not include cutting around the 90+ gas wells; leachate ponds and storm water pond.
Price:	\$127,744 and includes a 5 yr/7500 hour service contract. \$103,344 with SPSA doing the service in-house <u>(This is the Recommended Option by Staff)</u>
Slopes:	2:1 and 3:1 slopes
Other Uses:	Tractor would also be used for road grading with an existing attachment.

Regional Office
723 Woodlake Drive, Chesapeake, VA 23320
phone: (757) 424-1622 fax: (757) 424-3066
www.spsa.com

memo

To: Rowland Taylor
From: Millard Grant
Date: June 14, 2010
Re: Option Year Contract Award

Pursuant to § 15.2-5102.1 subsection 11, the Executive Director of the Authority shall not be permitted to execute or commit the Authority to any contract, memorandum of agreement or memorandum of understanding without an informed vote of approval by the Board, except as otherwise provided in or contemplated by such subsection.

BID:	IFB 0006-10	PROJECT:	Janitorial Services (For Regional Office Building)		
INITIATED:	SPSA/HRPDC	PRE-BID CONFERENCE:	6/4/09	OPENED:	6/16/09
Projected Cost: \$33,600.00 Total Budget: \$33,600.00 Previous History: FY10 (\$31,270.20) FY09 (\$36,822.00)					
Proceed with Contract Award		Signature _____ Date _____ Chairman Board of Directors			
Hold until further notice		Signature _____ Date _____ Chairman Board of Directors			

COMMENTS: This is the first of two (2) option years for “Janitorial Services” awarded to Janitorial Consultants, LLC solicited in fiscal year 2010. Services include the following:

Daily cleaning consist of cleaning the restrooms, break-room areas, dusting offices, boardroom, kitchenettes, vacuum all carpeted areas, mop tile areas, replenish soap and paper products, and vestibule windows/doors.

Quarterly cleaning consist of shampooing all carpeted areas, stripping and waxing, and dusting base boards.

This service is for cleaning the Regional Office Building (cost split 50/50 with HRPDC)

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memo

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From: Millard Grant
Date: June 14, 2010
Re: Option Year Contract Award

Pursuant to § 15.2-5102.1 subsection 11, the Executive Director of the Authority shall not be permitted to execute or commit the Authority to any contract, memorandum of agreement or memorandum of understanding without an informed vote of approval by the Board, except as otherwise provided in or contemplated by such subsection.

BID:	RFP 0004-10	PROJECT:	Security Services (Regional Landfill Only)		
INITIATED:	S. Whitehurst	PRE-BID CONFERENCE:	6/3/09	OPENED:	6/9/09
<p>Projected Cost: 6099 (hours) X \$16.59 (Per hour) = \$101,182.41 Total Budget: \$105,000.00</p> <p>Previous History: FY10 (\$108,000.00) FY09 (\$140,592.80)</p>					
Proceed with Contract Award		Signature _____ Date _____ Chairman Board of Directors			
Hold until further notice		Signature _____ Date _____ Chairman Board of Directors			

COMMENTS: This is the first of two option years for “Security Services” for the Regional Landfill (Only) awarded to Wackenhut Corp. solicited in fiscal year 2010. Services to include the following:

Monitoring card access control system, alarms, leachate ponds and making the required six to seven roving rounds per shift. Interact and communicate effectively with management, employees, contractors, general public, emergency personnel, outside agencies and maintaining entrance control. Prepare and submit reports for accidents, incidents, fires, bomb threats, hazardous materials or chemicals like anthrax, and unlawful acts. Observe and report unsafe conditions and hazards. Security provided seven days a week, three hundred sixty-five day per year (one person per eight hour shift).

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memo

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From: Millard Grant
Date: June 14, 2010
Re: Option Year Contract Award

Pursuant to § 15.2-5102.1 subsection 11, the Executive Director of the Authority shall not be permitted to execute or commit the Authority to any contract, memorandum of agreement or memorandum of understanding without an informed vote of approval by the Board, except as otherwise provided in or contemplated by such subsection.

BID:	IFB 0003-08	PROJECT:	Loader Tires (Solid)		
INITIATED:	P. Lee	PRE-BID CONFERENCE:	5/16/07	OPENED:	5/30/07
<p>Projected Cost: As needed Basis</p> <p>Total Budget: \$442,661.00</p> <p>Previous History: FY 10 (\$820,987.40) FY 09 (\$856,025.66)</p>					
Proceed with Contract Award		Signature _____ Date _____ Chairman Board of Directors			
Hold until further notice		Signature _____ Date _____ Chairman Board of Directors			

COMMENTS: This is option year three (3) with one (1) option year remaining for “LOADER TIRES” awarded to Colony Tire Corp. solicited in fiscal year 2009. Contracted amount reduced from \$942,661.00 to \$442,661.00 after the sale of Waste to Energy. Services include the following:

- *Tires rotated or replaced if rolling radii difference between front and rear tires reaches five percent. Tires on the same axle must remain essentially matched throughout their wear life.
- *Sufficient spare tires mounted on rims and ready to be installed shall be maintained in storage locally to be readily available when needed to avoid replacement delays and excessive machine downtime.

Regional Office
723 Woodlake Drive, Chesapeake, VA 23320
phone: (757) 424-1622 fax: (757) 424-3066
www.spsa.com

memo

To: Rowland Taylor
From: Millard Grant
Date: June 14, 2010
Re: Option Year Contract Award

Pursuant to § 15.2-5102.1 subsection 11, the Executive Director of the Authority shall not be permitted to execute or commit the Authority to any contract, memorandum of agreement or memorandum of understanding without an informed vote of approval by the Board, except as otherwise provided in or contemplated by such subsection.

BID:	RFP 0051-06	PROJECT:	Truck Tire Management Program		
INITIATED:	P.Lee	PRE-BID CONFERENCE:	1/31/06	OPENED:	2/14/06
<p>Projected Cost: As needed basis</p> <p>Total Budgeted: \$75,000.00</p> <p>Previous History: FY10 (\$80,972.00) FY09 (\$99,168.00)</p>					
Proceed with Contract Award		Signature _____ Date _____ Chairman Board of Directors			
Hold until further notice		Signature _____ Date _____ Chairman Board of Directors			

COMMENTS: This is the final option year for “Truck Tire Management Program” awarded to Colony Tire Corp. solicited in fiscal year 2005. Services include the following as needed:

- *New Tire Replacement (must stock solicited tires)
- *Retreading Services (capable of providing re-treading services)
- *Retreading Purchases (must use approved casing)
- *Repairs (must be performed by a certified technician)
- *Service Calls (must be fully equipped and capable of providing on the road and on site service calls)
- *Technical Services (for matters pertaining to retreads, new tires and repairs)
- *Warranty (must provide product warranty)

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memo

To: Rowland Taylor
From: Millard Grant
Date: June 14, 2010
Re: Option Year Contract Award

Pursuant to § 15.2-5102.1 subsection 11, the Executive Director of the Authority shall not be permitted to execute or commit the Authority to any contract, memorandum of agreement or memorandum of understanding without an informed vote of approval by the Board, except as otherwise provided in or contemplated by such subsection.

BID:	IFB 0003-09	PROJECT:	Towing Services		
INITIATED:	P. Lee	PRE-BID CONFERENCE:	5/22/08	OPENED:	5/29/08
<p>Projected Cost: As needed basis</p> <p>Total Budget: \$52,905.00</p> <p>Previous History: FY10 (\$35, 607.00 as of 6/14/10) FY09 (\$39,273.97)</p>					
Proceed with Contract Award		Signature _____ Date _____ Chairman Board of Directors			
Hold until further notice		Signature _____ Date _____ Chairman Board of Directors			

COMMENTS: This is the final option year for “Towing Services” awarded to Hudson Service Center solicited in fiscal year 2008. Prices vary by location ranging from \$250/\$350 per tow. Services include the following:

- * Tow Tractor Portal to Portal within Norfolk, Chesapeake, Portsmouth, Virginia Beach, Suffolk Landfill
- * Tow Tractor/Trailer unit Portal to Portal loaded with 84,000 lbs within Norfolk, Chesapeake, Portsmouth, Virginia Beach, Suffolk Landfill
- * Tow Tractor from Isle of Wight, Franklin, Ivor, Boykins, City of Suffolk to Portsmouth.
- * Tow Tractor/Trailer unit from Isle of Wight, Franklin, Ivor, Boykins, City of Newport News, City of Suffolk to Portsmouth.
- * Mileage after hook up, Pull Drive Shaft, and Escort Fees

3. **REQUEST FOR CLOSED SESSION:**

[Closed Session per Va. Code §§ 2.2-3711(A)(3), 2.2-3711 (A)(7) and 2.2-3711 (A)(29)]

[MOTION WILL BE NEEDED TO APPROVE CLOSED SESSION AND CERTIFICATION]

4. **ACTION ARISING FROM CLOSED SESSION**

[MOTION WILL BE NEEDED TO APPROVE ANY ACTIONS]

5. **INFORMATION ITEMS:** Chairman Leafe

A. MINUTES OF THE EXECUTIVE COMMITTEE MEETING

The minutes of the regular Executive Committee meeting of May 21, 2010 are attached and presented as an informational item.

OLD/NEW BUSINESS

ADJOURN MEETING

LUNCH **WILL NOT BE** SERVED WITH THIS MEETING

**MINUTES OF THE
EXECUTIVE COMMITTEE
SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA**

May 21, 2010

A meeting of the Executive Committee was held at 11:00 a.m. in the second floor conference room of the SPSA Regional Building in Chesapeake, Virginia, and was called to order by Chairman Joseph Leafe. Other Committee Members present at this meeting were Messrs. Everett Williams and Tim Oksman and Ms. Selena Cuffee-Glenn. Also in attendance by invitation were Executive Director Bucky Taylor, Deputy Executive Director Liesl DeVary (also Treasurer to the Board), and Executive Assistant and Secretary to the Board Lou Ann Ivory.

1. BOARD PROCEDURES

Chairman Leafe stated that SPSA By-laws require an Executive Committee which he had appointed at the April Board meeting. He added that this Committee was not a “mini-Board” and his intent was to use it to spearhead the strategic planning, to organize how we move forward, decide what type of structure we need.

Chairman Leafe also said we need to obtain input from the local governments, our member communities as to what they want to do and if there is a role for SPSA. He said if we stay in “shut-down” mode eluding to the direction given to staff by the previous Board, we still need input from the member localities on other issues including the continuation of the landfill.

Mr. Williams said it felt we needed to evaluate alternatives, the various options available to us. He suggested we need a diagram, a picture, of what SPSA would look like in 2018.

Ms. Cuffee-Glenn said she felt we needed to proceed down parallel tracts; sorting and understanding of the Use and Support Agreements; soliciting from the communities what they want, and then sort out a strategic direction to move forward with.

Mr. Oksman said we need to (1) figure out what the ‘new’ SPSA is, what our current day responsibilities are. He continued saying we need enhanced communication with the localities; to decide on SPSA governance including committee structure and rules of procedure; dialogue with the Executive Staff; and develop a strategic plan. Mr. Oksman said he felt we need to begin a dialogue of post-2018, adding that other things to discuss would be a decision on the Suffolk landfill, a discussion of SPSA’s rate structure, and take a look at legal services.

Further discussion took place on continuing to look at reducing expenses including the current status of the Regional Office Building, transportation items, and privatization of other aspects of the agency as required by the Cosgrove Bill.

Additionally, Ms. Cuffee-Glenn presented the Chairman and Mr. Taylor with a copy of a letter that had been sent to the Chair but as yet not received requesting a Board resolution

asking that Suffolk extend the July 1st deadline for a decision on the construction of Cell VII.

Mr. Williams said he is still concerned about the lack of transparency of the organization and the poor public image that exists. He feels there is a general lack of faith in SPSA and suggested more press releases and perhaps increased public relations to get the word out of the positive things SPSA is involved in.

2. DEVELOPMENT OF A STRATEGIC PLAN

No separate discussion took place regarding the strategic plan as it had been encompassed in the previous item.

3. REQUEST FOR CLOSED SESSION

Ms. Cuffee-Glenn made a motion requesting that a closed meeting be conducted for the purpose stated herein and the motion was seconded by Mr. Oksman:

I. Motion to Approve Request for Closed Meeting.

A request is made for a closed meeting:

(A) In connection with personnel matters involving Va. Code §2.2-3711(A)(1) for discussions involving the assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific employees.

The motion was approved and carried with all present voting yes; opposed none.

Upon completion of the closed session, the below-listed certification was read. Mr. Williams made a motion to approve the certification which was seconded by Mr. Oksman. The motion was approved and carried with all present voting yes; opposed none.

II. Motion to Approve Certification after Closed Meeting.

The Executive Committee of 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.

4. OLD/NEW BUSINESS

There were no Old or New Business items at this meeting.

5. ADJOURNMENT

The next meeting of the Executive Committee was scheduled for Monday, June 21st at 9:00 a.m. There being no further business to come before the Committee, the meeting was adjourned.