

**7. PROPOSAL FOR PRIVATIZATION OF
SPSA ASSETS**

Attached for your reference please find a copy of the recent proposal from ReEnergy Holdings LLC to privatize the solid waste management system currently owned and operated by SPSA. Among other things, the proposal provides for an agreement with SPSA to acquire all of its assets (in exchange for retirement of all SPSA debt) in addition to separate agreements with the 8 member communities for long-term (20 years) waste disposal services (at roughly 40% less than the current prevailing rates.)

In order for the proposal to be accepted, it must be approved by the SPSA Board of Directors as well as the governing bodies of each of the 8 respective member communities.

I've invited Mr. Larry Richardson, Principal/Executive Officer of ReEnergy Holdings, LLC to Monday's meeting to discuss the proposal in some detail and answer any questions that you may have. At the end of his presentation, he'll seek your consideration of a nonbinding letter (included as page 23 of his proposal) of interest to pursue further discussions with his company.

I've also attached a copy of the response from SPSA's Board which expresses a number of concerns, including:

- Acceptance of the proposal may unwittingly create a private monopoly for waste disposal services in southside Hampton Roads;
- Consideration of the proposal at this point may adversely impact consideration of competing proposals from two other private companies that seek to acquire SPSA's waste-to-energy plant in Portsmouth;
- Consideration of the proposal is premature and should first be considered (and endorsed by) the 8 member communities; and
- The proposal is inconsistent with the recently-released study by the Hampton Roads Planning District Commission which concludes that maintenance of a regional authority is a logical approach to managing the region's waste post-2018.

Finally, I'm also attaching a couple of recent editorials for your reference – one from the Virginian Pilot and another from the Tidewater News.

MOTION REQUIRED

If the Board is so inclined, a motion is required authorizing Chairman Jones to sign the letter included on page 23 of the attached proposal – otherwise, no motion is required.