

ReENERGY PROPOSAL



Renewable Energy &
Innovative Waste Solutions

20 Century Hill Drive, Suite 203
Latham, NY 12110

reenergyholdings.com

RECEIVED DEC 15 2008

December 11, 2008

Mr. Dallas O. Jones, Chairman
Southampton County Board of Supervisors
PO Box 400
Courtland, VA 23837

Re: Proposal for Privatization of SPSA Assets

Dear Mr. Jones:

ReEnergy Holdings LLC is pleased to submit the enclosed ***Proposal to the Southeastern Public Service Authority and its Member Communities*** for the privatization of the solid waste management system currently owned and operated by SPSA. This submittal encompasses both a proposal to SPSA to acquire its existing solid waste management system, and a proposal to the SPSA Member Communities to enter into new long-term Waste Services Agreements that will provide stable pricing and reliable service. ReEnergy Holdings LLC (ReEnergy) presents this proposal in conjunction with its team members Waste Industries USA, Inc., Kaufman & Canoles, and Edwards Angell Palmer & Dodge (together called the ReEnergy Team).

The ReEnergy Team offers a compelling proposal for the County of Southampton's immediate consideration that has the following key attributes:

- A project team that has ***financial strength*** and ***proven experience***
- A purchase price that will allow SPSA to ***retire all of its debt***
- Member Community tipping fees that will be approximately ***40% less than projected SPSA fees***
- Waste services agreements with each Member Community – ***long-term agreements*** (at least 20 years) with a defined tipping fee that will be ***predictable and stable***
- ***Transfer of closure and post-closure liability*** at the Suffolk Landfill to ReEnergy
- ***Recycling is a centerpiece*** – new services and financial incentives to recycle will be offered
- Production of ***renewable energy will be expanded*** – through waste-to-energy plant improvements and the use of new technologies

We estimate that the total value of our proposal to the Member Communities is in excess of \$235 million, plus millions of dollars in tipping fee savings over the life of the agreements.

Over the past five months, the ReEnergy Team has conducted a thorough review of publicly available information, has held discussions with elected and appointed officials with all of the SPSA Member Communities, and other public and private sector stakeholders in the Hampton Roads regional solid waste management marketplace. Based on the combined input of these informed individuals, ReEnergy has prepared this proposal and initial target pricing. We are confident that our proposal will bring immediate relief and great value to SPSA, the Member Communities and their constituents, and we are hopeful that SPSA and the Member Community officials share this outlook.

Mr. Dallas O. Jones, Chairman

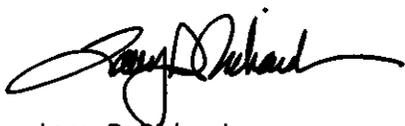
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As described in the proposal, we respectfully request that you consider and sign a letter of interest in order to advance the process in an efficient manner. Furthermore, in your role as Southampton County's representative on the SPSA Board, we also encourage you to support a full and complete evaluation of this proposal prior to SPSA taking action on any other alternatives.

The ReEnergy Team stands ready to move expeditiously into detailed due diligence and negotiation of final agreements. We will be contacting you to set a time to discuss the proposal and answer any questions you may have, and we look forward to working with you in this exciting initiative.

Respectfully submitted,



Larry D. Richardson
Principal/Executive Officer

cc (with enclosure):

Walter Young, Vice-Chairman


Vincent J. Mastracco, Jr., Esq., Kaufman & Canoles

Proposal for the privatization of
the solid waste management
system currently owned and
operated by SPSA and for new
Waste Services Agreements with
SPSA's Member Communities

**PROPOSAL TO THE SOUTHEASTERN PUBLIC SERVICE
AUTHORITY AND ITS MEMBER COMMUNITIES**

December
2008



Full Copy of ReEnergy Proposal Available in Office