Region 2000 Services Authority
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Date: March 12, 2025; 10:00 AM

Location: CVPDC Offices
828 Main Street, 12th Floor.
Lynchburg, Virginia 24504

Meeting Minutes

Members Present:

Greg Patrick, City of Lynchburg
Frank Rogers, Campbell County
Candy McGarry, Nelson County
Susan Adams, Appomattox County

Staff Present:

Alec Brebner
Sandy Dobyns
Patti Lassiter
Clarke Gibson

Others:

Johnnie Roark (alternate) Appomattox County
Phillip Kramer (virtual)
Scott Pasternak (virtual)
William (Bill) Hefty (virtual)
Bill Carwile (virtual)
Mike Lawless (virtual)
Mike Cline (virtual)
Elliott Ingle (virtual)
Sandy Glass (virtual)
Jeff Wells (virtual)
Clayton Stanley (virtual)
K Hardie (virtual)
Larry Hall (virtual)
Corey West (virtual)

1. **Welcome**
At 10:00 a.m., Chairman Greg Patrick welcomed and thanked everyone for coming.

2. **Pro Forma Scenarios Review ....Burns & McDonnell**
Philip Cramer with Burns & McDonnell gave an overview of four draft scenarios for the Pro Forma. The first scenario assumes the $10 excess revenue charge is reserved, with a 75.5% split between Campbell County and the Services Authority. In this scenario, the

recommendation is to increase the tipping fee to $53-$55 per ton range to preserve funds in the closure/post-closure fund.

The second scenario, as explained by Philip, is that 75% of the excess revenue goes to the Services Authority and 25% to Campbell County. Philip added that all scenarios considered a 3% inflation factor.

The third scenario presented allocates 100% of the excess revenue to the Services Authority, accompanying a further decrease in the member tipping fee.

The final scenario assumes moving all current reserves into the closure/post-closure fund, resulting in a consistent $31.04 member rate over a four-year period. Philip noted this final scenario aims to build a reserve to avoid a significant increase in the 2029 tipping fee. Frank Rogers asked if the held money in this fourth scenario could be used due to pending litigation. Bill Hefty responded that the pending litigation does not prevent the Board from taking the action it wants to take.

Frank posed a question to the staff, particularly regarding the fourth option, which offered the appeal of the lowest tipping fee. He noted that this option could be effective if the Authority fails in litigation and reserve funds are available. However, if Campbell prevails, the Board will have to address that issue between now and 2029. “Has any scenario been analyzed regarding the possibility that if the Board proceeds with this option today, we might be unable to access those reserve funds in 2027 or 2028? Staff is aware of the potential for a significant cost spike in 2029. This is a crucial risk conversation that the Authority must have.”

Alec answered that yes, the Authority and staff are aware of those factors.

The Chairman asked Philip whether scenario four assumes all funding related to the 75:25 split is linked to the excess revenue. This refers to the $10 premium that commercial haulers pay. The Chairman wants to clarify if all that money goes toward closure/post-closure costs or if it goes directly to the Authority. “What funds are necessary for closure/post-closure, and would they be allocated to that account?”

Philip explained that while the assumption is that the funds will go to the Authority, they are fully allocated to closure/post-closure activities. Philip reviewed the current fund balance, added the reserved amount, and considered 100% of the future excess revenue. To use those funds effectively, Philip suggested reducing the Authority's payment for the internal loan, which is still viewed as a liability related to property acquisition.

As shown in line 38, Philip reduced the prior years’ amount from $413,000 to $267,000 for 2027 and $0 for 2028. This adjustment reflects an additional payment made from the closure/post-closure fund, which will help lower each community's member rates.

The Chairman asked, “If, in 2029, there are no debt service payments, does that mean any outstanding debt owed by the Authority has been paid off at that point in time?”

Philip stated that he worked with Davenport to update the debt service schedule for Phase Five of the landfill, assuming the property acquisition will be fully paid off by then. This scenario also assumes that the Authority will pay cash for future equipment purchases, eliminating any remaining debt service payments for cell development equipment by 2029. Greg then asked if this fourth scenario made any assumptions regarding the disposition of any Authority assets. Philip responded not at this time. Philip believes that several assets will need to be retained during the post-closure period, which will need to be coordinated with Alec, Clarke, and their team for further discussion.

Greg asked if there were any other questions. Hearing none, the Chairman moved to the agenda. The Chairman asked if the Board would agree to move the disposition of excess airspace revenue to item number 3 on the agenda and the fiscal policy provision to item number 4. There were no objections.

3. **Disposition of Excess/Air-Space Reserve Revenue (changed from 4 to 3)** ....**Chair**
The Chairman asked for a breakdown of the total funding held currently in escrow, including how much of that is excess revenue and how much is airspace reserve. Alec provided a brief overview. The Authority has $9 million distributed across four accounts that qualify as excess revenue in the airspace reserve. The total excess revenue amounts to $4.8 million, which was collected until September 2021. Since then, the airspace reserve revenue, funded by the $10 increment over the member rate, has totaled $4.2 million. This brings the combined total in those four LGIP accounts to just over $9 million. Candy asked if that included interest. Alec responded yes. Frank asked for a breakdown of the excess revenue for Campbell County and the City of Lynchburg. Alec stated that for Lynchburg, it was $1,482,921.36; and for Campbell County, one account has $3,343,562.00, the second account has $3,172,814.95; and the Services Authority has $1,071,293.35 as of February 28, 2025. Susan asked if that included interest. Alec responded yes, roughly $500,000.

The Chairman asked Clarke to clarify what has recently been calculated regarding the Authority's closure/post-closure obligation for submittal to DEQ, which is approximately $16 million. The Chairman inquired if Clarke could provide specific or general information about what percentage of that obligation is allocated to each of the four-member localities. Clarke explained that the chairman refers to our financial assurance, which the Authority must submit to the Department of Environmental Quality (DEQ) every year. The Authority will either have the necessary cash available, or each municipality will contribute its fair share for closure/post-closure costs once the landfill reaches capacity and begins the closure process without available cash. As of July 30, 2024, Livestock Road facility, Lynchburg's share is 59.5%, which equals just over $10 million; Campbell County's is 33.8%, which equals $5,681,522; Nelson's is 4.1%, which equals $689,179; Bedford's is 0.1%, which equals $16,809; and Appomattox's is 2.5%, which is $420,231. The Authority updates these figures each year and sends them to each locality. It's important to note that this amount doesn't have to be included in the budget every year. The DEQ allows local governments to conduct what is known as a local government test, which essentially means that we have the authority to raise these funds through taxation if necessary. Therefore, the Authority doesn't need to budget for it annually. However, based on the pro formas presented, the Authority will have 100% of the funds required to close and finance the post-closure period.

Frank mentioned that closure/post-closure costs should be included in operating expenses, which are funded by tipping fees. "Is that a correct statement?" Alec responded affirmatively.

Frank went on to explain that there are two distinct aspects to consider here. First, the collection of excess revenues over time, which is intended to pay for an asset, and second, the obligation for closure/post-closure costs. The Authority is responsible for funding both assets received and the anticipated closure/post-closure costs.

Frank wants to be clear that he rejects the idea of combining these two concepts. It's important to note that while tipping fees exist to fund closure/post-closure costs, other funds were not accrued for this specific purpose.

Frank stated that he'd like to make a motion:

> MOTION: The Authority releases the held excess revenue payments and airspace reserve payments to the respective parties in accordance with the terms of the Member Use Agreement and standing Authority practice and the written financial policy of the Authority that has been adopted and approved by this entity.

The Chairman asked for a second, but with no second, the motion dies.

The Chairman made a motion:

> MOTION: All excess revenue funds, roughly 4.8 million dollars, will be distributed immediately to the closure/post-closure account.

The motion was seconded by Susan. The Chairman asked if any member wanted to speak to the motion. Frank responded yes.

Frank inquired about the specifics of the motion pertaining to the funds, including how they are being divided and used. Frank asked whether the Authority would allocate 9 million dollars back to the original funds accumulated through the Member Use Agreement, specifically the $10 surcharge. "Instead of compensating Lynchburg and Campbell for the airspace provided to the Authority, is the Authority directing those funds toward closure/post-closure activities until 2029?"

The Chairman clarified that the motion pertains specifically to the excess revenue generated before the change in financial policy, which amounts to $4.8 million. This revenue was allocated roughly as a 70/30 split between Lynchburg and Campbell. The Chairman emphasized that this amount represents the funds collected to pay Lynchburg and Campbell for the airspace they contributed to the Authority. The motion aims to distribute these funds entirely to the closure/post-closure reserve.

Frank stated that he'd like to ask each member, if you are hosting a landfill in your community, would you negotiate for a host fee to mitigate the impact? "Susan, would that be a factor in your negotiation?"

Susan responded that the best fee is determined by the members.

Frank asked Candy the same question. Candy responded that she didn't think the question was relevant to the motion.

Frank responded that he's going down a path regarding the appropriate disposition of these funds as they relate to the impact on the Campbell community of the asset being there. Again, Candy responded that she didn't feel a response was appropriate.

Frank presented the question to the Chairman, who responded that no decision like that could be made in a vacuum without context. "It's very hard to provide an answer."

Frank responded that it was fair. Frank went on to state that the context at the time was known. He thinks the Member Use Agreement contemplated a relationship that passed the burden of paying for this airspace. "It's not even for those of us sitting around the table. It's the commercial haulers; very few come from Appomattox, and zero come from Nelson. So now the Authority is taking those dollars that saved all of us from having to pay for that airspace, and instead of directing a post-closure that ought to be charged against the tipping fee. The Authority should be able to do both things. The Authority is structured to do both things and should continue to move all the way through closure, doing both things."

Frank stated he would vote against the motion. The Chairman asked if anyone had any comments. Candy asked for a vote.

Susan, Candy, and Greg were in favor of the motion. Frank voted no. The motion passed with a majority vote of 3-1.

Susan presented a motion to move 100% of the airspace reserve, $4.2 million, to the Authority's closure/post-closure account.

> MOTION: All airspace reserve funds of roughly $4.2 million will move to the Authority's closure/post-closure account.

The Chairman asked if any member wanted to speak to the motion. Susan had no comment. Candy expressed that this action is in the best interest of the Authority to cover the closure/post-closure obligations.

Frank asked for clarification to understand the motion. Frank asked if this is inclusive retroactively of all the dollars that have been held to date. This is not just a forward-looking policy change.

Susan, Candy, and Greg were in favor of the motion. Frank voted no. The motion passed with a majority vote of 3-1.

4. **Fiscal Policy Revisions (changed from 3 to 4)..Chair**
The Chairman requested a history of the financial policy, specifically regarding the 75:25 airspace reserve split, including when it was enacted, when the Authority voted on it, and when it actually became effective.

Clarke summarized the Authority's history regarding the Member Use Agreement from 10 to 15 years ago. The Board anticipated reaching the capacity limit included in the original agreements, which occurred a few years ago, considering contributions from Lynchburg and Campbell County.

As the landfill expanded capacity—without including it in the original agreements—the Authority needed to decide how to proceed after surpassing that limit. The Board established financial policies, agreeing to allocate 75% of excess revenue not covered by the original distribution as a host fee to Campbell County, with the remaining 25% reinvested into the Authority's budget. Additionally, the Board discussed creating a comprehensive financial policy to address these allocations and other financial matters.

Frank asked Clarke if that policy was written so that those payments were effectively automatic, as part of the Authority's annual planning, and didn't require a special vote of any kind. Clarke indicated that was correct.

The Chairman then asked if other policies within that financial policy document guide our financial behavior. "What else – outside of how the Authority treats the excess revenue, airspace reserve revenue – what other items are in that financial policy?"

Clarke noted that there is the closure/post-closure reserve fund, equipment replacement reserve fund, environmental remediation reserve fund, operation and maintenance reserve, debt service reserve, and a future planning disposal planning reserve. The Chairman asked if the Authority had followed all those financial policies.

Clarke responded, "Not exactly. "During the annual budget meetings, discussions are held to determine the budget needs. It is then decided whether we think it's necessary to put money aside according to these policies as a Board and as an Authority staff."

Candy asked if any policies mirrored or existed with the Member Use Agreement, the Reserve Funds, or the Replacement Reserve. Clarke responded that, other than a general statement that the Authority would have funds to close the landfill, he didn't think so. Greg asked when the policy was adopted. Clarke indicated March 14, 2016. Frank added that the policy was developed around the time of the lateral expansion, which exceeded the capacity initially contemplated. So, there was a conversation about how to continue to recognize the local impact of hosting a landfill. Policies were written in totality but also included the 75:25 split. Clarke stated that, yes, it was the time the landfill would have more capacity than the original Member Use Agreement included.

Candy asked the Chairman if she could make a motion to revise the fiscal policy guidelines that were adopted on March 14, 2016. She moved to revise the clause on page 10-47 that states that once the current airspace is consumed, the Authority will distribute 75% of excess revenue to the landfill host, and 25% will be retained by the Authority. Greg asked how she would revise it. Candy stated, "To remove the particular clause that references excess revenue be distributed 75% to the landfill host and 25% retained by the Authority."

Greg restated the motion.

> MOTION: Revise the financial policy retroactive to March 14, 2016, to remove the language related to the 75:25 split of the excess revenue or airspace reserve.

Susan seconded the motion and made a comment. Susan stated that she had heard the definition "Campbell's money" and directed everyone to look at the Member Use Agreement, which states that only it becomes those monies to the City of Lynchburg and Campbell if it were voted on to be distributed to those localities. She noted that there was no vote to distribute those funds. "So, it's a label on that funding, but it's really a reserve fund that hasn't been distributed or paid out."

The Chairman asked if, in the original Member Use Agreement, "Does the language say it shall be paid out, or it may?"

Susan stated, "It may, and it would require an annual vote of the Authority to distribute those funds."

Frank added, "The excess revenues are described differently in two different clauses. The operational clause says may, and the definition says shall. That is the crux of pending litigation."

Frank asked Clarke if the policy that the Authority has not conformed to for budgetary reasons, "Are we not contemplating any of those amendments or revisions today or any other changes or revisions? Are we just specifically striking language where Campbell would get some portion of revenue as the host locality?"

Susan responded that since Frank mentioned the host agreement, she was unsure where that was in the documents. Frank said he used the term interchangeably, and he would present his question more clearly. "Are we making any other changes or recommending any other changes to the fiscal policies at this time, or just the one?"

The Chairman added a follow-up regarding the distribution of the excess revenue and airspace reserve funds to the closure/post-closure account. "Would that bring the Authority in line with the rest of those financial policies at this point?"

Clarke responded that the environmental remediation reserve was a guideline to address any major environmental problems that may occur should as needed. "That's never happened, so we don’t fund that.” The operation and maintenance reserve is based on a formula. The Authority has tried to follow that guideline. Clarke believed the goal was three months of operating expenses. Debt service reserve, the Authority does follow. At one point, the Authority was putting some money into a future planning reserve to account for engineering studies for expansions and cell developments.

The Chairman asked Bill, based on this new financial information, if there was a way to make a friendly amendment to the motion to remove the environmental and future planning clauses that are no longer needed. Bill answered that the person who proposed the motion can make an amendment if they wish to.

Candy amended her original motion to include the removal of the environmental remediation reserve and future planning reserve from the policy. Susan seconded the amendment to the motion.

Susan asked if, before the 2018-19 timeframe, there were any amounts of money paid to Campbell County and the City of Lynchburg. Susan is wondering if the Authority has paid anything at all. Clarke replied that the staff would need to review past financials.

Frank expressed the need for further discussion, stating he questioned the need for a policy at all. “If we have a policy we don't conform to, the budget is going to dictate, if we’re striking certain clauses that are no longer necessary, is there still a need for a policy at all? Is it the document the Authority needs? If (the Board is) going to have a policy and not conform to it, what is the point?”

Greg responded that the Board is amending the policy to bring it in line with what the Board is conforming to do now. The Board’s actions and policy aligned. Frank responded that he appreciated that, but it's sort of working in reverse. “Right actions typically conform to policy, not policy to conform to actions.” There was no further discussion, so the Chairman took a roll-call vote.

Susan, Candy, and Greg were in favor of the amended motion. Frank voted no. The amended motion passed by a majority vote of 3-1.

The Chairman asked Bill if the changes made today would impact the operating budget for fiscal year 2025, with the excess revenue coming directly into the Authority's budget. Does the Board need to amend the budget, and if so, can the Board do it in our next regularly scheduled meeting? Bill responded that it would be a good idea to amend the budget to reflect the changes. The Board can make a motion to amend the FY25 budget to reflect the motions taken in this meeting, and that will be sufficient.

Candy made the motion as advised by Bill.

> MOTION: The Authority amends the FY25 budget to reflect the motions taken in the March 12, 2025, meeting.

Greg seconded the motion. Susan, Candy, and Greg were in favor of the motion. Frank voted no. The motion passed by a majority vote of 3-1.

5. **Fiscal Year 2026 Budget Consideration .... Chair & Staff**
The Chairman asked staff if the changes made today to the financial policy materially impact the ability to walk through the budget, or if the Board would be better served to move this agenda item to a later date. Clarke responded that the budget staff presented in January and the one included in today's packet are based on former financial policies, which included a 75:25 split. Staff would need to amend the budget numbers to reflect the policy adopted today.

Discussion ensued regarding the need for a public hearing on the new tipping fee. Bill stated that no public hearing is needed for the budget. Susan asked if the Board would be increasing the tipping fee. Greg stated yes, so the Board will need to schedule a public hearing for that purpose.

Alec replied that staff will need to prepare a resolution for consideration by the Board, and that resolution sets the maximum tipping fee that the Board can consider. Then, the Board can adopt a resolution in April, conduct the public hearing in June, and adopt a budget at the June meeting. As scheduled, those meetings are the fourth Wednesday of April and the fourth Wednesday of June.

Frank asked about the schedule and whether that meant holding the public hearing in April. Alec replied no, it would be in June because the Board must adopt a resolution first. Greg asked if the Board could adopt the resolution today. Bill responded that the Board needs to set the date of the public hearing by resolution with the maximum tipping amount. Bill agreed with Alec that the Board can adopt the resolution, which staff can put in writing at the next meeting, and then the Board can have the public hearing in June. The Chairman stated that the updates to some of our financials, the financial assurances, may have a small material impact on what the Pro Forma tipping fee would be. The Board would want that information at the next meeting as well. Candy asked if that is the standard time frame for the Board to receive that information. Alec replied yes.

6. **Next Meeting .... Chair**
The Chairman gave one final review. The next Board meeting is April 23. At that meeting, the Board will receive updated financials and an updated budget summary. The Public Hearing for the tipping fee will be set for June, when the Board will adopt the budget. Candy asked if there was any consideration for doing the April 23 meeting business sooner with a special meeting. Clarke responded that staff awaits the study results for employee retention and the compensation study. Staff expects the information in early to mid-April. The Chairman stated that for budget planning purposes, he would advise using $33 as a tipping fee placeholder.

Frank asked for a review of what the Board was doing. Greg responded that the Board would return in April and get the updated budget projections. The Board will see the impact of the updated numbers on the Pro Forma. At that point, the Board will decide the maximum number for the tipping fee. The Board will advertise that the public hearing will be scheduled for a regularly scheduled meeting in June. The Board will have a public hearing and vote on the budget on that date.

7. **Adjournment**..**Chair**
Susan Adams moved for adjournment, and Candy McGarry seconded it. All were in favor, and the meeting ended at 10:57 a.m.

X ___________________________________ Date: ___________________
Secretary Alec Brebner April 23, 2025