

**11. DISCUSSION REGARDING SPSA'S PROPOSED TIPPING FEE**

As you are aware, on January 7, the SPSA Board of Directors approved a preliminary schedule of tipping fees which, if approved, will increase the municipal rate from \$104/ton to \$245/ton. The vote was 6-2 with the cities of Portsmouth and Chesapeake voting in the minority. Before the increase can become effective, SPSA must conduct a public hearing after which the Board must ratify the increases with a majority vote. That public hearing and related vote is scheduled for January 28.

Attached herewith please find correspondence and a resolution from the City of Chesapeake which seeks a 60 day continuance on the tipping fee increase. SPSA has responded via email from its Executive Director advising that it does not have sufficient cash on hand or available credit lines to operate for 60 additional days in the absence of the increased fees. In addition, SPSA's general counsel has advised Board members that they are required by law to set a sufficient tipping fee to fund SPSA's operations and service its debt. If Chesapeake's action is duplicated by a majority of the members (or at least 4), the board would violate the law and its bond covenants, and the bondholders will likely seek injunctive relief by petitioning the Court to require SPSA to impose adequate tipping fees as required by the statute.

Furthermore, the SPSA board has adopted a strategy to sell assets to reduce its debt, and is in a negotiation under the PPEA to sell the RDF/WTE plants, subject to a contract with the buyer to sell waste to them at a predetermined price. Default on the bonds at this point will only hamper those negotiations and may cause them to end prematurely.

Chairman Jones is in contact with several of the other affected jurisdictions and may offer some comments and guidance at Monday's meeting.

**MOTION REQUIRED:** If the Board is so inclined, a motion is required to adopt a resolution similar to Chesapeake's. Otherwise, no action is required.