

COMMISSION MEETING MINUTES  
June 23, 2026

No. Topic

Call to Order

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The Commission Chair called the meeting to order at 9:00 a.m.

| Name                   | Title                 | Present for Item Nos. |
|------------------------|-----------------------|-----------------------|
| Rodriguez, Stephen C.  | Commission Chair      | 1-18                  |
| Levenston, Jr., Willie | Commission Vice-Chair | 1-18                  |
| Glenn, Michael E.      | Commissioner          | 1-18                  |
| Lakdawala, Vishnu K.   | Commissioner          | 1-18                  |
| Stern, Nancy J.        | Commissioner          | 1-18                  |
| Taraski, Elizabeth     | Commissioner          | Absent                |
| Templeman, Ann         | Commissioner          | 1-18                  |

1. **Awards And Recognition**

**Action: No action required.**

**a. Promotion Announcement**

Ms. Lyndsey Davis was recently promoted to Project Manager within Design & Construction - SWIFT. Lyndsey was hired in 2025 as South Shore Interceptor Operations Manager prior to being promoted to her current position. Lyndsey is a licensed professional engineer with six years of experience in the water industry. Lyndsey holds a bachelor's degree in environmental engineering from Rensselaer Polytechnic Institute with a minor in sustainability studies. Lyndsey is an active participant in the Virginia Water Environment Federation (VWEA) and currently holds a position on the Board. Lyndsey will be the internal SWIFT Deputy Program Manager and will provide direction and leadership to our external SWIFT program management consultants. Lyndsey will also manage the multiple Capital Improvement Projects (CIP) necessary to support the integration of full-scale SWIFT.

**b. New Employee Introduction**

- (1) Mr. Chase Cowan was recently hired as the Debt Solutions Manager in the Customer Care Department. Chase holds a bachelor's degree from the University of North Carolina in criminal justice and a master's degree in management from Webster University. He recently worked for the City of Chesapeake as the Utility Business Manager for 21 years.



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He has experience in leading large-scale operational teams, directing major utility system implementations, and managing significant infrastructure initiatives, including a 70,000-meter exchange program. Chase is now managing the Customer Care Debt Solutions team responsible for the recovery of past due debt and delinquent account collections activities.

- (2) Mr. Timothy Kearney was recently hired as a Senior Project Manager in the Engineering Division. He is a licensed professional engineer with 29 years of experience in water and wastewater engineering. He holds a bachelor's degree in civil engineering from Worcester Polytechnic Institute in Worcester, Massachusetts. Tim recently worked as a consulting engineer with HDR Engineering, providing services to HRSD for dozens of projects. He has experience in the planning, design, and construction of wastewater conveyance, pump station, and treatment projects. He will be managing projects for the South Shore Design and Construction group, including the Reliability and Odor Control Improvements at the Atlantic Treatment Plant (ATP) and the Onancock Solids Handling Improvements project.

2. **Public Comments Not Related to Agenda – None**

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3. **Consent Agenda**

**Action:** Approve the items listed in the Consent Agenda.

**Moved:** Vishnu Lakdawala  
**Seconded:** Willie Levenston, Jr,

**Ayes:** 6  
**Nays:** 0

**Brief:**

- a. Approval of minutes from previous meeting.
- b. Contract Awards (>\$200,000)

|     |                                                                                                                                 |                               |              |
|-----|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------|
| 1.  | <a href="#">Biosolids Management Services</a>                                                                                   |                               | \$8,024,335  |
| 2.  | <a href="#">Chesapeake Boulevard Pump Station (PS 105) Replacement and Robin Hood Road Pump Station (PS 167) Rehabilitation</a> |                               |              |
|     |                                                                                                                                 | MEB General Contractors, Inc. | \$16,973,000 |
|     |                                                                                                                                 | Hazen and Sawyer              | \$1,691,739  |
| 3.  | <a href="#">Cisco Webex VoIP to Cloud Calling and Support Services</a>                                                          |                               | \$468,830    |
| 4.  | <a href="#">Hydraulic Modeling Professional Annual Services</a>                                                                 |                               | \$10,000,000 |
| 5.  | <a href="#">Ivanti Subscription Licenses and Support</a>                                                                        |                               | \$273,040    |
| 6.  | <a href="#">SAP Business Objects Enterprise Maintenance and Support</a>                                                         |                               | \$217,717    |
| 7.  | <a href="#">Schwalm 2060 and HutlinerPacker® Robotic Sewer Rehabilitation System</a>                                            |                               | \$450,405    |
| 8.  | <a href="#">Steelco Laboratory Glassware Washers</a>                                                                            |                               | \$351,119    |
| 9.  | <a href="#">SWIFT Research Center Recharge Well Rehabilitation</a>                                                              |                               | \$299,000    |
| 10. | <a href="#">ThreatLocker Allowlisting and Ringfencing License and Support</a>                                                   |                               | \$425,240    |
| 11. | <a href="#">Verizon Wireless Voice and Data Equipment and Services</a>                                                          |                               | \$1,520,000  |

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- c. Contract Change Orders (>25% of original contract value or \$50,000)
  - 1. [York River Treatment Plant Primary Digester Cleaning and Residual Hauling](#) \$380,000
- d. Task Orders (>\$200,000)
  - 1. [Closed Circuit Television \(CCTV\) Gravity Inspections and Cleaning](#)
    - Vortex Holdco LLC dba Vortex Services, LLC. \$208,945
    - Vortex Holdco LLC dba Vortex Services, LLC. \$215,664
  - 2. [Operational Technology Cybersecurity Support Services Fortinet and Nutanix hardware, software licenses, subscriptions, and support](#) \$1,427,335
- e. Regulatory Capital Improvement Project – Initial or Additional Appropriation <\$10,000,000
  - 1. [SWIFT Program Management \(Program Management Services for FY-2027\)](#)
    - Additional Funding \$6,100,000
    - Task Order with AECOM \$6,086,513

**Item(s) Removed for Discussion:** None

**Public Comment:** None

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4. **Refinancing Update  
Briefing**

**Action:** No action is required.

**Brief:** HRSD's Financial Policy allows staff to select a financing method that is most appropriate and economically advantageous, taking into account financial, market, transaction-specific and HRSD-related considerations.

In the summer of 2026, several outstanding bond issues became eligible for tax-exempt refinancing. These include \$63.43 million of tax-exempt Series 2016A bonds and \$129.24 million of taxable Series 2019A bonds.

Staff proposes pursuing a traditional, current refunding of the 2016A bonds.

For the Series 2019A bonds, staff proposes utilizing a bond tender process. When the Series 2019A bonds were originally issued, they refunded bonds that were not then eligible for tax-exempt refinancing. A traditional refunding of the Series 2019A bonds does not generate savings under current market conditions, and given the bonds' relatively low coupon rates, meaningful future savings opportunities are unlikely.

In a tender transaction, HRSD would offer to purchase outstanding Series 2019A bonds from investors at current market prices plus a premium. The purchases would be financed through the issuance of tax-exempt refunding bonds, generating debt service savings. Bondholder participation in the tender is voluntary, and the level of participation will not be known until after the tender is launched. Typically, a participation rate of 20 to 30 percent is considered a success.

The success of a tender transaction is inherently uncertain and depends on the willingness of bondholders to sell their existing bonds. Compared to traditional refunding, the tender process is more complex and requires additional transaction time, coordination, and expense. HRSD may incur transaction costs of approximately \$150,000 even if the tender is ultimately unsuccessful. However, tender transactions are an established financing tool in the municipal market and have recently been completed by both the City of Norfolk and the Commonwealth of Virginia.

Staff provided a [briefing](#) on the proposed transactions.



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**Discussion Summary:** Staff explained that changes in federal tax law have eliminated advance refunding's of tax-exempt bonds, significantly reducing refinancing opportunities. Tax-exempt bonds may now generally be refinanced only when they become currently callable.

Although a traditional current refunding of the Series 2016A bonds is not economically advantageous, a tender offer may provide meaningful savings. Because the Series 2016A bonds carry very low coupon rates and currently trade at a discount in the secondary market, HRSD may be able to repurchase the bonds through a tender offer at a premium to the market price and finance the acquisition with a new tax-exempt refunding bond issue generating debt service savings.

The Commission discussed the proposed tender timeline, noting that market conditions could change before pricing. Staff explained that the transaction could be canceled if market conditions deteriorate significantly, but doing so for reasons unrelated to the market conditions would negatively affect investor confidence.

The Commission also discussed transaction risks, including bondholder participation and market conditions. Staff noted that participation levels vary by investor and that the proposed tender carries risks similar to any traditional bond financing, including the possibility that changing market conditions could eliminate anticipated savings and result in the transaction being withdrawn.

**Public Comment:** None

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5. **Army Base Treatment Plant Generator Controls Replacement  
Virginia Community Flood Preparedness Fund Loan Agreement**

**Action:** Approve the terms and conditions of the Financing Agreement with Virginia Resources Authority (VRA) for the Army Base Treatment Plant (ABTP) Generator Controls Replacement project, and authorize the General Manager to execute same, substantially as presented, together with such changes, modifications and deletions as the General Manager may deem necessary or desirable, as evidenced by his execution of such agreement.

**Moved:** Willie Levenston, Jr.

**Ayes:** 6

**Seconded:** Nancy Stern

**Nays:** 0

**CIP Project: AB012100**

**Agreement Description:** This agreement between the VRA as the Administrator of the Virginia Community Flood Preparedness Fund and HRSD is for the ABTP Generators Control Replacement project. This project will include the installation, testing, and commissioning of a new switchgear and generator control panel for monitoring, control, and protection.

The total FY-2027 Capital Improvement Program (CIP) budget for the ABTP Generator Controls Replacement project is \$9,031,961. The loan award is \$6,439,410. The interest rate on this loan will be fixed at 1.2% for a 20-year term. The interest savings compared to HRSD issuing debt in the open market are estimated at \$2,950,000.

The attached [resolution](#) and [Financing Agreement](#) were prepared by VRA's legal counsel, Kaufman & Canoles, P.C., and reviewed by staff.

**Public Comment:** None

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6. **Boat Harbor Treatment Plant Decommission and Demolition  
Initial Appropriation – Non-Regulatory, Contract Award (>\$200,000), and Task Order (>200,000)**

**Actions:**

- a. Appropriate project funding for pre-planning services in the amount of \$1,000,000.
- b. Award a contract to Black & Veatch Corporation and authorize staff to proceed with the first phase of the project by issuing a task order in the amount of \$770,609.

**Moved:** Ann Templeman

**Ayes:** 6

**Seconded:** Michael Glenn

**Nays:** 0

**CIP Project:** BH015730

**Regulatory Requirement:** Integrated Plan-SWIFT

**Type of Procurement:** Competitive Negotiation

A Public Notice was issued on January 23, 2026. Four firms submitted proposals on March 5, 2026, and all firms were determined to be responsive and deemed fully qualified, responsible, and suitable to the Professional Services Selection Committee (Committee) and to the requirements in the Request for Proposals. Three firms were short-listed, interviewed, and technically ranked as listed below:

| <b>Proposers</b>            | <b>Technical Points</b> | <b>Recommended Selection Ranking</b> |
|-----------------------------|-------------------------|--------------------------------------|
| Black & Veatch              | 83.45                   | 1                                    |
| Tetra Tech                  | 76.80                   | 2                                    |
| Rummel, Klepper & Kahl, LLP | 70.90                   | 3                                    |

The Committee recommends award to Black & Veatch Corporation, whose professional qualifications and proposed services best serve the interest of HRSD.

**Project Description:** Boat Harbor Treatment Plant (BHTP) will be converted to a pumping station under a separate capital project.

Once wastewater collected from the Boat Harbor service area is diverted to the new Boat Harbor pump station, the treatment plant will be shut down, decommissioned, and demolished, as needed for a potential future land use.



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**Project Justification:** Continued operation of the Boat Harbor Treatment Plant presents challenges to HRSD, including vulnerability to flooding and limited site availability for required wastewater nutrient reduction improvements and SWIFT facilities. HRSD evaluated multiple options to overcome these challenges and found diversion to the Nansemond Treatment Plant provides the most resilient and economical solution to meet HRSD's goals.

**Contract Description:** This contract is for pre-planning services, preliminary engineering report services, design services, pre-construction services, contract administration services, and field engineering and inspection services required to complete the Boat Harbor Treatment Plant Decommission and Demolition project.

**Task Order Description and Analysis of Cost:** The initial task order is for pre-planning services for an investigation, a hazardous materials survey, a permitting matrix, and a Closure Plan. The limited scope is recommended so that information pertaining to potential site impacts can be used to define the scope of the next phase, the Preliminary Engineering Report. The cost for the initial task order is based on a detailed estimate of labor hours and direct costs required to execute the agreed-upon scope of work. These labor rates and direct costs compare well with other initial engineering tasks for demolition projects and pump station construction.

**Funding Description:** The initial appropriation of \$1,000,000 is based on the cost of the pre-planning effort and a contingency of 30 percent.

|                         |                    |               |
|-------------------------|--------------------|---------------|
| <b><u>Schedule:</u></b> | Pre-Planning       | July 2026     |
|                         | PER                | April 2027    |
|                         | Design             | November 2027 |
|                         | Bid                | December 2027 |
|                         | Construction       | April 2028    |
|                         | Project Completion | December 2029 |

**Public Comment:** None

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7. **Capital Improvement Program Internal Labor FY-2027  
Initial Appropriation – Non-Regulatory**

**Action:** Appropriate total project funding in the amount of \$5,246,500.

**Moved:** Vishnu Lakdawala

**Ayes:** 6

**Seconded:** Ann Templeman

**Nays:** 0

**CIP Project:** AD012750

**Regulatory Requirement:** None

**Project Description:** This project will account for internal labor necessary to implement the Capital Improvement Program (CIP). Labor costs are from those individuals working in either the Engineering or Operations Divisions tasked with implementing the CIP.

**Project Justification:** This project will cover internal labor for FY-2027, starting on July 1.

**Schedule:** Labor hours will be charged to this CIP project as incurred during the fiscal year.

**Public Comment:** None

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8. **Fleet Management (FY27)**  
**Initial Appropriation – Non-Regulatory**

**Action:** Appropriate total project funding in the amount of \$3,608,000.

**Moved:** Michael Glenn

**Ayes:** 6

**Seconded:** Nancy Stern

**Nays:** 0

**CIP Project:** GN022100

**Regulatory Requirement:** None

**Project Description:** This project will provide the replacement of aging fleet vehicles and the purchase of additional vehicles to meet the operational needs across the organization. An itemized list of vehicles to be replaced or added is maintained by the Support Systems Department.

**Project Justification:** Replacement of aging vehicles will reduce repair and maintenance costs, while the purchase of additional vehicles will improve operational efficiency and support service delivery.

**Funding Description:** The initial appropriation is based on vehicle cost estimates obtained from manufacturers and available state contract pricing. Funding for the future fiscal years in the CIP will be requested through the annual budget process. Planned replacements for FY-2027 are included in the table below. Actual vehicle purchases may vary within the approved appropriation based on final purchase price, delivery schedules, equipment availability, or other emerging operational needs.

Funding includes a 10% contingency to address inflation, supply chain constraints, and market pricing fluctuations.

| Vehicle No. | Department               | New Vehicle to be Purchased                      | Vehicle Replacement Cost |
|-------------|--------------------------|--------------------------------------------------|--------------------------|
| 57          | South Shore Interceptors | International Crane Truck<br>7400 SBA 4X4        | \$330,000                |
| 376         | North Shore Interceptors | International Crane Truck<br>7400 SBA 4X4        | \$330,000                |
| 91          | South Shore Interceptors | Freightliner M2 Crew Cab<br>Hydraulic Body Truck | \$300,000                |

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|     |                                     |                                        |             |
|-----|-------------------------------------|----------------------------------------|-------------|
| 222 | South Shore Interceptors            | Peterbuilt Model 357 Tandem Dump       | \$190,000   |
| 371 | South Shore Interceptors            | Business Class M2 Crash Cushion        | \$190,000   |
| 37  | North Shore Interceptors            | M2106 Stake Body                       | \$170,000   |
| 4   | Army Base Treatment Plant           | 1500 4 x 2                             | \$55,000    |
| 493 | Central Environmental Lab           | T-250 Transit High Top Extended Length | \$65,000    |
| 477 | Central Environmental Lab           | T-250 Transit High Top Extended Length | \$65,000    |
| 405 | North Shore Interceptors            | F-250 Super Cab                        | \$80,000    |
| 228 | South Shore Interceptors            | IT-28 Integrated Toolcarrier           | \$250,000   |
| 239 | North Shore Interceptors            | IT-28G Integrated Toolcarrier          | \$250,000   |
| New | Small Communities Division          | F-550 Super Cab                        | \$180,000   |
| New | Small Communities Division          | Septic Pump Truck                      | \$330,000   |
| New | South Shore Interceptors            | F250 System Supervisor Truck           | \$80,000    |
| New | South Shore Interceptors            | F250 PS Supervisor Truck               | \$80,000    |
| New | York River Treatment Plant          | Telehandler Lift                       | \$230,000   |
| New | Material Transportation & Logistics | Petroleum Trailer (8,300 gal.)         | \$105,000   |
|     |                                     |                                        |             |
|     |                                     | <i>Estimated Cost</i>                  | \$3,280,000 |
|     |                                     | <i>Contingency (10%)</i>               | \$328,000   |
|     |                                     | <i>Total</i>                           | \$3,608,000 |

**Schedule:** Individual purchases will occur throughout the fiscal year.

**Public Comment:** None

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9. **Intergovernmental Support Agreement (IGSA) for Nutrient Trading with US Navy Installations located in Hampton Roads Briefing**

**Action:** No action is required.

**Project Description:** This IGSA is a Nutrient Credit Trading Agreement with the Commander, Navy Region Mid-Atlantic (CNRMA) to provide nutrient and sediment credits to satisfy the water quality pollutant reduction requirements outlined in the stormwater permits for multiple US Navy installations in Hampton Roads. The IGSA, specifically, is the tool utilized by federal facilities to enter into agreements with other state and local governments.

Consistent with the October 2020 Commission-approved Nutrient Credit Management Policy, HRSD is assessing a charge to the Navy associated with the costs of generating nutrient credits. These charges are identified in HRSD's FY26 Rate Schedule. Thus far, HRSD has entered into two other nutrient credits trades, which assess charges for the cost of generating credits, one with Christopher Newport University and one with Old Dominion University. In these cases, as in the case of the federal facilities identified in the IGSA, the institutions are operated and funded by governmental entities outside of Hampton Roads (i.e., state and federal governments). In contrast, HRSD has provided [nutrient credits](#) to meet Hampton Roads' locality needs at no cost, acknowledging the investment that community rate payers are already making in generating these credits.

The IGSA is structured to provide Total Nitrogen (TN), Total Phosphorus (TP) and Total Suspended Solids (TSS) credits from 2026 – 2033 to CNRMA to address Municipal Separate Storm Sewer System (MS4) requirements under the Clean Water Act (CWA) at five Navy installations in the Hampton Roads area: Naval Station Norfolk, Joint Expeditionary Base Little Creek-Fort Story, Naval Air Station Oceana, Naval Support Activity Hampton Roads, and Naval Support Activity Portsmouth – Scott Center Annex.

Over the eight-year term of the IGSA, CNRMA is expected to pay HRSD \$81,859.24. The maximum annual credit needs for TN and TP are 1,400 lbs. and 471 lbs., respectively.

The Navy has requested a tour of the SWIFT Research Center for staff and leadership, including Rear Admiral Stephen Barnett, Commander Navy Region Mid-Atlantic. After the tour, the IGSA will be executed in an anticipated signing ceremony.

This [Agreement](#) has been reviewed by AquaLaw.

**Public Comment:** None

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10. **Comprehensive Insurance Program  
Contract Awards (>\$200,000)**

**Action:** Award insurance contracts to multiple insurers totaling \$2,797,822 identified below to establish HRSD's fiscal year 2027 insurance program for property, liability, worker's compensation, cyber liability and other operational risk exposures.

**Moved:** Michael Glenn  
**Seconded:** Willie Levenston, Jr.

**Ayes:** 6  
**Nays:** 0

**Regulatory Requirement:** None

**Type of Procurement:** Competitive Negotiation

**Brief:** HRSD's Financial Policy directs staff to protect and preserve organizational assets through a risk management program that transfers high-severity, low-frequency risks through the purchase of insurance while retaining low-severity, high-frequency risks through self-insurance.

With assistance from HRSD's insurance consultant, Towne Insurance, staff annually evaluates available insurance markets and develops a comprehensive insurance program designed to protect HRSD from significant operational, financial, and liability exposures.

Based on this review, staff recommend the following insurance placements for the upcoming policy year:

| Company       | Coverage                    | Loss Limit    | Retention (deductible) | Premium (contract amount) |
|---------------|-----------------------------|---------------|------------------------|---------------------------|
| Obsidian Ins  | Property                    | \$300,000,000 | \$250,000/1% wind      | \$917,217                 |
| Sentry Ins.   | Automobile                  | \$1,000,000   | \$25,000               | \$321,968                 |
| Markel Ins    | General Liability/Pollution | \$1,000,000   | \$5,000 / \$25,000     | \$212,259                 |
| Markel & ACE  | Excess Liability (umbrella) | \$20,000,000  | -                      | \$699,419                 |
| Travelers Ins | Mobile Equipment            | \$15,709,108  | \$10,000               | \$49,926                  |
| Obsidian      | Boiler & Machinery          | \$100,000,000 | \$50,000               | \$133,144                 |

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|                            |                                                     |             |           |             |
|----------------------------|-----------------------------------------------------|-------------|-----------|-------------|
| Hanover Ins                | Public Entity Liability (D&O, employment liability) | \$1,000,000 | \$2,500   | \$35,605    |
| Sentry Insurance           | Worker's Compensation                               | \$1,000,000 | \$500,000 | \$133,379   |
| Traveler's                 | Employee Theft/Crime                                | \$5,000,000 | \$50,000  | \$22,803    |
| Traveler's                 | Fiduciary Liability                                 | \$1,000,000 | \$0       | \$6,215     |
| Crum and Forster Insurance | Data Breach/Cyber Liability                         | \$4,000,000 | \$150,000 | \$242,415   |
| Intact Ins                 | Marine Hull & Liability                             | \$1,000,000 | \$1,000   | 23,472      |
| Total Premium              |                                                     |             |           | \$2,797,822 |

Staff and its consultant, Towne Insurance, have reviewed the proposed coverages, limits, deductibles, and premiums and recommend approval of the insurance program as presented.

**Public Comment:** None

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11. **Issuing and Paying Agent  
Resolution**

**Action:** Adopt a resolution authorizing the General Manager or Deputy General Manager to appoint an alternate Issuing and Paying Agent for HRSD's Extendable Commercial Paper (ECP) Program and authorizing staff to take all actions necessary or desirable to implement the change.

**Moved:** Willie Levenston, Jr.

**Ayes:** 6

**Seconded:** Michael Glenn

**Nays:** 0

**Brief:** In May 2026, the Commission approved the establishment of two Extendable Commercial Paper (ECP) programs—one taxable and one tax-exempt—with a combined authorization of up to \$350 million outstanding. The programs were created to provide short-term interim financing for a portion of HRSD's Capital Improvement Program. As part of that authorization, the Commission appointed The Bank of New York Mellon Trust Company, N.A. (BNY), to serve as Issuing and Paying Agent along with certain other duties (the "Paying Agent").

The Paying Agent is responsible for the operational administration of the ECP program, including the movement of cash and securities among HRSD, investors, dealers, and settlement systems. The Paying Agent coordinates with The Depository Trust Company (DTC) to facilitate note issuance, settlement, and payment processing. Under a separate agreement, the bank serving as Paying Agent will also act as depository for the segregation and investment of ECP proceeds.

As is customary for financing transactions of this nature, HRSD and its Financial Advisor assembled a working group consisting of staff, a municipal underwriter acting as dealer, the dealer's counsel, HRSD's general counsel, HRSD's bond counsel, the Paying Agent, and the Paying Agent's counsel and other transaction participants. The working group was established in April 2026 and met regularly throughout the development and documentation process. Numerous drafts of transaction documents describing the extendable features of the program were circulated and all parties were asked to review these documents between April and June.

Following the completion of document review and immediately prior to the scheduled distribution of the Offering Memorandum on June 17 to investors, BNY informed the working group that it could not operationally support the extension feature of the ECP program through its existing settlement procedures with DTC.



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Commercial paper transactions processed through DTC are generally settled using an automated platform designed for standard short-term instruments. While this platform efficiently supports most commercial paper issuances, it does not accommodate securities containing maturity extension features. Therefore, other issuing and paying agents have established procedures for administering these extensions through alternative operational processes and direct coordination with DTC.

The extendable nature of the program was identified and communicated to BNY at the outset of the transaction in March 2026, and detailed documentation describing the program structure was provided throughout the development process. The late identification of this operational limitation has prevented the transaction from proceeding on the originally anticipated schedule.

As a result, HRSD is unable to execute the planned financing within the timeframe necessary to retire approximately \$92.5 million currently outstanding under an expiring Bank of America line of credit.

Staff, in consultation with its Financial Advisor has evaluated alternatives and recommends appointing a replacement Paying Agent capable of supporting the ECP structure and facilitating the completion of the financing program.

This [resolution](#) has been reviewed by HRSD's bond counsel, Norton Rose Fulbright US LLP.

**Public Comment:** None

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12. **Line of Credit Extension  
Resolution**

**Action:** Approve the resolution authorizing the execution and delivery of one or more amendments to the second amended and restated credit agreement with Bank of America, extending the termination date thereof; and granting the authority to execute and deliver such other documents and agreements relating to such transactions as may be necessary or desirable.

**Moved:** Vishnu Lakdawala  
**Seconded:** Nancy Stern

**Ayes:** 6  
**Nays:** 0

**Brief:** On June 30, 2022, HRSD entered into a Second Amended and Restated Credit Agreement to provide short-term interim financing for a portion of its Capital Improvement Program. This Line of Credit (LOC), which currently has an outstanding principal balance of approximately \$92.5 million, is scheduled to mature on June 30, 2026.

Due to unanticipated delays in implementing HRSD's Extendable Commercial Paper (ECP) Program, staff have determined that extending the LOC maturity date to no later than June 30, 2027, is necessary. All other material terms and conditions of the existing LOC will remain unchanged.

This [resolution](#) has been reviewed and approved by HRSD's bond counsel, Norton Rose Fulbright US LLP.

**Public Comment:** None

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13. **New Business – None**

**Public Comment:** None

14. **Unfinished Business – None**

**Public Comment:** None

15. **Commissioner Comments – None**

16. **Informational Items**

**Action:** No action required.

**Brief:** The items listed below were presented for information.

a. [Management Reports](#)

- (1) General Manager
- (2) Communications
- (3) Engineering
- (4) Finance
- (5) Information Technology
- (6) Operations
- (7) Talent Management
- (8) Water Quality
- (9) Report of Internal Audit Activities

b. [Strategic Measures Summary](#)

**Discussion Summary:** The General Manager reported that the Governor signed the state budget, which includes \$141 million in dedicated Water Quality Improvement Fund (WQIF) funding for HRSD, along with an additional \$189 million for the statewide WQIF program. Staff indicated the funding is expected to support HRSD's Fiscal Year 2027 financial plan, while additional funding for future years will be addressed during the next state budget cycle. The General Manager recognized the significant efforts of HRSD staff and legislative partners in securing the funding.

The Commission received updates on several organizational accomplishments, including a presentation to the Joint Commission on Technology and Science highlighting HRSD's innovation initiatives, HRSD's selection as a 2026 Utility of the Future, and upcoming



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participation in documentary projects with the BBC and Innovate 757 showcasing the organization's sustainability and technology leadership.

The General Manager also reported that discussions with the EPA and DOJ regarding the consent decree transition remain ongoing and will require additional information before moving forward.

Additional updates included HRSD's participation in Singapore International Water Week, where staff showcased advancements in artificial intelligence and smart technologies, the execution of a Memorandum of Understanding (MOU) with Singapore's national water agency to expand research collaboration, continued growth of HRSD's innovation partnerships, and upcoming opportunities to demonstrate emerging technologies at future industry events. The Commission expressed appreciation for the organization's accomplishments and recognized staff, particularly Dr. Jeff Sparks, for their leadership in advancing innovation and enhancing HRSD's national and international reputation.

The Chair announced that Commissioner Elizabeth Andrews was not in attendance because her appointment to complete the unexpired term of the late Commissioner Rick Elofson had concluded. She is ineligible to serve as a voting member until she is reappointed by the Governor.

**Public Comment:** None

COMMISSION MEETING MINUTES  
June 23, 2026

17. **Closed Meeting**

**Recommended Actions:** Approve a motion to go into closed meeting for:

1. Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body as provided for in Code of Virginia § 2.2-3711 (A)(3). (Discussion of potential disposition of real property owned by HRSD)
2. Consultation with legal counsel and briefings by staff members or consultants pertaining to actual and probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body as provided for in Code of Virginia §2.2-3711(A)(7) concerning the following cases:
  - a. Case No. CL24-2682. Circuit Court for the City of Virginia Beach
  - b. Case No. CL26004655-00, Circuit Court for the City of Chesapeake
  - c. Probable litigation matter
3. Consultation with legal counsel regarding specific legal matters as provided for in Code of Virginia § 2.2-3711(A)(8) concerning the potential disposition of real property owned by HRSD and concerning the identified actual and probable litigation matters.

**A3. Exemption Description.** Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

**A7. Exemption Description.** Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

**A8. Exemption Description.** Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.



COMMISSION MEETING MINUTES  
June 23, 2026

Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

**Moved:** Willie Levenston, Jr.  
**Seconded:** Ann Templeman

**Ayes:** 6  
**Nays:** 0

**Public Comment:** None

18. **Reconvened Meeting**

**Certification of Proceedings:** Pursuant to Section 2.2-3712.D of the Code of Virginia, a roll call vote was conducted to certify that to the best of each Commission member's knowledge: (i) only public business matters lawfully exempted from open meeting requirements under this chapter, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered. Any Commissioner who believes there was a departure from these two requirements shall state prior to the vote, indicating the substance of the departure.

**Roll Call**  
**Vote:**

**Ayes:** 6  
**Nays:** 0

**Public Comment:** None

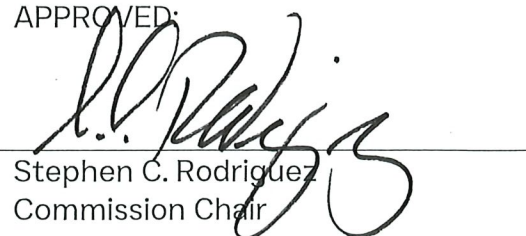
**Next Commission Meeting Date:** July 28, 2026, at the HRSD North Shore Operations Center, 2389 G Avenue, Newport News, VA 23602

**Meeting Adjourned:** 10:13 a.m.

SUBMITTED:

  
Elizabeth I. Scott  
Commission Secretary

APPROVED:

  
Stephen C. Rodriguez  
Commission Chair



Commission Meeting Minutes  
June 23, 2026  
Attachment #1

3. Consent Agenda

# CONSENT AGENDA ITEM 3.b.1. – June 23, 2026

**Subject:** Biosolids Management Services  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to Synagro-WWT, Inc. in the amount of \$1,604,867 for one year with four renewal options and an estimated cumulative value of \$8,024,335.

**Regulatory Requirement:** None

**Type of Procurement:** Competitive Negotiation

A Public Notice was issued on January 30, 2026. One firm submitted a proposal on February 27, 2026, and was determined to be responsive and deemed fully qualified, responsible, and suitable to the Selection Committee (Committee) and to the requirements in the Request for Proposals (RFP). One firm was shortlisted, interviewed, and technically ranked as listed below:

| <b>Proposers</b>  | <b>Technical Points</b> | <b>Recommended Selection Ranking</b> |
|-------------------|-------------------------|--------------------------------------|
| Synagro-WWT, Inc. | 100                     | 1                                    |

The Committee recommends award to Synagro-WWT, Inc. whose professional qualifications and proposed services best serve the interests of HRSD.

**Contract Description:** This contract is for the labor, supervision, equipment and materials necessary to manage the handling, beneficial use, and/or disposal of municipal biosolids. Services include, but are not limited to hauling, storage, processing, use in a beneficial manner, and disposal of solids from the Nansemond Treatment Plant (NTP) and other HRSD facilities as needed.

**Analysis of Cost:** The cost is considered fair and reasonable based on previous contracts for similar services.

This work is in accordance with the Commission Adopted Procurement Policy.

## CONSENT AGENDA ITEM 3.b.2. – June 23, 2026

**Subject:** Chesapeake Boulevard Pump Station (PS 105) Replacement and Robin Hood Road Pump Station (PS 167) Rehabilitation  
Contract Award (>\$200,000), Task Order (>\$200,000)

### **Recommended Actions:**

- a. Award a contract to MEB General Contractors, Inc. in the amount of \$16,973,000.
- b. Approve a task order with Hazen and Sawyer in the amount of \$1,691,739.

### **CIP Project: VP015430**

**Regulatory Requirement:** Rehab Action Plan Phase 2 (05/05/2029 Completion)

| <b>Contract Status with Task Orders:</b> | <b>Amount</b> |
|------------------------------------------|---------------|
| Original Contract with Engineer          | \$534,835     |
| Total Value of Previous Task Orders      | \$534,835     |
| Requested Task Order                     | \$1,691,739   |
| Total Value of All Task Orders           | \$2,226,574   |
| Revised Contract Value                   | \$2,226,574   |

### **Type of Procurement:** Competitive Bid

In accordance with HRSD's competitive sealed bidding procedures, the Engineering Division advertised and solicited bids directly from potential bidders. The project was advertised on March 23, 2026, and five bids were received on May 20, 2026, as listed below:

| <b>Bidder</b>                 | <b>Bid Amount</b> |
|-------------------------------|-------------------|
| MEB General Contractors, Inc. | \$16,973,000      |
| Crowder Construction Company  | \$17,738,000      |
| WM Schlosser Company, Inc.    | \$18,933,000      |
| Trident Civil, Inc.           | \$19,712,753      |
| Morgan Contracting, Inc.      | \$19,770,000      |

**Engineer Estimate:** \$19,512,000

The design engineer, Hazen and Sawyer, evaluated the bids based upon the requirements in the invitation for bid and recommends award to the lowest responsive and responsible bidder, MEB General Contractors, Inc., in the amount of \$16,973,000.

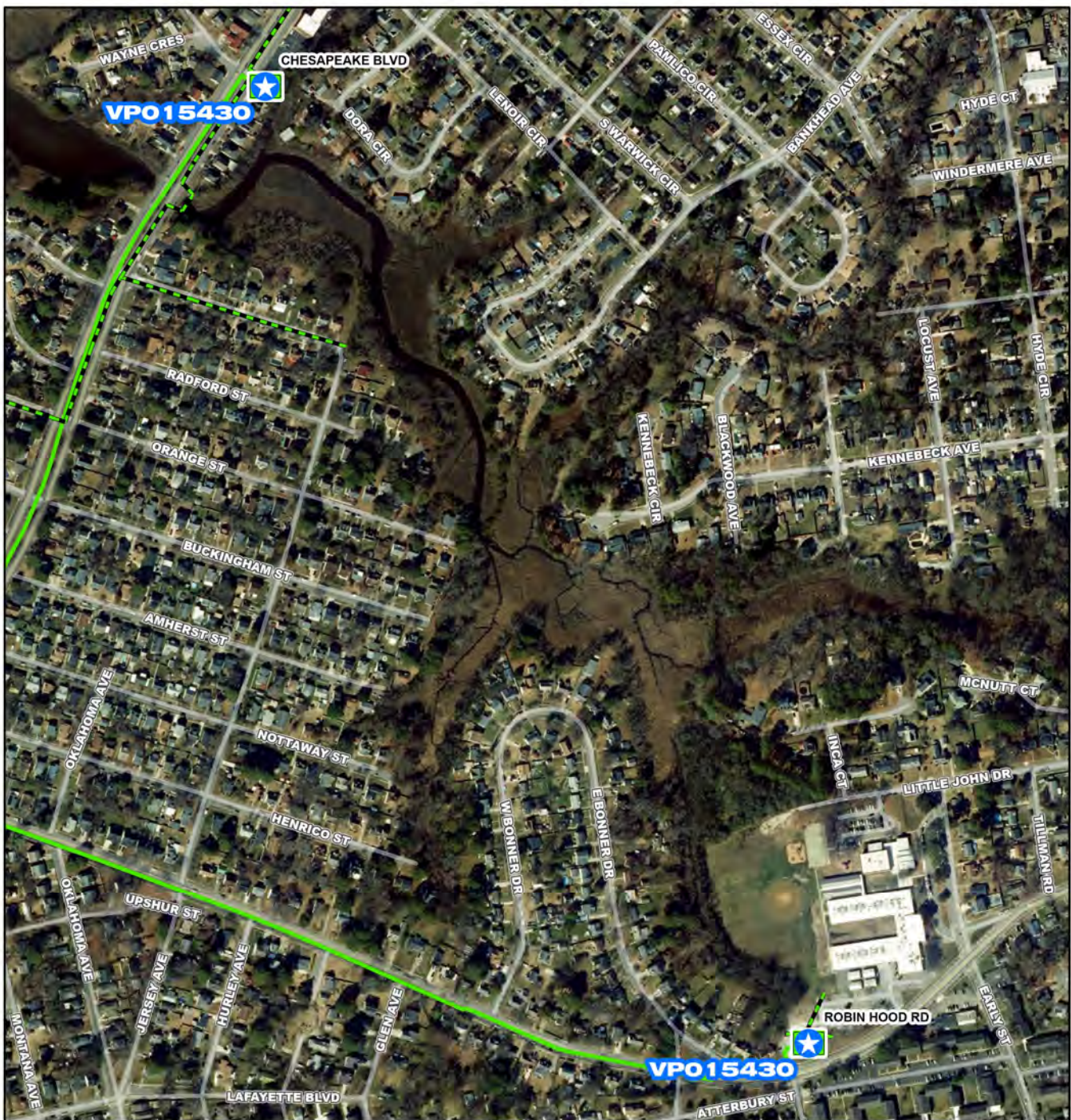
**Project Description:** This project will construct a new Chesapeake Boulevard Pump Station to replace the existing pump station. Also, HRSD has acquired City of Norfolk Pump Station #57, which has been renamed to HRSD Pump Station 167 (Robin Hood Road Pump Station). This project will replace all of the existing equipment in PS 167, and the new equipment will be installed in accordance with HRSD standards. The attached [map](#) depicts the project location.

**Project Justification:** This project will address aging infrastructure pertaining to the condition of the wet wells, pumps, motors, controls, appurtenances, and emergency generator/pump for the facilities. The pumps, motors, and controls are nearing the end of their useful life, and replacement parts are not available.

**Contract Description and Analysis of Cost:** This contract will construct one new pump station, demolish one existing pump station, and rehabilitate one existing pump station. The contract cost was reviewed by Hazen and Sawyer and is below the Engineer's Estimate. As part of their evaluation of the bids, Hazen and Sawyer discussed the disparity between their estimate and the low bid with MEB and identified increased competition in our market, self-performance of certain complex work elements by MEB, and MEB's experience and familiarity with HRSD as key reasons for this disparity.

**Task Order Description and Analysis of Cost:** This task order is an extension of professional services being provided under the Professional Services Agreement for the Lafayette Norview-Estabrook Pump Station Replacements project (VP015400). The original CIP project was divided into multiple CIP projects to better align with the timing of land acquisitions for the various pump station sites. Most of the design work for VP015430 was completed under the original CIP. Supplemental design and bid phase services were completed under the original Task Order issued under this CIP. This proposed task order will provide services during construction, including contract administration, field engineering and inspection, and post-startup and certification services. HRSD and the Engineer, Hazen and Sawyer, negotiated a fee of \$1,691,739 based upon anticipated hours required for this effort. The cost for construction phase services is approximately ten percent of the total construction cost, which is within the range of comparable projects of similar size and complexity, and is comparable to other projects of similar size and complexity.

|                         |                    |              |
|-------------------------|--------------------|--------------|
| <b><u>Schedule:</u></b> | Construction       | July 2026    |
|                         | Project Completion | January 2029 |



**VPO15430**

- Project Interceptor Line
- Project Interceptor Point
- Project Location Point
- Project Area

**Legend**

- CIP Interceptor Point
- CIP Pump Station Point
- CIP Interceptor Line
- CIP Abandonment
- CIP Project Area
- HRSD Interceptor Force Main
- HRSD Interceptor Gravity Main
- HRSD Treatment Plant
- HRSD Pressure Reducing Station
- HRSD Pump Station

0 165 330 660 990 1,320 Feet

## VPO15430

**Chesapeake Boulevard Pump Station (PS 105) Replacement and Robin Hood Road Pump Station (PS 167) Rehabilita**



**CIP Location**



CONSENT AGENDA ITEM 3.b.3. – June 23, 2026

**Subject:** Cisco Webex VoIP to Cloud Calling and Support Services  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to ePlus Technology, Inc. in the amount of \$158,030 for one year, which includes the implementation costs and year one of the service costs, with four renewal options for the service only, for an estimated cumulative value of \$468,830.

**Regulatory Requirement:** None

**Type of Procurement:** Use of a Contract Vehicle

**Contract Description:** This contract provides implementation services and an ongoing subscription for Cisco Webex Calling for use by all of HRSD. Professional services include planning, designing, configuring, training, testing, and migrating from the current phone system to the new cloud-based Webex Calling solution, along with a multi-year subscription for the calling service, licenses, and support. The platform delivers hosted unified communications with Public Switched Telephone Network (PSTN) connectivity and emergency calling features.

The University of Virginia competitively solicited this cooperative contract solution. As a public agency, HRSD is eligible to use the contract.

**Analysis of Cost:** By utilizing the cooperative contract VA-VASCUPP-UVA-AGR-IT-00178 through ePlus Technology, Inc., HRSD is receiving competitive pre-negotiated pricing for the Cisco Webex VoIP to Cloud Calling and Support Services, including a twenty percent discount off retail pricing.

This work is in accordance with the Commission Adopted Procurement Policy.

### CONSENT AGENDA ITEM 3.b.4. – June 23, 2026

**Subject:** Hydraulic Modeling Professional Annual Services  
Contract Award (>\$200,000)

**Recommended Action:** Award a professional annual services contract to Stantec Consulting Services, Inc., with a maximum allowable limit of \$2,500,000 per single task and \$10,000,000 per year, with three annual renewal options.

**Type of Procurement:** Competitive Negotiation

A Public Notice was issued on March 4, 2026. Five firms submitted proposals on April 6, 2026; four of the firms were determined to be responsive and deemed fully qualified, responsible, and suitable to the Professional Services Selection Committee (Committee) and to the requirements in the Request for Proposals. Three firms were short-listed, interviewed, and technically ranked as listed below:

| <b>Proposers</b>                  | <b>Technical Points</b> | <b>Recommended Selection Ranking</b> |
|-----------------------------------|-------------------------|--------------------------------------|
| Stantec Consulting Services, Inc. | 90                      | 1                                    |
| CDM Smith, Inc.                   | 84                      | 2                                    |
| Brown and Caldwell                | 71                      | 3                                    |

The Committee recommends award to Stantec Consulting Services, Inc., whose professional qualifications and proposed services best serve the interests of HRSD.

**Contract Description and Analysis of Cost:** This annual services contract will provide Professional Services, including hydraulic and hydrologic analyses, and hydraulic model updates and studies. Funding for these services will be from the Engineering Division's Contractual Services budget or from the Capital Improvement Program (CIP) associated with identified capital projects. The workforce categories, rates, and direct reimbursable costs were negotiated for the first contract year of the renewable contract. These costs compare favorably to other HRSD engineering annual services contracts.

**Contract Justification:** HRSD is transitioning to an Adaptive Regional Wet Weather Management Plan that will require hydraulic modeling support, and HRSD often has a variety of projects that require hydraulic modeling-related services. HRSD does not have adequate resources to provide all these modeling services in-house. Therefore, HRSD is entering a renewable term contract, for a total period not to exceed four years, for Professional Services, including hydraulic and hydrologic analysis and technical analyses, and hydraulic model updates and studies.

CONSENT AGENDA ITEM 3.b.5. – June 23, 2026

**Subject:** Ivanti Subscription Licenses and Support  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to CDW LLC DBA CDW Government LLC in the amount of \$54,608 for one year with four renewal options and an estimated cumulative value of \$273,040.

**Regulatory Requirement:** None

**Type of Procurement:** Use of a Contract Vehicle

**Contract Description:** This contract provides for the annual renewal of Ivanti subscription licenses and support services for HRSD. It includes Ivanti Patch Manager, Ivanti Management Suite, Advantage Learning Subscription, and Virtual Cloud Services to maintain endpoint management, patching, and related IT operations capabilities. The subscriptions ensure continued access to software updates, technical support, and cloud-based management tools.

Fairfax County competitively solicited this cooperative contract solution. As a public agency, HRSD is eligible to use the contract.

**Analysis of Cost:** By utilizing the cooperative contract Fairfax County IT HW & SW 4400006325 through CDW government, LLC, HRSD is receiving competitive pre-negotiated pricing for the Ivanti subscription licenses and support services, including a four percent discount off retail pricing.

This work is in accordance with the Commission Adopted Procurement Policy.

CONSENT AGENDA ITEM 3.b.6. – June 23, 2026

**Subject:** SAP Business Objects Enterprise Maintenance and Support  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to SAP America, Inc. in the amount of \$43,543 for one year with four renewal options and an estimated cumulative value of \$217,717.

**Regulatory Requirement:** None

**Type of Procurement:** Sole Source

**Contract Description:** This contract provides for the annual renewal of SAP Enterprise Support maintenance and support services for the existing SAP BusinessObjects Enterprise and Crystal Reports platform. The services provided maintain access to software updates, upgrades, patches, and technical support for critical enterprise reporting, data analytics, and business intelligence functions. SAP America is the only authorized source for maintenance and support on these proprietary products.

**Analysis of Cost:** The cost is based on the pricing consistent with the terms of the existing SAP America, Inc. contract for maintenance and support services.

This work is in accordance with the Commission Adopted Procurement Policy.

CONSENT AGENDA ITEM 3.b.7. – June 23, 2026

**Subject:** Schwalm 2060 and HutlinerPacker® Robotic Sewer Rehabilitation System  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to Vortex Holdco LLC dba Vortex Services LLC, in the amount of \$450,405.

**Regulatory Requirement:** None

**Type of Procurement:** Use of Existing Contract Vehicle

**Contract Description:** This contract is for the purchase of a Schwalm 2060 specialized heavy-duty robotic sewer rehabilitation system to include control system, camera feeds, and operator interface, along with a HutlinerPacker® UV component. The HutlinerPacker deploys inflatable UV-curable liners for localized trenchless repairs to damaged underground pipes without the need for excavation. The combined system provides precision maneuverability, versatile tooling, and remote-controlled operation to perform sewer rehabilitation activities safely and efficiently.

Upon evaluation of the Houston-Galveston Area Council (HGAC-Buy) contract terms and conditions, as a public entity, HRSD is eligible to use the contract awarded to Vortex Holdco LLC dba Vortex Services LLC.

**Analysis of Cost:** By utilizing the HGAC-Buy contract TP07-25 for trenchless pipeline rehabilitation services, HRSD is receiving five percent cost savings.

This work is in accordance with the Commission Adopted Procurement Policy.

# CONSENT AGENDA ITEM 3.b.8. – June 23, 2026

**Subject:** Steelco Laboratory Glassware Washers  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to Sterilelink Inc. in the amount of \$351,119.

**Regulatory Requirement:** None

**Type of Procurement:** Competitive Bid

In accordance with HRSD's competitive sealed bidding procedures, the Procurement Department advertised and solicited bids directly from potential bidders. The project was advertised on May 1, 2026, and two bids were received on May 18, 2026, as listed below:

| <b>Bidder</b>                 | <b>Bid Amount</b> |
|-------------------------------|-------------------|
| Sterilelink Inc.              | \$351,119         |
| Fisher Scientific Company LLC | \$387,513         |

**HRSD Estimate:** \$388,000

**Contract Description:** This contract is for the purchase, removal of existing, and installation of six Steelco LAB 640SL Laboratory Glassware Washers for the Central Environmental Lab (CEL). The washers are essential to the laboratory operations, ensuring that all glassware is thoroughly cleaned and free from contaminants that could compromise analytical results. The washers support the proper preparation of analytical glassware and other sampling containers used in field sampling activities, helping the CEL meet regulatory permits and other project requirements.

Four washers are replacements of existing equipment, and two washers will be new equipment installations as part of the new CEL building construction. Sterilelink offered to store the two washers at no charge, hold the manufacturer's warranty, and invoice upon delivery in 2027.

**Analysis of Cost:** Award cost is found to be fair and reasonable compared to the bid results and previous purchases for similar equipment.

This work is in accordance with the Commission Adopted Procurement Policy.

### CONSENT AGENDA ITEM 3.b.9. – June 23, 2026

**Subject:** SWIFT Research Center Recharge Well Rehabilitation  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to A. C. Schultes of Md., Inc. in the amount of \$299,000.

**Regulatory Requirement:** None

**Type of Procurement:** Competitive Bid

In accordance with HRSD's competitive sealed bidding procedures, the Procurement Department advertised and solicited bids directly from potential bidders. The project was advertised on May 30, 2026, and one bid was received on June 11, 2026, as listed below:

| Bidder                     | Bid Amount |
|----------------------------|------------|
| A.C. Schultes of MD., Inc. | \$299,000  |

**HRSD Estimate:** \$274,000

**Contract Description:** This contract provides for the invasive rehabilitation and re-development of two managed aquifer recharge injection wells, TW-1 and NP\_MAR\_01, at the Sustainable Water Initiative For Tomorrow (SWIFT) Research Center. TW-1 was installed as a test well and served as the sole recharge well operating from May 2018 until December 2022. NP\_MAR\_01, located approximately 100 feet from TW-1, was installed as the first full-scale SWIFT recharge well and has been in service since November 2022. Since January 2023, NP\_MAR\_01 has operated as the primary recharge well. Both wells have experienced a significant reduction in performance, including a decrease in specific capacity and specific injectivity, resulting in reduced recharge efficiency. Rehabilitation is necessary to restore well performance and support continued SWIFT research and operations.

**Analysis of Cost:** The cost has been determined to be fair and reasonable based on similar previously completed projects. The difference between the bid amount and the HRSD estimate is attributable to inflationary increases in mobilization costs and the chemicals required to perform the rehabilitation work.

This work is in accordance with the Commission Adopted Procurement Policy.

CONSENT AGENDA ITEM 3.b.10. – June 23, 2026

**Subject:** ThreatLocker Allowlisting and Ringfencing License and Support Contract Award (>\$200,000)

**Recommended Action:** Award a contract to ThreatLocker, Inc. in the amount of \$255,144 for three years with two annual renewal options and an estimated cumulative value of \$425,240.

**Regulatory Requirement:** None

**Type of Procurement:** Use of a Contract Vehicle

**Contract Description:** This contract provides for the purchase and deployment of the Allowlisting and Ringfencing platform to strengthen the cybersecurity program. The solution delivers granular control over approved applications, preventing malicious scripts, code changes, and unauthorized access while reducing the operational burden of traditional deny-by-default blocking. It provides advanced allowlist-based intrusion protection as part of a defense-in-depth strategy for both IT and operational technology systems.

The General Service Administration (GSA) competitively solicited this cooperative contract solution. As a public agency, HRSD is eligible to use the contract.

**Analysis of Cost:** By utilizing the cooperative contract GSA 47QTCA24D002Q for ThreatLocker, Inc., HRSD is receiving competitive pre-negotiated pricing for the platform and support services, including a significant discount off retail pricing.

This work is in accordance with the Commission Adopted Procurement Policy.

CONSENT AGENDA ITEM 3.b.11. – June 23, 2026

**Subject:** Verizon Wireless Voice and Data Equipment and Services  
Contract Award (>\$200,000)

**Recommended Action:** Award a contract to Verizon Wireless Services LLC DBA Verizon Wireless in the amount of \$304,000 for one year with four renewal options and an estimated cumulative value of \$1,520,000.

**Regulatory Requirement:** None

**Type of Procurement:** Use of a contract vehicle

**Contract Description:** This contract provides for the annual purchase of Verizon Wireless cellular service for HRSD under a GSA Multiple Award Schedule. It covers monthly access fees and equipment charges for approximately 700 lines to support mobile communications for field operations and staff. The 12-month renewable term ensures continued wireless service under the GSA contract pricing and terms.

The General Service Administration (GSA) competitively solicited this cooperative contract solution. As a public agency, HRSD is eligible to use the contract.

**Analysis of Cost:** By utilizing the cooperative contract GSA 47QTCA20D00B5, HRSD is receiving competitive pre-negotiated pricing for Verizon Wireless Voice and Data Equipment and Services, including a GSA discount off retail pricing.

This work is in accordance with the Commission Adopted Procurement Policy.

CONSENT AGENDA ITEM 3.c.1. – June 23, 2026

**Subject:** York River Treatment Plant Primary Digester Cleaning and Residual Hauling  
Contract Change Order  
(>25% of original contract value or \$50,000, or whichever is greater)

**Recommended Action:** Approve a change order to the contract with Denali Water Solutions LLC for an estimated amount of \$380,000.

**Regulatory Requirement:** None

| <b>Contract Status with Change Orders:</b>         | <b>Amount</b> | <b>Cumulative % of Contract</b> |
|----------------------------------------------------|---------------|---------------------------------|
| Original Contract with Denali Water Solutions, LLC | \$217,131     |                                 |
| Total Value of Previous Change Orders              | \$36,478      | 16.8%                           |
| Requested Change Order                             | \$380,000     |                                 |
| Total Value of All Change Orders                   | \$416,478     | 191.81%                         |
| Revised Contract Value                             | \$633,609     |                                 |

**Contract Description:** This contract is for the removal of residuals and cleaning of the primary digester tank at the York River Treatment Plant (YRTP). This work includes mobilization, extraction, tank cleaning, processing, dewatering, hauling, disposal, and demobilization.

**Change Order Description:** This change order is necessary because the volume of digester residual solids encountered after the start of the project significantly exceeds the original estimate of 135 dry tons. This change order will provide the additional funding needed for the removal, processing, loading, transporting, and disposal of the remaining material from the primary digester to the landfill. Based on the work center's current assessments, approximately 230 additional dry tons remain in the digester and require removal and disposal.

**Analysis of Cost:** The cost of this change order is based on a pre-established unit price per dry ton, in accordance with the current contract.

This work is in accordance with the Commission Adopted Procurement Policy.

## CONSENT AGENDA ITEM 3.d.1. – June 23, 2026

**Subject:** Closed Circuit Television (CCTV) Gravity Inspections and Cleaning Task Order (>\$200,000)

**Recommended Actions:**

- a. Approve a task order with Vortex Holdco LLC dba Vortex Services LLC, in the amount of \$208,945.
- b. Approve a task order with Vortex Holdco LLC dba Vortex Services LLC, in the amount of \$215,664.

**Regulatory Requirement:** None

| <b>Contract Status with Task Orders:</b>                         | <b>Amount</b> |
|------------------------------------------------------------------|---------------|
| Original Contract with Vortex Holdco LLC dba Vortex Services LLC | \$0           |
| Total Value of Previous Task Orders                              | \$482,931     |
| Requested Task Order(s)                                          | \$424,609     |
| Total Value of All Task Orders                                   | \$907,540     |
| Revised Contract Value                                           | \$907,540     |

**Task Order Description:** These task orders are for the condition assessment of the gravity system at the Onancock Pump Station Area 1 and Area 4. Work includes the implementation of pipe cleaning and CCTV inspections, in compliance with the National Association of Sewer Service Companies, on approximately 26,100 LF and 27,000 LF, respectively, of the gravity sewer segments.

**Analysis of Cost:** The cost for these task orders is based on the pre-negotiated rates under the Annual CCTV Gravity Inspections and Cleaning Agreement.

This work is in accordance with the Asset Management Commission Adopted Policy.

## CONSENT AGENDA ITEM 3.d.2. – June 23, 2026

**Subject:** Operational Technology Cybersecurity Support Services  
Fortinet and Nutanix hardware, software licenses, subscriptions, and support  
Task Order (>\$200,000)

**Recommended Action:** Approve a Task Order with Jacobs Engineering Group Inc. in the amount of \$1,427,335.

**Regulatory Requirement:** None

| <b>Contract Status with Task Orders:</b> | <b>Amount</b> |
|------------------------------------------|---------------|
| Original Contract with Contractor        | \$1,631,088   |
| Total Value of Previous Task Orders      | \$2,779,371   |
| Requested Task Order                     | \$1,427,335   |
| Total Value of All Task Orders           | \$5,837,794   |
| Revised Contract Value                   | \$5,802,766   |

**Contract Description:** This contract is for Operational Technology Cybersecurity Support Services to minimize vulnerability to the Industrial Control Systems (ICS) and Operational Technology (OT) environments that are vital to the wastewater treatment process. These services will enhance the cyber-resiliency of HRSD's critical infrastructure while simultaneously ensuring the continued operational efficiency of these environments. Services include conducting a baseline assessment to evaluate the current cybersecurity investments, solutions, and controls within ICS and OT environments and performing a range of tasks based on those assessments.

**Task Order Description:** This task order authorizes Fortinet equipment, software licenses, subscriptions, and premium support services, as well as Nutanix network equipment. These capabilities will deliver advanced threat protection, vulnerability management, centralized visibility and control, automated response, and sustained compliance monitoring across Operational Technology (OT) and Industrial Control System (ICS) environments, supporting the multiyear cybersecurity program objectives. The equipment will enable secure network segmentation, zero-trust architecture, high-availability and redundant connectivity, rogue device mitigation, and modern encryption capabilities within critical OT/ICS environments, including support for the Verizon private IP wireless network and other priority sites. These efforts will reduce high-risk exposures, improve network resiliency and recovery time/point objectives, and advance the overall cyber-resiliency posture of HRSD's critical infrastructure.

**Analysis of Cost:** The cost is based on the pricing consistent with the terms of the existing Jacobs Engineering Group service contract for Operational Technology Cybersecurity Support Services.

This work is in accordance with the Commission Adopted Procurement Policy.

## CONSENT AGENDA ITEM 3.e.1. – June 23, 2026

**Subject:** SWIFT Program Management (Program Management Services for FY-2027)  
Additional Appropriation - Regulatory Required Capital Improvement Project  
(<\$10,000,000), Task Order (>\$200,000)

**Recommended Actions:**

- a. Appropriate additional funding in the amount of \$6,100,000.
- b. Approve a task order with AECOM in the amount of \$6,086,513.

**CIP Project: GN016320****Regulatory Requirement:** Integrated Plan – SWIFT

|                                                     | <b>Project Cost &amp; Appropriation Summary</b> | <b>CIP Project Summary</b> |
|-----------------------------------------------------|-------------------------------------------------|----------------------------|
| Capital Improvement Program Estimate (July 1, 2026) |                                                 | \$94,176,255               |
| Funds Appropriated to Date                          | \$80,000,000                                    |                            |
| Expenditures and Encumbrances Already Incurred      | (\$79,947,027)                                  |                            |
| Available Balance                                   | <u>\$52,973</u>                                 |                            |
| Proposed Task Order to Engineer                     | \$6,086,513                                     |                            |
| Proposed Contingency                                | \$66,460                                        |                            |
| Revised Total Remaining Project Costs               | <u>\$6,152,973</u>                              |                            |
| Expenditures and Encumbrances Already Incurred      | (\$79,947,027)                                  |                            |
| New Project Cost Estimate                           | <u>\$86,100,000</u>                             |                            |
| Additional Appropriation Needed                     | <u>\$6,100,000</u>                              |                            |
| Favorable (Unfavorable) Variance to CIP             |                                                 | <u>\$8,076,255</u>         |

| <b>Contract Status with Task Orders:</b> | <b>Amount</b> |
|------------------------------------------|---------------|
| Original Contract with Engineer          | \$5,264,440   |
| Total Value of Previous Task Orders      | \$73,637,844  |
| Requested Task Order                     | \$6,086,513   |
| Total Value of All Task Orders           | \$79,724,357  |
| Revised Contract Value                   | \$84,988,797  |

**Project Description:** The SWIFT Full-Scale Implementation Program (FSIP) Management team is managing the delivery of the advanced water treatment facilities to take HRSD's already highly treated wastewater and produce SWIFT water. The Program Management team is also delivering conveyance, wastewater treatment plant improvements, and other such projects to support full-scale SWIFT implementation.

The Program Management team will implement the processes, procedures, and systems needed to design, procure, construct, permit, manage, and integrate the new SWIFT-related assets.

**Task Order Description and Analysis of Cost:** This task order will provide professional engineering services during FY-2027 for multiple tasks associated with the program management of the SWIFT FSIP. These services will provide program administration, staff augmentation, program management, federal and state agency funding compliance support, program sustainability monitoring and highlighting achievements, program document controls and information management, public outreach, HRSD's community commitment program support, annual industry outreach event support, risk identification and tracking, schedule and budget management, quality assurance reviews of deliverables, support of HRSD capital improvement program planning related to the SWIFT FSIP, and technical support of projects on an as needed basis. There are approximately eleven full-time equivalent staff supporting the SWIFT FSIP program management, including three full-time equivalent augmented Program Management staff, and two full-time staff dedicated exclusively to Program Management.

The professional engineering services task order includes the scope and fee for the ninth year of the program (FY-2027). It is intended that subsequent program management services scopes and fees will be negotiated annually. The proposed activities and number of hours associated with each task are a reasonable estimate of the effort required. The labor rates for each staff category in the proposed fee are in accordance with the Professional Services Agreement with AECOM, as approved for FY-2027. The program management rate schedule is comparable with the typical rate schedule of HRSD's General Engineering Services providers. The proposed scope, rate schedule, and budget fee are reasonable and appropriate for the ninth year of the program. Compensation for program management services will be paid on a time and materials basis.

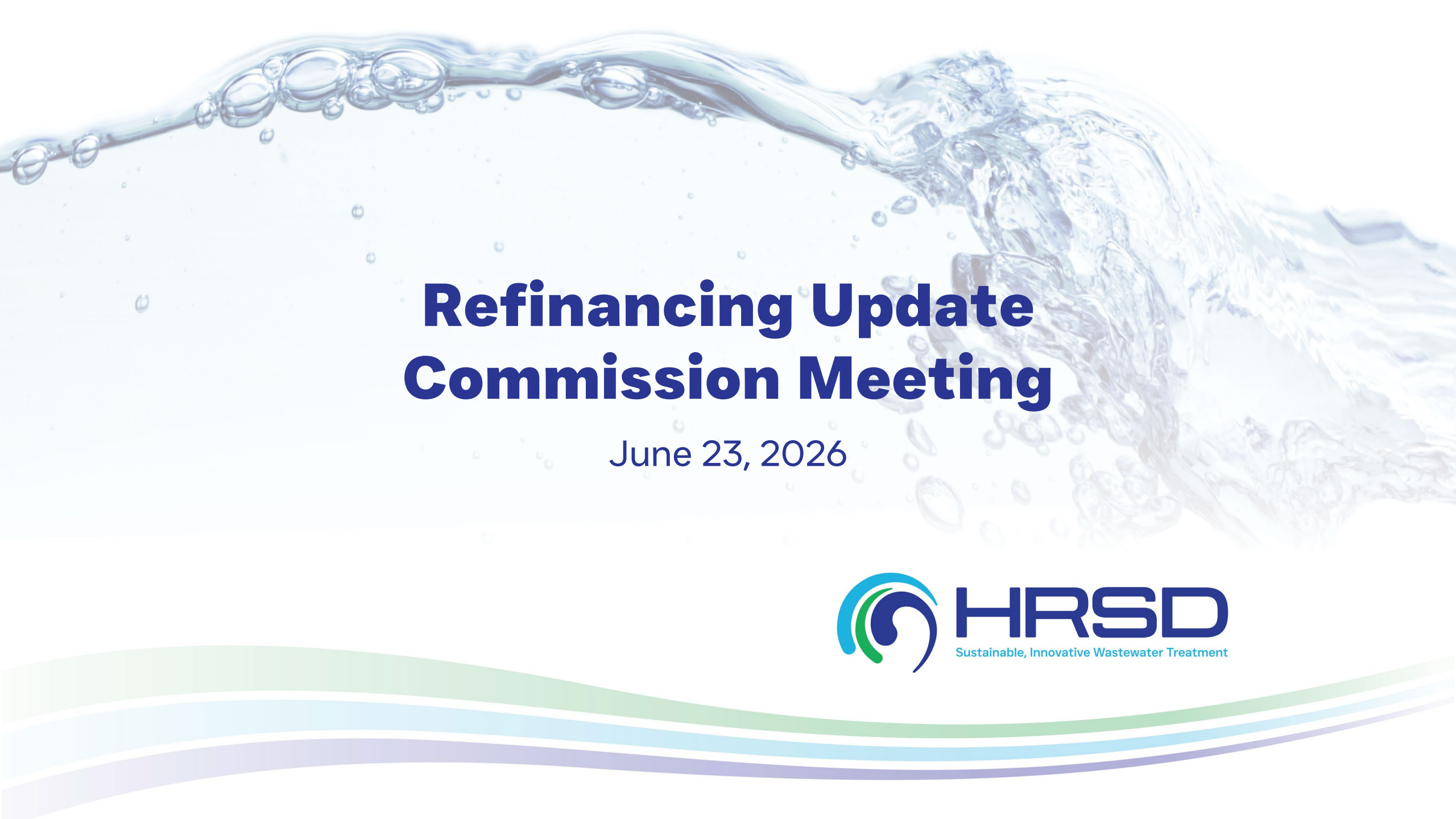
**Funding Description:** The project GN016320 was initially appropriated by Commission in July 2018. The initial capital project estimate was based on eight percent of the early feasibility and concept level construction estimates and the expectation of program completion in 2030. While the program management team has managed program services costs within this initial budget for the past nine years, the project budget has been consumed or encumbered to provide the needed services and purchases necessary to deliver and integrate SWIFT infrastructure into HRSD's operations. The additional appropriation being requested at this time is expected to support on-going services provided by the SWIFT Full Scale Implementation Program for successful delivery of the regulatory-driven SWIFT capital improvement projects.

**Schedule:**      Services for FY-2027      July 2026



Commission Meeting Minutes  
June 23, 2026  
Attachment #2

4. Refinancing Update  
Briefing

A dynamic splash of water with numerous bubbles, creating a sense of movement and freshness. The water is a clear, light blue color, and the bubbles are of various sizes, some catching the light.

# **Refinancing Update Commission Meeting**

June 23, 2026



# Refinancing Opportunities

- In the summer of 2026, several of HRSD's outstanding bonds become eligible for refinancing on a tax-exempt basis

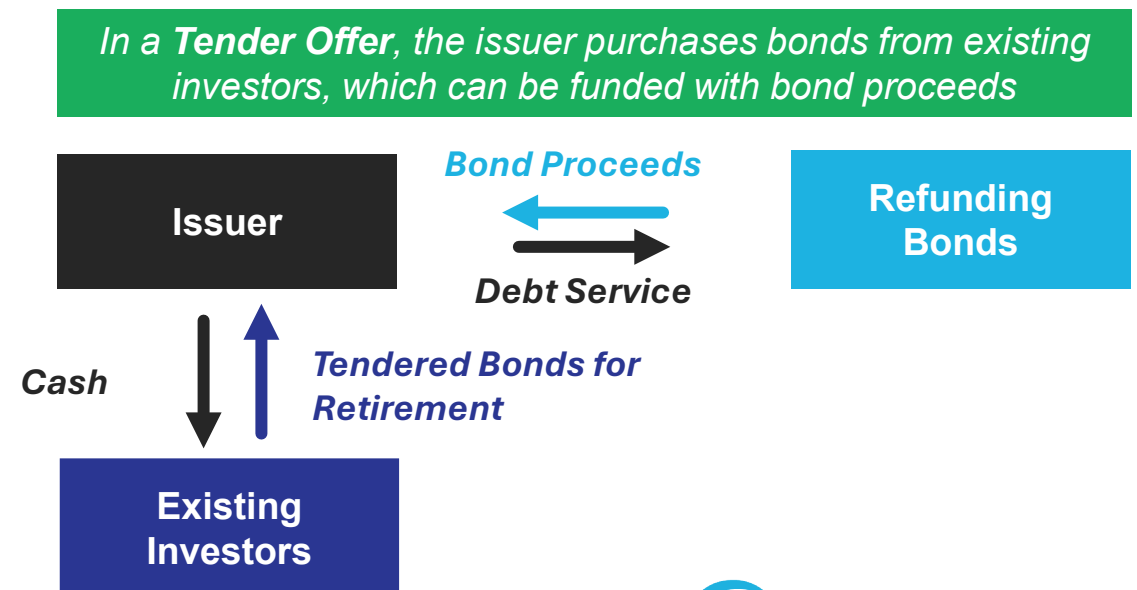
| Eligible for Tax-Exempt Refinancing as of August 2026 |            |                                                   |
|-------------------------------------------------------|------------|---------------------------------------------------|
| Series                                                | Tax Status | Estimated Par Eligible for Tax-Exempt Refinancing |
| 2016A                                                 | Tax-Exempt | \$63.42M                                          |
| 2019A                                                 | Taxable    | \$129.24M*                                        |
| <b>Total</b>                                          | <b>-</b>   | <b>\$192.66M</b>                                  |

- Staff proposes pursuing a refinancing of the bonds to generate debt service savings
  - The refunding of the Series 2016A Bonds would be a “traditional” current refunding, similar to refundings HRSD has executed in the past
  - Refunding of the Series 2019A Bonds would be accomplished via a “**tender**” process, which would be a **new financing approach** for HRSD

\* Preliminary estimate. Subject to detailed tax analysis.

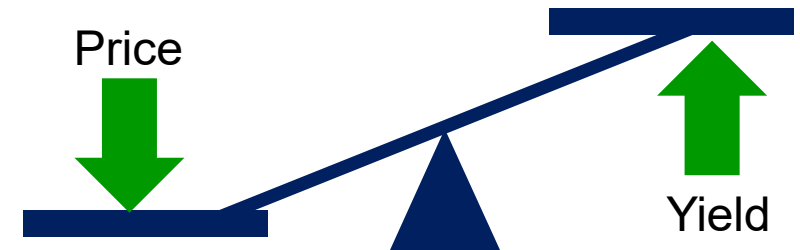
# Refinancing Approach for 2019A Bonds

- The Series 2019A Bonds were issued on a taxable basis because they refunded bonds that were not eligible for refinancing on a tax-exempt basis
  - Because the absolute levels of rates was so low in 2019, the taxable refunding generated net present value savings over \$8 million or 4.9% of the refunded par
- While traditional refunding options do not generate savings in the current market, a tender does
- In a tender, HRSD would offer to buy back its bonds from investors at current market prices, plus a premium, and finance the purchase by issuing tax-exempt refunding bonds
- Investors would have the option to participate in the tender or not



# Tender Participation

- Because interest rates are currently significantly higher than they were at the time the Series 2019A Bonds were issued, they are trading at a discount in the secondary market (e.g., average price of approximately 90%)
- HRSD would offer to purchase the bonds at a premium to market trading levels to incentivize voluntary investor participation
- Ultimate investor participation is unknown at the time the tender is launched and it is unlikely to approach 100% participation
- Typically, 20 – 30% participation in the tender is viewed as a success



# Tender Benefits and Considerations

## Benefits

- Generates debt service savings in the current market
- Process can be run concurrently with another transaction with only ~2-week impact on overall calendar
- Likely to result in higher call optionality on the refunding bonds, due to the difference in coupons on tax-exempt and taxable bonds

## Considerations

- The ultimate success of a tender is uncertain and dependent on the willingness of current bondholders to sell back their existing bonds
- The tender process is more involved than a traditional refunding and will result in some additional transaction lead time, complexity, and cost
- HRSD may incur costs even if tender is unsuccessful (max estimated out of pocket cost of approximately \$150,000)

# Estimated Savings\*

- Savings are subject to change based on changes in market conditions and changes in the tender participation rate

| Statistic                                | 2016 A Refunding | 2019 A Tender (20% Participation) | Total          |
|------------------------------------------|------------------|-----------------------------------|----------------|
| Refunding Par                            | \$28.3M          | \$22.6M                           | <b>\$50.9M</b> |
| Refunded / Tendered Par                  | \$29.8M          | \$27.7M                           | <b>\$57.6M</b> |
| Net Present Value (NPV) Savings          | \$1.1M           | \$1.7M                            | <b>\$2.8M</b>  |
| NPV Savings % of Refunded / Tendered Par | 3.8%             | 6.0%                              | <b>4.8%</b>    |
| Cash Flow Savings                        | \$1.2M           | \$2.7M                            | <b>\$3.9M</b>  |

- If the tender participation is 30%, the total cash flow savings increases from \$3.9M to \$5.4M
- If interest rates increase by 25 basis points (i.e., 0.25%), the total cash flow savings decreases from \$3.9M to \$3.1M

\* Preliminary estimate. Based on market conditions as of June 5<sup>th</sup>.

# Preliminary Timeline

Briefing Regarding Preliminary Financing Plan (June)

Staff Prepares Key Documents (July - August)

Ratings Discussions (August)

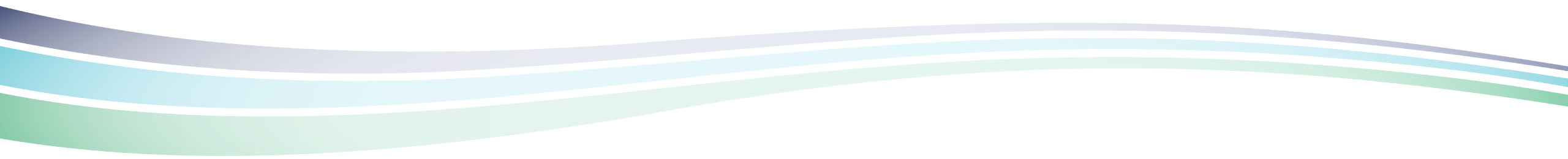
Authorize Key Documents (August)

Receive Credit Ratings (September)

Launch Tender (Mid-September)

Finalize Tender & Bond Pricing (Early October)

Bond Closing (Late October)



# Questions?



Commission Meeting Minutes  
June 23, 2026  
Attachment #3

5. ABTP Generator Controls Replacement  
Resolution and Agreement

*Hampton Roads Sanitation District*  
*Resolution of*  
*June 23, 2026*

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HAMPTON ROADS SANITATION DISTRICT COMMISSION

\*\*\*\*\*

RESOLUTION  
PROVIDING FOR THE ISSUANCE OF

A WASTEWATER REVENUE BOND

Adopted June 23, 2026

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2026 Army Base Generator Project: #CFPF-25-05-48

Resolution

**RESOLUTION AUTHORIZING THE ISSUANCE OF A WASTEWATER REVENUE BOND, NOT TO EXCEED \$6,439,410 IN PRINCIPAL AMOUNT, FOR THE PURPOSE OF PROVIDING FUNDS, WITH OTHER AVAILABLE MONEY, TO PAY THE COSTS OF CERTAIN IMPROVEMENTS TO THE ARMY BASE TREATMENT PLANT, FIXING THE PRINCIPAL INSTALLMENT MATURITY DATES, THE INTEREST RATE, THE REDEMPTION PROVISIONS AND CERTAIN OTHER DETAILS OF THE BOND, DIRECTING THE AUTHENTICATION AND DELIVERY OF THE BOND, AND AUTHORIZING THE EXECUTION OF A FINANCING AGREEMENT WITH THE VIRGINIA RESOURCES AUTHORITY.**

*WHEREAS*, the Hampton Roads Sanitation District (the “Borrower”) entered into a Trust Agreement, dated as of October 1, 2011 (the “Trust Agreement”), with The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as amended and restated as of March 1, 2016, as further amended and restated as of July 1, 2024, as further amended and supplemented, pursuant to which the Borrower may incur Senior Obligations, as defined in the Trust Agreement; and

*WHEREAS*, pursuant to Title 10.1, Chapter 6, Article 1.3, Code of Virginia of 1950, as amended (the “VWFRF Act”), the General Assembly of the Commonwealth of Virginia created a permanent and perpetual fund known as the Virginia Community Flood Preparedness Fund (the “Fund”); and

*WHEREAS*, the Hampton Roads Sanitation District Commission (the “Commission”) heretofore received an offer from the Virginia Resources Authority (the “Authority”), as Administrator of the Fund, to make a loan from the Fund to the Borrower in an amount not to exceed \$6,439,410 for the purpose of financing a project described in such offer as the Army Base

Treatment Plant Generator Controls Replacement Project, together with related expenses (the “2026 Army Base Generator Project” or the “Project”); and

*WHEREAS*, the Commission, as the governing body of the Borrower, has determined to accept such offer and close on the loan from the Authority, as Administrator of the Fund, by authorizing and issuing its wastewater revenue bond for the purpose of financing Capital Improvement Program Costs (as defined in the Trust Agreement) for the Borrower’s 2026 Army Base Generator Project (the “2026 Army Base Generator Project Local Bond”), to be payable solely from the Net Revenues (as defined in the Trust Agreement) on a parity with all Senior Obligations (as defined in the Trust Agreement) of the Borrower, all in conformity with the terms and provisions of the Trust Agreement; now, therefore,

**BE IT RESOLVED** by the Hampton Roads Sanitation District Commission as follows:

**Section 1. (a) Definitions.** The capitalized terms contained in this Resolution and not defined above shall have the meanings set forth in the Glossary of Defined Terms attached to this Resolution as Exhibit A, unless the context requires otherwise.

**(b) Rules of Construction.** The following rules shall apply to the construction of this Resolution unless the context requires otherwise:

(i) Singular words shall connote the plural number as well as the singular and vice versa.

(ii) All references in this Resolution to particular Sections or Exhibits are references to Sections or Exhibits of this Resolution unless otherwise indicated.

**Section 2. Authorization of 2026 Army Base Generator Project Local Bond.** Pursuant to Sections 209(b) and 704(a) of the Trust Agreement and for the purpose of financing the Capital Improvement Program Costs of the Project, which are Project Costs within the definition thereof

found in the Financing Agreement, the 2026 Army Base Generator Project Local Bond of the Borrower is hereby authorized to be issued in the principal amount not to exceed \$6,439,410. The 2026 Army Base Generator Project Local Bond shall be issuable as a single registered bond without coupons and shall be dated as of its date of issue. The 2026 Army Base Generator Project Local Bond shall be substantially in the form attached to this Resolution as Exhibit B, with such variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Resolution. The 2026 Army Base Generator Project Local Bond shall be a Senior Obligation and shall be a VRA Obligation, each as defined in the Trust Agreement, shall be secured on a parity with all other Senior Obligations of the Borrower under the Trust Agreement, and shall be senior to all Subordinate Obligations (as defined in the Trust Agreement), as set forth therein.

The 2026 Army Base Generator Project Local Bond shall be dated as of its date of issue and shall bear interest (or “Cost of Funds” as described in the 2026 Army Base Generator Project Financing Agreement) on the disbursed principal balance of the 2026 Army Base Generator Project Local Bond at a rate not to exceed 1.20% per annum. Such interest shall be payable commencing on the date set forth in a certificate of the General Manager delivered on the date of issue of the 2026 Army Base Generator Project Local Bond (the “General Manager’s Certificate”), such principal and interest shall be payable in essentially equal semi-annual installments (rounded to the nearest \$100), with the balance due on the date set forth in the General Manager’s Certificate, but not later than December 1, 2049.

**Section 3. Redemption Provisions.** The principal installments on the 2026 Army Base Generator Project Local Bond shall be subject to redemption prior to their respective maturities, at the option of the Borrower, from any money that may be made available for such purpose, either

in whole or in part on any date at the redemption price of par plus accrued interest with the prior written consent of the Authority and otherwise as provided in the Financing Agreement. Any such partial redemption shall not postpone the due date of any subsequent payment on the 2026 Army Base Generator Project Local Bond, or change the amount of such installment, unless the Borrower and the Authority agree otherwise in writing.

**Section 4. Deposits to Local Bond Fund.** The Borrower shall deposit money with or to the order of the Authority, as Administrator of the Fund, in amounts sufficient to pay in full, when due (whether by maturity, redemption, acceleration or otherwise), the 2026 Army Base Generator Project Local Bond issued under this Resolution, together with the interest thereon, all as set forth in the 2026 Army Base Generator Project Local Bond.

**Section 5. Authority to Execute 2026 Army Base Generator Project Financing Agreement.** The execution and delivery of the 2026 Army Base Generator Project Financing Agreement, substantially in the form presented at this meeting, relating to the loan from the Authority, as Administrator of the Fund, to the Borrower and the repayment of the loan by the Borrower in accordance with the 2026 Army Base Generator Project Local Bond, are hereby authorized, with such changes, insertions and omissions as may be approved by the Chair or the Vice Chair of the Commission, the General Manager/Chief Executive Officer or the Deputy General Manager/Chief Financial Officer, the execution of the 2026 Army Base Generator Project Financing Agreement by the Chair, the Vice Chair, the General Manager/Chief Executive Officer or the Deputy General Manager/Chief Financial Officer to be conclusive evidence of his or her approval of any changes, insertions and omissions therein.

**Section 6. Manner of Execution of 2026 Army Base Generator Project Local Bond.**  
The 2026 Army Base Generator Project Local Bond shall be executed by the Chair or the Vice

Chair and the Secretary or an Assistant Secretary of the Commission, and the seal of the Commission shall be impressed on the 2026 Army Base Generator Project Local Bond. The 2026 Army Base Generator Project Local Bond shall be delivered to or for the account of the Authority, as Administrator of the Fund, upon execution and delivery of the 2026 Army Base Generator Project Financing Agreement.

**Section 7. Obligations of Borrower Unconditional.** Subject to the terms of the Trust Agreement, nothing contained in this Resolution or the 2026 Army Base Generator Project Local Bond is intended to or shall impair, as between the Borrower, its creditors, and the holder of the 2026 Army Base Generator Project Local Bond, the obligation of the Borrower, which is absolute and unconditional, to pay to the holder of the 2026 Army Base Generator Project Local Bond the principal of, redemption premium, if any, and Cost of Funds on the 2026 Army Base Generator Project Local Bond as and when the same shall become due and payable in accordance with its terms, or affect the relative rights of the holder of the 2026 Army Base Generator Project Local Bond and creditors of the Borrower, nor shall anything herein or therein prevent the holder of the 2026 Army Base Generator Project Local Bond from exercising all remedies otherwise permitted by applicable law and under the Trust Agreement upon default under the 2026 Army Base Generator Project Local Bond and the 2026 Army Base Generator Project Financing Agreement.

**Section 8. Payments on 2026 Army Base Generator Project Local Bond Permitted.** Nothing contained in this Resolution or the 2026 Army Base Generator Project Local Bond shall affect the obligation of the Borrower to make, or prevent the Borrower from making, payment of the principal of, redemption premium, if any, or Cost of Funds on the 2026 Army Base Generator Project Local Bond in accordance with the provisions hereof, except as otherwise provided in this Resolution.

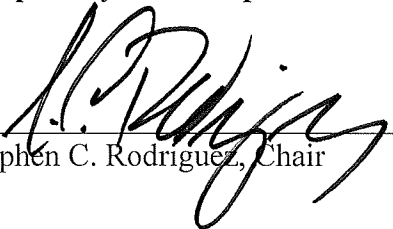
**Section 9. Benefits of Resolution.** Nothing in this Resolution or the 2026 Army Base Generator Project Local Bond, express or implied, shall give to any person, other than the holder of the 2026 Army Base Generator Project Local Bond, any benefit or any legal or equitable right, remedy or claim under this Resolution.

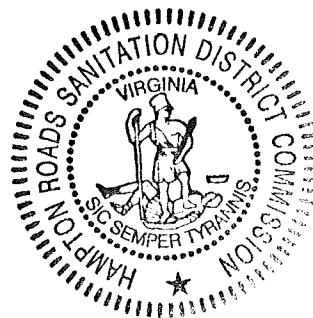
**Section 10. Further Action.** The Chair, the Vice Chair, the Secretary and any Assistant Secretary of the Commission and the General Manager/Chief Executive Officer, the Deputy General Manager/Chief Financial Officer, and the Chief Engineer of the Borrower are each authorized and directed, acting alone or together (without limitation except as may be expressly set forth therein), to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as such officer, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the 2026 Army Base Generator Project Financing Agreement.

**Section 11. Effectiveness.** This Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

**Adopted by the Hampton Roads Sanitation District Commission on June 23, 2026.**

  
Stephen C. Rodriguez, Chair



**EXHIBIT A**

**GLOSSARY OF DEFINED TERMS**

*“2026 Army Base Generator Project Financing Agreement”* means the Financing Agreement relating to the 2026 Army Base Generator Project Local Bond, between the Borrower and the Authority, as Administrator of the Fund, together with any amendments or supplements thereto.

*“2026 Army Base Generator Project Local Bond”* means the bond in substantially the form attached to this Resolution as Exhibit B, to be issued by the Borrower to the Authority, as Administrator of the Fund, pursuant to this Resolution and the 2026 Army Base Generator Project Financing Agreement.

*“2026 Army Base Generator Project Local Bond Proceeds”* means proceeds of the issuance and sale of the 2026 Army Base Generator Project Local Bond to the Authority, as Administrator of the Fund, pursuant to the 2026 Army Base Generator Project Financing Agreement.

*“Capital Improvement Program Costs”* means “Capital Improvement Program Costs” as defined in the Trust Agreement.

*“General Manager’s Certificate”* means the certificate of the General Manager delivered on the date of issue of the 2026 Army Base Generator Project Local Bond.

*“Net Revenues”* means “Net Revenues” as defined in the Trust Agreement.

*“Project”* means the project described in Exhibit B to the 2026 Army Base Generator Project Financing Agreement, the costs of the acquisition, construction, improving or equipping of which are to be financed or refinanced in part with the 2026 Army Base Generator Project Local Bond Proceeds.

*“Project Budget”* means the budget for the financing or the refinancing of the Project, a copy of which is attached to the 2026 Army Base Generator Project Financing Agreement as Exhibit C, with such changes therein as may be approved in writing by the Authority.

*“Senior Obligations”* means “Senior Obligations,” as defined in the Trust Agreement.

*“Subordinate Obligations”* means “Subordinate Obligations,” as defined in the Trust

Agreement.

“*Trust Agreement*” means the Trust Agreement, dated as of October 1, 2011, by and between the Borrower and the Trustee, as amended and restated as of March 1, 2016, as further amended and restated as of July 1, 2024, as further amended and supplemented.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Trust Agreement, and any successor in trust thereto.

**EXHIBIT B**

**FORM OF LOCAL BOND**

United States of America  
Commonwealth of Virginia

**HAMPTON ROADS SANITATION DISTRICT  
Wastewater Revenue Bond**

Hampton Roads Sanitation District (the “Borrower”), a political subdivision of the Commonwealth of Virginia, by Hampton Roads Sanitation District Commission (the “Commission”), the governing body of the Borrower, acknowledges itself indebted and, for value received, hereby promises to pay, solely from the revenues and other property hereinafter described and pledged to the payment of this Bond, to the order of the Virginia Resources Authority (the “Authority”), as Administrator of the Virginia Community Flood Preparedness Fund, Richmond, Virginia (the “Fund”), the principal amount equal to the sum of the principal disbursements made by the Authority, as Administrator of the Fund, to the Borrower (as shown in Schedule 1) pursuant to the Financing Agreement, dated as of \_\_\_\_\_ 1, \_\_\_, between the Authority, as Administrator of the Fund, and the Borrower (the “Financing Agreement”), not to exceed Six Million Four Hundred Thirty-Nine Thousand Four Hundred and Ten Dollars (\$6,439,410), together with interest (or “Cost of Funds” as described in the Financing Agreement) on the disbursed principal at the rate of \_\_\_% per annum, as follows:

Cost of Funds shall be payable on [\_\_\_\_ 1, 202\_] and thereafter principal and Cost of Funds due under this Bond shall be payable in essentially equal semi-annual installments (rounded to the nearest one hundred dollars (\$100)) on [\_\_\_\_ 1 and \_\_\_\_ 1] of each year, commencing [\_\_\_\_ 1, 202\_] (as shown on Schedule 2), provided that if not sooner paid, all amounts under this Bond shall be due and payable in full on [\_\_\_\_ 1, 204\_].

In addition, if any installment of principal or Cost of Funds is not received by the holder of this Bond within ten (10) days from its due date, the Borrower shall pay to the holder of this Bond, a late payment charge in an amount equal to five percent (5.00%) per annum on such overdue installment. Both principal and Cost of Funds are payable in lawful money of the United States.

No notation is required to be made on this Bond of the payment of any principal or interest on normal installment payment dates. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER. This Bond and the premium, if any, and the Cost of Funds thereon are limited obligations of the Borrower and (except to the extent payment with respect to the Bond shall be made from the proceeds from the sale of the Bond or the income, if any, derived from the investment thereof) are payable solely from Net Revenues (as defined in the below-mentioned Trust Agreement) from time to time deposited by the Borrower with or to the order of the Authority, as the Administrator of the Fund, pursuant to the Resolution (the “Resolution”) adopted by the Commission on June 23, 2026, authorizing the issuance of this Bond, which Net Revenues have been pledged pursuant to the Financing Agreement to secure payment hereof. Neither the Commonwealth of Virginia nor

any political subdivision thereof, including the Borrower, shall be obligated to pay the principal of or premium, if any, or Cost of Funds on this Bond or other costs incident thereto except from the revenues pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the Borrower, is pledged to the payment of the principal of or premium, if any, or Cost of Funds on this Bond or other costs incident thereto.

This Bond shall be a Senior Obligation and a VRA Obligation and secured on parity with all other all Senior Obligations and VRA Obligations heretofore and hereafter issued and outstanding under the Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as further amended and restated as of July 1, 2024, as further amended and supplemented (the "Trust Agreement"), by and between the Borrower and the predecessor in trust to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and shall be senior to all Subordinate Indebtedness (as defined in the Trust Agreement), to the extent and in the manner set forth therein.

This Bond is being issued pursuant to the terms of the Resolution and the Financing Agreement to evidence a loan from the Authority, as Administrator of the Fund, to the Borrower to finance Capital Improvement Program Costs (as defined in the Trust Agreement).

This Bond is subject to optional prepayment, upon the consent of the Authority, as Administrator of the Fund, to the extent and on the terms set forth in the Resolution and the Financing Agreement.

If an Event of Default (as defined in the Financing Agreement) occurs, the principal of and accrued Cost of Funds on this Bond may be declared immediately due and payable by the holder by written notice to the Borrower.

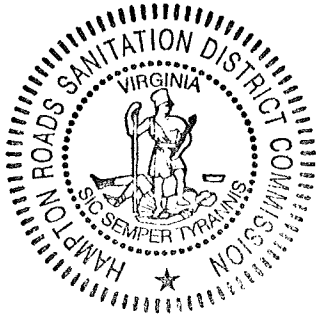
The obligations of the Borrower under this Bond shall terminate when all amounts due and to become due pursuant to this Bond have been paid in full.

All provisions of this Bond are subject to the terms of the Trust Agreement, and all capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto by the Resolution and the Financing Agreement.

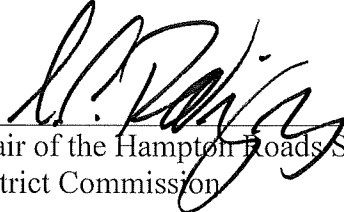
All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

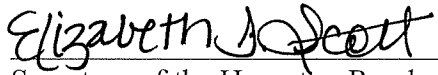
IN WITNESS WHEREOF, the Borrower has caused this Bond to be signed by the Chair of its Commission and its seal to be impressed hereon and attested by the Secretary of its Commission all as of June 23, 2026.

HAMPTON ROADS SANITATION DISTRICT



(SEAL)  
ATTEST:

By:   
Chair of the Hampton Roads Sanitation  
District Commission

  
Secretary of the Hampton Roads  
Sanitation District Commission

**SCHEDULE OF PRINCIPAL DISBURSEMENTS**

The amount and date of disbursements of the principal of the Bond to which this Schedule is attached, not to exceed \$6,439,410, shall be entered hereon by the authorized representative of Virginia Resources Authority when each such disbursement of principal is made to the Borrower.

| <u>Date</u> | <u>Amount</u> | <u>Cumulative Amount</u> | <u>Authorized Signature</u> |
|-------------|---------------|--------------------------|-----------------------------|
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |
| _____       | \$ _____      | \$ _____                 | _____                       |

**AMORTIZATION SCHEDULE**

**FINANCING AGREEMENT**

dated as of \_\_\_\_\_ 1, 2026

**BETWEEN**

**VIRGINIA RESOURCES AUTHORITY,**

**as Administrator of the  
Virginia Community Flood Preparedness Fund**

**AND**

**HAMPTON ROADS SANITATION DISTRICT**

**Virginia Resources Authority  
Virginia Community Flood Preparedness Fund**

**Loan No. CFPF-25-05-48**

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*[To Be Updated]*

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## **FINANCING AGREEMENT**

**THIS FINANCING AGREEMENT** is made as of this first day of \_\_\_\_\_, 2026, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia (the “Authority”), as Administrator of the **VIRGINIA COMMUNITY FLOOD PREPAREDNESS FUND**, and the **HAMPTON ROADS SANITATION DISTRICT**, a political subdivision of the Commonwealth of Virginia (the “Borrower”), acting by and through the **HAMPTON ROADS SANITATION DISTRICT COMMISSION**, the governing body of the Borrower (the “Commission”).

Pursuant to Article 1.3, Chapter 6, Title 10.1 of the Code of Virginia (1950), as amended (the “Act”), the General Assembly created a permanent and perpetual fund known as the “Virginia Community Flood Preparedness Fund” (the “Fund”). In conjunction with the Department (as hereinafter defined), the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance the costs of enhancing flood prevention or protection and coastal resilience within the meaning of Section 10.1-603.25 of the Act.

The Borrower has requested a loan from the Fund and will evidence its obligation to repay such loan by the Local Bond the Borrower will issue and sell to the Authority, as Administrator of the Fund. The Borrower will use the proceeds of the sale of the Local Bond to the Authority to finance that portion of the Project Costs not being paid from other sources, all as further set forth in the Project Budget.

### **ARTICLE I** **DEFINITIONS**

**Section 1.1. Definitions.** The capitalized terms contained in this Agreement and not defined above shall have the meanings set forth below unless the context requires otherwise and any capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Act:

“Additional Payments” means the payments required by Section 6.2.

“Agreement” means this Financing Agreement between the Authority and the Borrower, together with any amendments or supplements hereto.

“Annual Administrative Fee” means the portion of the Cost of Funds specified in Section 6.1(a)(ii) payable as an annual fee for administrative and management services attributable to the Local Bond.

“Annual Budget” means the Annual Budget described in Section 712 of the Parity Trust Agreement.

“Authorized Representative” means any member, official or employee of the Borrower authorized by resolution, ordinance or other official act of the Commission to perform the act or sign the document in question.

“Borrower” means the Hampton Roads Sanitation District, a political subdivision of the Commonwealth of Virginia, created by and acting under the Enabling Act.

“Closing Date” means the date of the delivery of the Local Bond to the Authority, as Administrator.

“Commission” means the Hampton Roads Sanitation District Commission, which is the governing body of the Borrower.

“Commitment Letter” shall mean the commitment letter from the Authority to the Borrower, dated May 5, 2026, and all extensions and amendments thereto.

“Consulting Engineer” means the engineer or the firm of independent consulting engineers of recognized standing and experienced in the field of sanitary engineering and registered to do business in Virginia which is designated by the Borrower from time to time as the Borrower’s consulting engineer in accordance with Section 4.5 in a written notice to the Authority. Such individual or firm shall be subject to the reasonable approval of the Authority. Unless and until the Authority notifies the Borrower otherwise, any of the Borrower’s employees that are licensed and registered as professional engineers in the Commonwealth of Virginia may serve as Consulting Engineer under this Agreement.

“Cost of Funds” means interest, including the part thereof allocable to the Annual Administrative Fee, payable as set forth in Section 6.1.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Department” means the Department of Conservation and Recreation, an agency of the Commonwealth of Virginia.

“Enabling Act” means Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended by Chapter 584 of the Acts of Assembly of Virginia of 1962, Chapter 520 of the Acts of Assembly of Virginia of 1964, Chapter 112 of the Acts of Assembly of Virginia of 1974, Chapter 637 of the Acts of Assembly of Virginia of 1976, Chapter 271 of the Acts of Assembly of Virginia of 1977 [repealed], Chapter 30 of the Acts of Assembly of Virginia of 1987, Chapter 350 of the Acts of Assembly of Virginia of 1989, Chapter 153 of the Acts of Assembly of Virginia of 1990, Chapter 210 of the Acts of Assembly of Virginia of 1998, Chapter 120 of the Acts of Assembly of Virginia of 2004, Chapter 574 of the Acts of Assembly of Virginia of 2008, Chapter 724 of the Acts of Assembly of Virginia of 2012, Chapter 218 of the Acts of Assembly

of Virginia of 2017, and Chapter 428 of the Acts of Assembly of Virginia of 2021 (Special Session I).

“Event of Default” shall have the meaning set forth in Section 11.1.

“Fiscal Year” means the period of twelve months established by the Borrower as its annual accounting period. As of the date hereof, the Borrower’s Fiscal Year begins on each July 1 and ends on the following June 30.

“Local Bond” means the bond in substantially the form attached to this Agreement as Exhibit A issued by the Borrower to the Authority, as Administrator of the Fund, pursuant to this Agreement.

“Local Bond Proceeds” means the proceeds of the sale of the Local Bond to the Authority, as Administrator of the Fund, pursuant to this Agreement.

“Local Parity Trustee” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Parity Trust Agreement, or any successor in trust thereto.

“Local Resolution” means all resolutions or ordinances adopted by the Commission approving the transactions contemplated by and authorizing the execution and delivery of this Agreement and the execution, issuance and delivery of the Local Bond.

“Net Proceeds” means the gross proceeds from any insurance recovery or condemnation award remaining after payment of attorneys’ fees and expenses of the Authority and all other expenses incurred in the collection of such gross proceeds.

“Net Revenues” means Net Revenues as defined in the Parity Trust Agreement.

“Opinion of Bond Counsel” means a written opinion of recognized bond counsel, acceptable to the Authority.

“Parity Bonds” means any of the Borrower’s bonds, notes or other evidences of indebtedness, as further described on Exhibit F or issued under or secured by the Parity Trust Agreement after the date hereof, that are secured on parity by a pledge of Net Revenues, including the Local Bond.

“Parity Trust Agreement” means the Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016 and as amended and restated as of July 1, 2024, between the Borrower and the Local Parity Trustee, as supplemented and as further amended or supplemented from time to time.

“Project” means the particular project described in Exhibit B, the costs of the construction, acquisition or equipping of which are to be financed or refinanced in whole or in part with the Local Bond Proceeds.

“Project Budget” means the budget for the financing or the refinancing of the Project, a copy of which is attached to this Agreement as Exhibit C, with such changes therein as may be approved in writing by the Authority.

“Project Completion Date” means the date the Borrower is expected to complete the acquisition, construction, equipping and/or undertaking of the Project, as certified by the Borrower’s Consulting Engineer as of the Closing Date.

“Project Costs” means the costs of the construction, acquisition or equipping of the Project, as further described in the Project Budget, and such other costs as may be approved in writing by the Authority, provided such costs are permitted by the Act.

“Rate Covenant” means Rate Covenant, as defined in the Parity Trust Agreement.

“Series Certificate” means the Series Certificate, dated the Closing Date, executed by the General Manager of the Borrower setting forth certain terms and provisions of the Local Bond.

“System” means the “Wastewater System” as defined in the Parity Trust Agreement, including all plants, systems, facilities, equipment or property, of which each Project constitutes the whole or is a part, owned, operated or maintained by the Borrower and used in connection with the collection or treatment of wastewater.

**Section 1.2. Rules of Construction.** The following rules shall apply to the construction of this Agreement unless the context requires otherwise:

- (a) Singular words shall connote the plural number as well as the singular and vice versa.
- (b) All references in this Agreement to particular Sections or Exhibits are references to Sections or Exhibits of this Agreement unless otherwise indicated.
- (c) The headings and table of contents as used in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

## **ARTICLE II** **REPRESENTATIONS**

**Section 2.1. Representations by Borrower.** The Borrower makes the following representations as the basis for its undertakings under this Agreement:

- (a) The Borrower is a duly created and validly existing “local government” (as defined in Section 10.1-603.24 of the Act) of the Commonwealth of Virginia and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Borrower has full right, power and authority to (i) adopt the Local Resolution and execute and deliver this Agreement, the Series Certificate and the other documents related thereto, (ii) issue, sell and deliver the Local Bond to the Authority, as Administrator of the Fund, (iii) own and operate the System, (iv) fix, charge and collect charges for the use of and for the services furnished by the System, (v) construct, acquire, equip and/or undertake the Project (as described in Exhibit B) and finance or refinance the Project Costs by borrowing money for such purpose pursuant to this Agreement and the issuance of the Local Bond, (vi) pledge the Net Revenues to the payment of the Local Bond, and (vii) carry out and consummate all of the transactions contemplated by the Local Resolution, this Agreement, the Series Certificate and the Local Bond.

(c) This Agreement and the Local Bond were duly authorized by the Local Resolution and are in substantially the same form authorized by the Local Resolution and the Series Certificate.

(d) All governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of the delivery of this Agreement have been obtained for (i) the Borrower's adoption of the Local Resolution, (ii) the execution and delivery by the Borrower of this Agreement, the Series Certificate and the Local Bond, (iii) the performance and enforcement of the obligations of the Borrower thereunder, (iv) the acquisition, construction, equipping, occupation, operation, use and/or undertaking of the Project, and (v) the operation and use of the System and the performance by the Borrower of its obligations under the Parity Trust Agreement. The Borrower knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals not obtained as of the date hereof cannot be obtained as needed.

(e) Each of this Agreement, the Parity Trust Agreement and the Series Certificate has been executed and delivered by duly authorized officials of the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its respective terms.

(f) When executed and delivered in accordance with the Local Resolution and this Agreement, the Local Bond will have been executed and delivered by duly authorized officials of the Borrower and will constitute a legal, valid and binding limited obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(g) The issuance of the Local Bond and the execution and delivery of this Agreement and the Series Certificate and the performance by the Borrower of its obligations thereunder are within the powers of the Borrower and will not conflict with, or constitute a breach or result in a violation of, (i) to the best of the Borrower's knowledge, any Federal, or Virginia constitutional or statutory provision, including the Borrower's Enabling Act, (ii) any agreement or other instrument to which the Borrower is a party or by which it is bound or (iii)

any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property.

(h) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. No event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to this Agreement and the Parity Trust Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

(i) The Borrower (i) to the best of the Borrower's knowledge, is not in violation of any existing law, rule or regulation applicable to it in any way which would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement, the Parity Trust Agreement, the Series Certificate, or the Local Bond and (ii) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Borrower is a party or by which it is bound or to which any of its assets is subject, which would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement, the Parity Trust Agreement, the Series Certificate or the Local Bond. The execution and delivery by the Borrower of this Agreement or the Local Bond and the compliance with the terms and conditions thereof will not conflict with or result in a breach of or constitute a default under any of the foregoing.

(j) There are not pending nor, to the best of the Borrower's knowledge, threatened against the Borrower, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, (i) affecting the creation, organization or existence of the Borrower or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery or performance of the Local Resolution, this Agreement, the Parity Trust Agreement, the Series Certificate or the Local Bond or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Resolution, this Agreement, the Parity Trust Agreement, the Series Certificate, the Local Bond or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or resolution may have a material adverse effect on the Borrower or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Resolution, this Agreement, the Parity Trust Agreement, the Series Certificate or the Local Bond, (v) in any way affecting or contesting the undertaking of the Project, or (vi) contesting or challenging the power of the Borrower to pledge the Net Revenues to the payment of the Local Bond. Notwithstanding the preceding sentence, the Borrower references the ongoing matter described in Exhibit G. The status of the matter is essentially the same as described herein.

(k) There have been no defaults by any contractor or subcontractor under any contract made by the Borrower in connection with the construction or equipping of the Project.

(l) No material adverse change has occurred in the financial condition of the Borrower as indicated in the financial statements, applications and other information furnished to the Authority.

(m) Except as may otherwise be approved by the Authority or permitted by the terms of the Parity Trust Agreement, the System at all times is and will be owned by the Borrower and will not be operated or controlled by any other entity or person.

(n) There is no indebtedness of the Borrower secured by or payable from a pledge of Net Revenues on a parity with or prior to the lien of the pledge of Net Revenues securing the Local Bond except any Parity Bonds set forth on Exhibit F.

(o) No Event of Default or Default has occurred and is continuing.

### **ARTICLE III**

#### **ISSUANCE AND DELIVERY OF THE LOCAL BOND**

**Section 3.1. Loan to Borrower and Purchase of the Local Bond.** The Borrower agrees to borrow from the Authority, on behalf of the Fund, and the Authority agrees to lend to the Borrower, from the Fund, the principal amount equal to the sum of the principal disbursements made pursuant to Section 4.1, but not to exceed \$6,439,410, for the purposes herein set forth. The Borrower's obligation shall be evidenced by the Local Bond, which shall be in substantially the form of Exhibit A attached hereto and made a part hereof and delivered to the Authority on the Closing Date. The Local Bond shall be in the original principal amount of the loan and shall mature, bear a Cost of Funds, and be payable as hereinafter provided.

**Section 3.2. Conditions Precedent to Purchase of the Local Bond.** The Authority shall not be required to make the loan to the Borrower and purchase the Local Bond unless the Authority shall have received the following, all in form and substance satisfactory to the Authority:

- (a) The Local Bond.
- (b) A certified copy of the Local Resolution.
- (c) A certificate of appropriate officials of the Borrower as to the matters set forth in Section 2.1 and such other matters as the Authority may reasonably require.
- (d) A closing certificate from the Department certifying that the Project is in compliance with all federal and state laws and project requirements applicable to the Fund.
- (e) A certificate of the Consulting Engineer estimating the total Project Costs to be financed with the Local Bond Proceeds, which estimate is in an amount and otherwise compatible with the financing plan described in the Project Budget.

(f) A certificate, including supporting documentation, of the Consulting Engineer or General Manager of the Borrower to the effect that, in the opinion of the Consulting Engineer or General Manager of the Borrower, (i) the Project will be a part of the System, (ii) the Local Bond Proceeds and funds available from the other sources specified in the Project Budget will be sufficient to pay the estimated Project Costs, and (iii) during the first two complete Fiscal Years of the Borrower following the Project Completion Date, the projected Net Revenues will satisfy the Rate Covenant set forth in Section 705 of the Parity Trust Agreement. In providing this certificate, the Consulting Engineer or General Manager of the Borrower may take into consideration future System rate increases, provided that such rate increases have been duly approved by the Commission and any other person or entity required to give approval for the rate increase to become effective. In addition, the Consulting Engineer or General Manager of the Borrower may take into consideration additional future revenues to be derived under existing contractual arrangements entered into by the Borrower and from reasonable estimates of growth in the consumer base of the Borrower.

(g) A certificate of the Consulting Engineer as to the Project Completion Date.

(h) Evidence satisfactory to the Authority that all governmental permits, licenses, registrations, certificates, authorizations and approvals for the Project required to have been obtained as of the date of the delivery of this Agreement have been obtained and a statement of the Consulting Engineer that he knows of no reason why any future required governmental permits, licenses, registrations, certificates, authorizations and approvals cannot be obtained as needed.

(i) Evidence satisfactory to the Authority that the Borrower has obtained or has made arrangements satisfactory to the Authority to obtain any funds or other financing for the Project as contemplated in the Project Budget.

(j) Evidence satisfactory to the Authority that the Borrower has performed and satisfied all of the terms and conditions contained in this Agreement to be performed and satisfied by it as of such date.

(k) An Opinion of Bond Counsel, substantially in the form of Exhibit D, addressed to the Fund and the Authority.

(l) An opinion of counsel to the Borrower in form and substance reasonably satisfactory to the Authority.

(m) Evidence satisfactory to the Authority that the Borrower has complied with the insurance provisions set forth in the Parity Trust Agreement.

(n) Copies of any and all documents, certificates or instruments required to be delivered to the Local Trustee pursuant to Section 704 of the Parity Trust Agreement as a

condition precedent to the issuance of the Local Bond, and such other evidence satisfactory to the Authority that the Local Bond will be issued as a VRA Obligation under and as defined in the Parity Trust Agreement on a parity with the Parity Bonds.

(o) Such other documentation, certificates and opinions as the Authority, the Department may reasonably require.

#### **ARTICLE IV**

#### **USE OF LOCAL BOND PROCEEDS AND CONSTRUCTION OF PROJECT**

##### **Section 4.1. Application of Proceeds.**

(a) The Borrower agrees to apply the Local Bond Proceeds solely and exclusively to the payment, or to the reimbursement of the Borrower for the payment, of Project Costs and further agrees to exhibit to the Department or the Authority receipts, vouchers, statements, bills of sale or other evidence of the actual payment of such Project Costs. The Authority shall disburse money from the Fund to or for the account of the Borrower not more frequently than once each calendar month (unless otherwise agreed by the Authority and the Borrower) upon receipt by the Authority (with a copy to be furnished to the Department) of the following:

(1) A requisition (upon which the Authority and the Department shall be entitled to rely) signed by an Authorized Representative and containing all information called for by, and otherwise being in the form of, Exhibit E to this Agreement;

(2) If any requisition includes an item for payment for labor or to contractors, builders or materialmen,

(i) a certificate, signed by the Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and

(ii) a certificate, signed by an Authorized Representative, stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Upon receipt of each such requisition and accompanying certificate or certificates and approval thereof by the Department, the Authority shall disburse Local Bond Proceeds hereunder to or for the account of the Borrower in accordance with such requisition in an amount and to the extent approved by the Department and shall note the date and amount of each such disbursement on a schedule of principal disbursements to be included on the Local Bond. The Authority shall have no obligation to disburse any such Local Bond Proceeds if the Borrower is in default hereunder nor shall the Department have any obligation to approve any requisition if the Borrower is not in compliance with the terms of this Agreement.

(b) The Borrower shall comply with all applicable laws of the Commonwealth of Virginia, including but not limited to, the Virginia Public Procurement Act, as amended, regarding the awarding and performance of public construction contracts. Except as may otherwise be approved by the Department, disbursements shall be held at ninety-five percent (95%) of the maximum authorized amount of the Local Bond to ensure satisfactory completion of the Project. Upon receipt from the Borrower of the certificate specified in Section 4.2 and a final requisition detailing all retainages to which the Borrower is then entitled, the Authority, to the extent approved by the Department and subject to the provisions of this Section and Section 4.2, will disburse to or for the account of the Borrower Local Bond Proceeds to the extent of such approval.

The Authority shall have no obligation to disburse Local Bond Proceeds in excess of the amount necessary to pay for approved Project Costs. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, principal installments due on the Local Bond shall be reduced in accordance with Section 6.1.

**Section 4.2. Agreement to Accomplish Project.** The Borrower agrees to cause the Project to be acquired, constructed, expanded, renovated or equipped as described in Exhibit B and in accordance with the Project Budget and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Department. The Borrower shall use its best efforts to complete the Project by the date set forth in the certificate provided to the Authority pursuant to Section 3.2(g). All plans, specifications and designs shall be approved by all applicable regulatory agencies. The Borrower agrees to maintain complete and accurate books and records of the Project Costs and permit the Authority and the Department through their duly authorized representatives to inspect such books and records in accordance with Section 8.5. The Borrower and the Authority, with the consent of the Department, may amend the description of the Project set forth in Exhibit B.

When the Project has been completed, the Borrower shall promptly deliver to the Authority and the Department a certificate signed by an Authorized Representative and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Section, the plans and specifications as amended from time to time, as approved by the Department, and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion, (iii) that all certificates of occupancy or other material permits necessary for the Project's use, occupancy and operation have been issued or obtained, and (iv) the amount, if any, to be reserved for payment of the Project Costs.

**Section 4.3. Permits.** The Borrower, at its sole cost and expense, shall comply with, and shall obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the Project. The Borrower shall, upon request, promptly furnish to the Authority and the Department copies of all such permits, consents and approvals. The Borrower shall also comply with all lawful program or procedural guidelines or requirements duly promulgated and amended from time to time by the Department in connection

with the acquisition, construction, equipping, occupation, operation or use of projects financed by the Fund under the Act. The Borrower shall also comply in all respects with all applicable federal laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding thereof by the Fund. Where noncompliance with such requirements is determined by the Authority or the Department, the issue shall be referred to the proper Federal authority or agency for consultation or enforcement action.

**Section 4.4. Construction Contractors.** Each construction contractor employed in the accomplishment of the Project shall be required in the construction contract to furnish a performance bond and a payment bond each in an amount equal to one hundred percent (100%) of the particular contract price. Such bonds shall list the Borrower, the Fund, the Authority, and the Department as beneficiaries. Each contractor shall be required to maintain during the construction period covered by the particular construction contract builder's risk insurance, workers' compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer. Upon request of the Authority, and the Department the Borrower shall cause each contractor to furnish evidence of such bonds and insurance to the Authority, or the Department.

**Section 4.5. Engineering Services.** The Borrower shall retain a Consulting Engineer to provide engineering services covering the operation of the System and the supervision and inspection of the construction of the Project. The Borrower shall provide written notice to the Authority of the designation of such Consulting Engineer. The Consulting Engineer shall certify to the Authority and the Department as to the various stages of the completion of the Project as disbursements of Local Bond Proceeds are requested and shall upon completion of the Project provide to the Authority and the Department the certificates required by Sections 4.1 and 4.2.

**Section 4.6. Borrower Required to Complete Project.** If the Local Bond Proceeds are not sufficient to pay in full the cost of the Project, the Borrower will complete the Project at its own expense and shall not be entitled to any reimbursement therefor from the Fund, the Authority, or the Department or any abatement, diminution or postponement of the Borrower's payments under the Local Bond or this Agreement.

## **ARTICLE V**

### **PLEDGE, REVENUES AND RATES**

**Section 5.1. Pledge of Revenues.** (a) Subject to the terms of the Parity Trust Agreement, the Borrower hereby pledges Net Revenues to secure the payment of the principal of and Cost of Funds on the Local Bond and the payment and performance of the Borrower's obligations under this Agreement.

(b) The Borrower covenants and agrees to comply with its Rate Covenant set forth in Section 705 of the Parity Trust Agreement. The Borrower shall promptly provide the Authority with copies of any certificates, recommendations or reports required pursuant to Section 705 of the Parity Trust Agreement.

**Section 5.2. Annual Budget.** The Borrower covenants and agrees to comply with Section 712 of the Parity Trust Agreement in the adoption of an Annual Budget. The Borrower shall promptly upon adoption submit a copy of the Annual Budget and any amendments thereto to the Authority.

## **ARTICLE VI** **PAYMENTS**

**Section 6.1. Payment of Local Bond.** (a) The Local Bond shall be dated the date of its delivery to the Authority. The Cost of Funds on the Local Bond shall be computed on the disbursed principal balance thereof commencing on \_\_\_\_\_ 1, 20\_\_ [*approximately 6 months after the Project Completion Date*] at the rate of one and twenty one-hundredths percent (1.20%) per annum, consisting of the following:

- (i) interest of one percent (1.00%) per annum payable for the benefit of the Fund, and
- (ii) twenty one-hundredths percent (0.20%) per annum payable as an Annual Administrative Fee.

(b) Cost of Funds only on all amounts disbursed under the Local Bond shall be due and payable on \_\_\_\_\_ 1, 202\_\_ [*approximately 12 months after the Project Completion Date*]. Commencing \_\_\_\_\_ 1, 202\_\_, and continuing semi-annually thereafter on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 in each year, principal and the Cost of Funds due under the Local Bond shall be payable in equal installments of \$\_\_\_\_\_, with a final installment of \$\_\_\_\_\_ due and payable on \_\_\_\_\_ 1, 20\_\_ [*approximately 20 years and six months after the Project Completion Date*], when, if not sooner paid, all amounts due hereunder and under the Local Bond shall be due and payable in full. Each installment shall be applied first to payment of the Cost of Funds accrued and unpaid to the payment date and then to principal. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, the principal amount due on the Local Bond shall not include such undisbursed amount. However, unless the Borrower and the Authority agree otherwise in writing, until all amounts due hereunder and under the Local Bond shall have been paid in full, less than full disbursement of the maximum authorized amount of the Local Bond shall not postpone the due date of any semi-annual installment due on the Local Bond, or change the amount of such installment unless the principal amount due under the Local Bond is less than the amount of such installment. If any installment of principal or Cost of Funds on the Local Bond is not paid within ten (10) days after its due date, the Borrower agrees to pay to the Authority on demand a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

**Section 6.2. Payment of Additional Payments.** In addition to the payments of principal and Cost of Funds on the Local Bond, the Borrower agrees to pay on demand of the Authority the following Additional Payments:

(1) The costs of the Fund, the Authority or the Department in connection with the enforcement of this Agreement, including the reasonable fees and expenses of any attorneys used by any of them; and

(2) All expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof.

The Borrower agrees to pay interest on any Additional Payments enumerated in (1) or (2) above not received by the Authority within ten (10) days after demand therefor at a rate of five percent (5.0%) per annum of the overdue installment from its due date until the date it is paid.

## **ARTICLE VII**

### **PREPAYMENTS**

**Section 7.1. Prepayment of Local Bond.** Upon completion of the Project and after giving at least ten (10) days' written notice to the Authority, the Borrower may prepay the Local Bond at any time, in whole or in part and without penalty. Such written notice shall specify the date on which the Borrower will make such prepayment and whether the Local Bond will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such partial prepayment shall be applied against the principal amount outstanding under the Local Bond but shall not postpone the due date of any subsequent payment on the Local Bond, or change the amount of such installment, unless the Borrower and the Authority agree otherwise in writing.

## **ARTICLE VIII**

### **OPERATION AND USE OF SYSTEM**

**Section 8.1. Ownership and Operation of Project and System.** Except as may be otherwise approved by the Authority or permitted by the terms hereof, the Project and the System at all times shall be owned by the Borrower and shall not be operated or controlled by any other entity or person.

**Section 8.2. Maintenance.** At its own cost and expense, the Borrower shall operate the System in a proper, sound and economical manner and in compliance with all legal requirements, shall maintain the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements. The Borrower shall pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or the System; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.

**Section 8.3. Additions and Modifications.** At its own expense, the Borrower from time to time may make any additions, modifications, replacements or improvements to the System which it deems desirable and which do not materially reduce the value of the System or the structural or operational integrity of any part of the System, provided that all such additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the System.

**Section 8.4. Use of System.** The Borrower shall comply with all lawful requirements of any governmental authority regarding the System, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational and other changes to the System, irrespective of the cost of making the same.

**Section 8.5. Inspection of System and Borrower's Books and Records.** The Authority and the Department and their duly authorized representatives and agents shall have such reasonable rights of access to the System as may be necessary to determine whether the Borrower is in compliance with the requirements of this Agreement and shall have the right at all reasonable times and upon reasonable prior notice to the Borrower to examine and copy the books and records of the Borrower insofar as such books and records relate to the System.

**Section 8.6. Ownership of Land.** With respect to additions, modifications or improvements to the System in excess of \$5,000,000 in cost per occurrence, the Borrower shall not construct, reconstruct or install any part of the System on (i) lands other than those which the Borrower owns or can acquire title to or a perpetual easement over, in either case sufficient for the Borrower's purposes or (ii) lands in which the Borrower has acquired a right or interest less than a fee simple or perpetual easement, unless (1) such part of the System is lawfully located in a public street or highway or, (2) the Borrower provides a written opinion of counsel or a report of an Authorized Representative, either of which in a form reasonably acceptable to the Authority, that indicates the Borrower's right or interest in such lands is sufficient for the Borrower's purposes.

**Section 8.7. Sale or Encumbrance.** The Borrower shall not sell, exchange, lease, mortgage, encumber or otherwise dispose of any part of the System having a depreciated value in excess of \$50,000,000 unless there shall be filed with the Borrower and the Authority a certificate of an Authorized Representative and a resolution of the Commission stating that such property is no longer needed or useful in the operation of the System, or unless the Authority shall give its prior written approval. Any proceeds to be received from such sale or disposition not used to replace such property shall be applied as provided in the Parity Trust Agreement. The Borrower shall notify the Authority of the sale or disposition of any property with a depreciated value in excess of \$5,000,000.

**Section 8.8. Lawful Charges.** The Borrower shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the

“Governmental Charges”) which are (i) assessed, levied or imposed against the System or the Borrower’s interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the System. The Borrower shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the System or Net Revenues (collectively, the “Mechanics’ Charges”). The Borrower, however, after giving the Authority ten (10) days’ notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics’ Charges. If such a contest occurs, the Borrower may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in the reasonable opinion of the Authority, such action may impair the lien on Net Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics’ Charges promptly shall be satisfied or secured by posting with the Authority or an appropriate court a bond in form and amount reasonably satisfactory to the Authority. Upon request, the Borrower shall furnish to the Authority proof of payment of all Governmental Charges and the Mechanics’ Charges required to be paid by the Borrower under this Agreement.

## **ARTICLE IX**

### **INSURANCE, DAMAGE AND DESTRUCTION**

**Section 9.1. Insurance.** The Borrower continuously shall maintain or cause to be maintained insurance against such risks as is required by the Parity Trust Agreement shall send the Authority any report of any insurance contemplated or delivered thereunder.

The Authority shall not have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance, or (ii) the application of the proceeds of insurance.

The Borrower shall provide no less often than annually and upon the written request of the Authority a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

**Section 9.2. Notice of Damage, Destruction and Condemnation.** In the case of (i) any damage to or destruction of any material part of the System, (ii) a taking of all or any part of the System or any right therein under the exercise of the power of eminent domain, (iii) any loss of the System because of failure of title, or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, in each case, where such loss would or could materially adversely affect the operational integrity of the System, the Borrower shall give prompt notice thereof to the Authority describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

**Section 9.3. Damage and Destruction.** If all or any part of the System is destroyed or damaged by fire or other casualty, unless it shall determine that the operational integrity of the System shall not be materially adversely affected, the Borrower shall restore promptly the property damaged or destroyed to substantially the same condition as before such damage or destruction, with such alterations and additions as the Borrower may determine and which will

not impair the capacity or character of the System for the purpose for which it then is being used or is intended to be used. The Borrower shall apply the Net Proceeds in accordance with the Parity Trust Agreement.

**Section 9.4. Condemnation and Loss of Title.** If title to or the temporary use of all or any part of the System shall be taken under the exercise of the power of eminent domain or lost because of failure of title, the Borrower shall cause the Net Proceeds from any such condemnation award or from title insurance to be applied in accordance with the Parity Trust Agreement.

## **ARTICLE X**

### **SPECIAL COVENANTS**

**Section 10.1. Maintenance of Existence.** The Borrower shall maintain its existence as a “local government” (as defined in the Act) of the Commonwealth of Virginia and, without consent of the Authority and the Department, shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity. Notwithstanding the foregoing, the Borrower may consolidate or merge with or into, or sell or otherwise transfer all or substantially all of its assets to a political subdivision of the Commonwealth of Virginia, and the Borrower thereafter may dissolve, if the surviving, resulting or transferee political subdivision, if other than the Borrower, assumes, in written form acceptable to the Authority and the Department, all of the obligations of the Borrower contained in the Local Bond and this Agreement, and there is furnished to the Authority and the Department an Opinion of Bond Counsel acceptable to the Authority and the Department, subject only to customary exceptions and qualifications, to the effect that such assumption constitutes the legal, valid and binding obligation of the surviving, resulting or transferee political subdivision enforceable against it in accordance with its terms.

**Section 10.2. Financial Records and Statements.** The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs related to the System. The Borrower shall have an annual audit of the financial condition of the Borrower (and at the reasonable request of the Authority, of the System) made by an independent certified public accountant, within one hundred and eighty (180) days after the end of each Fiscal Year. The annual audit shall include a supplemental schedule demonstrating whether the Borrower during such Fiscal Year satisfied the Rate Covenant set forth in Section 705 of the Parity Trust Agreement. The Borrower shall furnish to the Authority copies of such report immediately after it is accepted by the Borrower. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the Borrower’s financial position as of the end of such Fiscal Year and the results of the Borrower’s operations and changes in the financial position of its funds for the Fiscal Year. The Borrower agrees to file, or to cause the Local Parity Trustee to file, with the Authority each of the documents required to be filed with the Local Parity Trustee pursuant to the Parity Trust Agreement at the time each such document is required to be filed with the Local Parity Trustee.

**Section 10.3. Certificate as to No Default.** The Borrower shall deliver to the Authority, not later than December 31 after the close of each Fiscal Year, a certificate signed by an Authorized Representative stating that, during such year and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes an Event of Default or a Default, or if such an event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Borrower has taken, is taking or proposes to take to rectify it.

**Section 10.4. Additional Indebtedness.** The Borrower shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by or payable from a pledge of Net Revenues except in accordance with the terms and conditions of the Parity Trust Agreement. The Borrower agrees to notify the Authority before the issuance of any Bonds, as such term is defined in the Parity Trust Agreement.

**Section 10.5. Compliance with Parity Trust Agreement.** The Borrower covenants that it will, in every material respect, comply with the material terms and provisions of the Parity Trust Agreement.

**Section 10.6. Further Assurances.** The Borrower shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights, Net Revenues and other funds pledged or assigned by this Agreement, or as may be required to carry out the purposes of this Agreement. The Borrower shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledge of the Net Revenues and other funds pledged under this Agreement and all rights of the Authority and the Department under this Agreement against all claims and demands of all persons.

**Section 10.7. Other Indebtedness.** The Borrower agrees to pay when due all amounts required by any other bonded indebtedness and to perform all of its obligations in connection therewith.

**Section 10.8. Assignment by Borrower.** The Borrower may not assign its rights under this Agreement without the prior written consent of the Authority and the Department. If the Borrower desires to assign its rights under this Agreement to another "local government" (as defined in the Act), the Borrower shall give notice of such fact to the Authority and the Department. If the Authority and the Department consent to the proposed assignment, the Borrower may proceed with the proposed assignment, but such assignment shall not become effective until the Authority and the Department are furnished (i) an assumption agreement in form and substance satisfactory to the Authority and the Department by which the assignee agrees to assume all of the Borrower's obligations under the Local Bond and this Agreement, and (ii) an Opinion of Bond Counsel to the assignee, subject to customary exceptions and qualifications, that the assumption agreement, the Local Bond and this Agreement constitute legal, valid and binding obligations of the assignee enforceable against the assignee in

accordance with their terms and that the assignment and assumption comply in all respects with the provisions of this Agreement. Notwithstanding the foregoing, the assignment of the rights of the Borrower under the Local Bond and this Agreement or the assumption of the obligations thereunder by the assignee shall in no way be construed as releasing the Borrower's obligations.

**Section 10.9. Amendments to Parity Trust Agreement; Incorporation by Reference.**

(a) The Borrower covenants that it will not enter into any amendment of or issue any supplement to the Parity Trust Agreement without the consent of the Authority, except pursuant to the terms of Section 1101 thereof. For the avoidance of doubt, the Authority shall be deemed to have parallel consent rights to any "Holder" of obligations under the Parity Trust Agreement for any modification, alteration, amendment, addition to or rescission of the terms and provisions of the Parity Trust Agreement as may be required under Section 1102 thereof.

(b) In the event that the Parity Trust Agreement is discharged or defeased, the various provisions and sections that are referred to in this Agreement are incorporated herein by reference, as if set forth herein in their entirety, together with any definitions necessary to give such provisions and sections their full meaning. The Borrower acknowledges that such covenants run to the benefit of, and are enforceable by, the Authority regardless of any subsequent amendment, modification or termination of the Parity Trust Agreement or any consent or waiver relating thereto.

**ARTICLE XI**  
**DEFAULTS AND REMEDIES**

**Section 11.1. Events of Default.** Each of the following events shall be an "Event of Default":

(a) The failure to pay when due any payment of principal or Cost of Funds due hereunder or to make any other payment required to be made under the Local Bond or this Agreement;

(b) The Borrower's failure to perform or observe any of the other covenants, agreements or conditions of the Local Bond or this Agreement and the continuation of such failure for a period of thirty (30) days after the Authority gives the Borrower written notice specifying such failure and requesting that it be cured, unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;

(c) Any warranty, representation or other statement by or on behalf of the Borrower contained in this Agreement or in any instrument furnished in compliance with or in

reference to this Agreement or in connection with the issuance and sale of the Local Bond is false or misleading in any material respect;

(d) The occurrence of a default by the Borrower under the terms of any debt secured by or payable from a pledge of Net Revenues and the failure to cure such default or obtain a waiver thereof within any period of time permitted thereunder;

(e) An order or decree shall be entered, with the Borrower's consent or acquiescence, appointing a receiver or receivers of the System or any part thereof or of the Net Revenues thereof, or if such order or decree, having been entered without the Borrower's consent or acquiescence, shall not be vacated, discharged or stayed on appeal within sixty (60) days after the entry thereof;

(f) Any proceeding shall be instituted, with the Borrower's consent or acquiescence, for the purpose of effecting a composition between the Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances secured by or payable from Net Revenues; or

(g) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Borrower under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the Borrower, is not dismissed within sixty (60) days after filing.

**Section 11.2. Notice of Default.** The Borrower agrees to give the Authority prompt written notice if any order, decree or proceeding referred to in Section 11.1(e), (f) or (g) is entered or instituted against the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default immediately upon becoming aware of the existence thereof.

**Section 11.3. Remedies on Default.** Whenever any Event of Default referred to in Section 11.1 shall have happened and be continuing, the Authority shall, in addition to any other remedies provided herein or by law, have the right, at its option without any further demand or notice, to take one or both of the following remedial steps:

(a) Declare immediately due and payable all payments due or to become due on the Local Bond and under this Agreement, and upon notice to the Borrower, the same shall become immediately due and payable by the Borrower without further notice or demand; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due on the Local Bond and under this Agreement or to enforce any other of the Fund's, the Authority's, or the Department's rights under this Agreement or to enforce performance by the Borrower of its covenants, agreements or undertakings contained herein or in the Local Bond.

**Section 11.4. Delay and Waiver.** No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Default or Event of Default under this Agreement shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereto.

## **ARTICLE XII** **MISCELLANEOUS**

**Section 12.1. Successors and Assigns.** This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 12.2. Amendments.** The Authority and the Borrower shall have the right to amend from time to time any of the terms and conditions of this Agreement, provided that all amendments shall be in writing and shall be signed by or on behalf of the Authority and the Borrower. Furthermore, the written consent of the Department shall be required for any amendments to this Agreement that modify loan conditions and terms that pursuant to the Act are to be designated by the Department.

**Section 12.3. Limitation of Borrower's Liability.** Notwithstanding anything in the Local Bond or this Agreement to the contrary, the Borrower's obligations are not its general obligations, but are limited obligations payable solely from the Net Revenues which are specifically pledged for such purpose. Neither the Local Bond nor this Agreement shall be deemed to create or constitute a general obligation debt or a pledge of the faith and credit of the Borrower and the Borrower shall not be obligated to pay the principal of and Cost of Funds on the Local Bond or other costs incident thereto except from the Net Revenues and other funds pledged therefor. In the absence of fraud, no present or future director, official, officer, employee or agent of the Borrower shall be liable personally in respect of this Agreement or the Local Bond or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement or the Local Bond.

**Section 12.4. Applicable Law.** This Agreement shall be governed by the applicable laws of Virginia.

**Section 12.5. Severability.** If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or Section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Authority and the Borrower, as the case may be, only to the extent permitted by law.

**Section 12.6. Notices.** Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Local Bond or this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

Fund: Virginia Community Flood Preparedness Fund  
c/o Virginia Resources Authority  
1111 East Main Street, Suite 1920  
Richmond, VA 23219  
Attention: Executive Director

Authority: Virginia Resources Authority  
1111 East Main Street, Suite 1920  
Richmond, VA 23219  
Attention: Executive Director

Department: Department of Conservation and Recreation  
600 East Main Street, 24th Floor  
Richmond, VA 23219  
Attention: Director

Borrower: Hampton Roads Sanitation District  
P. O. Box 5911  
Virginia Beach, VA 23471-0911  
Attention: General Manager

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. The Authority, the Department, and the Borrower may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

**Section 12.7. Right to Cure Default.** If the Borrower shall fail to make any payment or to perform any act required by it under the Local Bond or this Agreement, the Authority without prior notice to or demand upon the Borrower and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Authority and all costs, fees and expenses so incurred shall be payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the rate of interest of five percent (5.0%) per annum until paid. The Borrower's obligation under this Section shall survive the payment of the Local Bond.

**Section 12.8. Headings.** The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

**Section 12.9. Term of Agreement.** This Agreement shall be effective upon its execution and delivery, provided that the Local Bond shall have been previously or simultaneously executed and delivered. Except as otherwise specified, the Borrower's obligations under the Local Bond and this Agreement shall expire upon payment in full of the Local Bond and all other amounts payable by the Borrower under this Agreement.

**Section 12.10. Commitment Letter.** The Commitment Letter is an integral part of this Agreement and shall survive closing hereunder.

**Section 12.11. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

*[Signature Page Follows]*

WITNESS the following signatures, all duly authorized.

**VIRGINIA RESOURCES AUTHORITY, as  
Administrator of the Virginia Community Flood  
Preparedness Fund**

By: \_\_\_\_\_  
Shawn B. Crumlish  
Executive Director

**HAMPTON ROADS SANITATION DISTRICT**

By:  \_\_\_\_\_  
Its: General Manager / CEO \_\_\_\_\_

**EXHIBIT A**  
**FORM OF LOCAL BOND**  
**CFPF-25-05-48**

[To Come from Borrower's Bond Counsel]

## **EXHIBIT B**

### **PROJECT DESCRIPTION**

**CFPF-25-05-48**

The Project includes financing the [Army Base Treatment Plant Generator Controls Replacement Project], together with related expenses.

**EXHIBIT C**  
**PROJECT BUDGET**  
**CFPF-25-05-48**

[To Come]

**EXHIBIT D**

**OPINION OF BOND COUNSEL  
CFPF-25-05-48**

[To Come from Borrower's Bond Counsel]

**EXHIBIT E**  
**FORM OF REQUISITION**  
**CFPF-25-05-48**

[LETTERHEAD OF BORROWER]

[Date]

[INSERT DCR ADDRESSEE]

Re: Hampton Roads Sanitation District  
Loan No. CFPF-25-05-48

Dear \_\_\_\_\_:

This requisition, Number \_\_\_\_\_, is submitted in connection with the Financing Agreement, dated as of \_\_\_\_\_ 1, 2026 (the "Agreement"), between the Virginia Resources Authority, as Administrator of the Virginia Community Flood Preparedness Fund, and the Hampton Roads Sanitation District (the "Borrower"). Unless otherwise defined in this requisition, all capitalized terms used herein shall have the meaning set forth in Article I of the Agreement. The undersigned Authorized Representative of the Borrower hereby requests disbursement of loan proceeds under the Agreement in the amount of \$ \_\_\_\_\_, for the purposes of payment of the Project Costs as set forth in Schedule 1 attached hereto.

Attached hereto are invoices relating to the items for which payment is requested.

The undersigned certifies that (a) the amounts requested by the requisition will be applied solely and exclusively to the payment, or to the reimbursement of the Borrower for the payment, of Project Costs, and (b) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of the requisition.

The undersigned further certifies that (a) no Event of Default or Default has occurred and is continuing, and no condition exists which, with the passing of time or with the giving of notice or both, would constitute an Event of Default hereunder, and (b) the representations and warranties of the Borrower contained in the Agreement are true, correct and complete and the Borrower has performed all of its obligations thereunder required to be performed as of the date hereof.

This requisition includes an accompanying Certificate of the Consulting Engineer as to the performance of the work.

By signing this requisition, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Agreement.

Very truly yours,

By: \_\_\_\_\_

Its: \_\_\_\_\_

Attachments

cc: [DCR Regional Engineer (with all attachments)]

CERTIFICATE OF THE CONSULTING ENGINEER  
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT

This Certificate is being executed and delivered in connection with Requisition Number \_\_\_\_, dated \_\_\_\_\_, 20\_\_, submitted by the Hampton Roads Sanitation District (the "Borrower"), pursuant to the Financing Agreement, dated as of \_\_\_\_\_ 1, 2026 (the "Agreement"), between the Virginia Resources Authority, as Administrator of the Virginia Community Flood Preparedness Fund (the "Authority"), and the Borrower. Capitalized terms used herein shall have the same meanings set forth in Article I of the Agreement.

The undersigned Consulting Engineer for the Borrower hereby certifies to the Authority that, insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, such work was actually performed or such materials, supplies or equipment were actually furnished to or installed in the construction portion of the Project.

\_\_\_\_\_  
[Consulting Engineer]

By: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE 1

REQUISITION #

## BORROWER: HAMPTON ROADS SANITATION DISTRICT

LOAN NUMBER: CFPF-25-05-48

CERTIFYING SIGNATURE:

TITLE:

| Cost Category | Amount Budgeted | Previous Disbursements | Expenditures This Period | Total Expenditures To Date | Net Balance Remaining |
|---------------|-----------------|------------------------|--------------------------|----------------------------|-----------------------|
|               |                 |                        |                          |                            |                       |
|               |                 |                        |                          |                            |                       |
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|               |                 |                        |                          |                            |                       |
| TOTALS:       |                 |                        |                          |                            |                       |

|                         |    |
|-------------------------|----|
| Total Loan Amount       | \$ |
| Previous Disbursements  | \$ |
| This Request            | \$ |
| Loan Proceeds Remaining | \$ |

## **EXHIBIT F**

### **PARITY BONDS CFPF-25-05-48**

\$40,330,298 Subordinate Pledge Sewer Revenue Bond, dated February 26, 2004 (Chesapeake-Elizabeth Treatment Plant Project), as amended on January 9, 2013 and November 19, 2021

\$7,339,600 Subordinate Pledge Sewer Revenue Bond, dated June 22, 2006 (Atlantic Wastewater Treatment Plant Project), as amended on January 9, 2013 and November 19, 2021

\$1,605,200 Subordinate Pledge Sewer Revenue Bond, dated June 22, 2006 (Colonial Williamsburg Pump Station Project), as amended on January 9, 2013 and November 19, 2021

\$30,000,000 Subordinate Pledge Sewer Revenue Bond, dated December 17, 2008 (York River Wastewater Treatment Plant Project), as amended on January 15, 2015

\$19,410,226 Wastewater Revenue Bonds, Series 2009, dated May 28, 2009 (Nansemond Treatment Plant Project), as amended on September 11, 2015, February 17, 2022 and August 31, 2023

\$13,718,671 Wastewater Revenue Bonds, Series 2009, dated November 20, 2009 (James River Treatment Plant Project), as amended on September 11, 2015, February 17, 2022 and August 31, 2023

\$11,418,372 Wastewater Revenue Bonds, Series 2009, dated December 18, 2009 (Interceptor System Metering Project), as amended on September 11, 2015, February 17, 2022 and August 31, 2023

\$50,000,000 Wastewater Revenue Bonds, Series 2010, dated June 29, 2010 (Army Base Wastewater Treatment Plant Project), as amended on August 31, 2016 and January 30, 2020

\$7,583,771 Wastewater Revenue Bonds, Series 2010, dated June 29, 2010 (Boat Harbor Treatment Project), as amended on August 31, 2016 and January 30, 2020

\$5,924,715 Wastewater Revenue Bonds, Series 2010, dated June 29, 2010 (Williamsburg Oxidation Towers Project), as amended on August 31, 2016 and August 31, 2023

\$6,318,000 Wastewater Revenue Bond, Series 2012, dated March 13, 2012 (Atlantic Treatment Plant: Digester Gas to Energy Project), as amended on January 30, 2020 and November 19, 2021

\$22,680,000 Subordinate Wastewater Revenue Bonds, Refunding Series 2012, dated December 27, 2012

\$246,845,000 Subordinate Wastewater Revenue Bonds, Refunding Series 2016A, dated March 17, 2016

\$50,000,000 Subordinate Wastewater Revenue Bonds, Refunding Series 2016B, dated April 1, 2016

\$57,273,700 Subordinate Wastewater Revenue Bond (Atlantic Treatment Plant Project), dated August 10, 2017

\$1,000,000 Subordinate Wastewater Revenue Bond (Ferguson Park Interceptor Project), dated August 10, 2017

\$3,205,554 Subordinate Wastewater Revenue Bond (Lucas Creek Interceptor Project), dated October 26, 2017

\$1,095,595 Subordinate Wastewater Revenue Bond (Rodman Avenue Pump Station Project), dated November 29, 2017

\$83,485,000 Subordinate Wastewater Revenue Bonds Refunding Series 2017A, dated December 19, 2017

\$63,185,000 Subordinate Wastewater Revenue Bonds Series 2018A, dated January 23, 2018

\$8,314,638 Subordinate Wastewater Revenue Bond (Boat Harbor Treatment Plant Switchgear and Controls Replacements), dated March 20, 2019

\$8,677,684 Subordinate Wastewater Revenue Bond (Orcutt Avenue and Mercury Boulevard Gravity Sewer Improvements), dated March 20, 2019

\$205,675,000 Subordinate Wastewater Revenue Bonds Refunding Series 2019A (Federally Taxable), dated October 2, 2019

\$4,989,671 Subordinate Wastewater Revenue Bond (Deep Creek Project), dated November 21, 2019

\$3,896,616 Subordinate Wastewater Revenue Bond (Huxley – Middle Ground Project), dated November 21, 2019

\$3,500,000 Subordinate Wastewater Revenue Bond (Treatment Plant Project), dated November 21, 2019

\$100,000,000 Subordinate Wastewater Revenue Bond (2020 CIP Project), dated June 11, 2020

\$225,865,648 Subordinate Wastewater Revenue Bond, Series 2020 (Federally Taxable), dated September 28, 2020

\$476,581,587 Subordinate Wastewater Revenue Bond, Series 2021 (Federally Taxable), dated August 26, 2021

\$26,063,013 Subordinate Wastewater Revenue Bond (2022 Eastern Shore Project), dated April 29, 2022

\$100,000,000 Subordinate Wastewater Revenue Bond (2022 CIP Project), dated April 29, 2022

\$115,585,000 Wastewater Revenue Bonds, Refunding Series 2024A, dated May 23, 2024

\$80,000,000 Wastewater Revenue Bond (2024 CIP Project), dated May 30, 2024

\$240,775,000 Wastewater Revenue Bonds, Series 2024B, dated August 8, 2024

\$60,000,000 Wastewater Revenue Bond (2026 CIP Project), dated April 30, 2026

## **EXHIBIT G**

### **EPA CONSENT DECREE CFPF-25-05-48**

On December 19, 2014, the Commonwealth of Virginia entered into a long-term State Consent Agreement (the “2014 Consent Agreement”) with 14 of the localities that the Hampton Roads Sanitation District (“HRSD”) serves. The 2014 Consent Agreement requires the localities to perform long-term management, operations and maintenance of their sewer systems in support of HRSD’s efforts to provide long-term regional wet weather wastewater capacity. HRSD is not a party to the 2014 Consent Agreement.

HRSD’s obligation to provide regional wet weather sewer capacity is now solely imposed through its federal consent decree (the “Consent Decree”). HRSD entered into the Consent Decree with the Commonwealth and the United States Environmental Protection Agency (“EPA”). The Consent Decree was entered by the Federal District Court for the Eastern District of Virginia (the “District Court”) on February 23, 2010. The Consent Decree has had six major amendments, most recently on January 19, 2024 (the “Amended Consent Decree”). A minor amendment to the Amended Consent Decree, pending and expected to become effective by the end of April, would adjust certain project schedules due to a variety of circumstances (construction sequencing, land acquisition, locality approvals, etc.).

The Amended Consent Decree has two major operative requirements. First, it requires HRSD to implement its approved Regional Wet Weather Management Plan (“RWWMP”) to control 69 percent of the capacity-related sewer overflow volume predicted to occur in a five-year storm event. Because HRSD has assumed responsibility for planning (in consultation with the 14 affected localities), designing, funding, and implementing the controls (high priority projects) in both the localities’ systems and the HRSD system contained in the approved RWWMP, HRSD estimates the regional ratepayers will achieve significantly reduced program costs than if each locality sought to address peak wet weather wastewater flows on its own. To further facilitate this approach, the 14 affected localities entered into a Memorandum of Agreement with HRSD in 2014 in which they agreed to (1) cooperate with HRSD, (2) facilitate the construction of and accept ownership of any improvements that HRSD may need to construct in the localities’ systems, and (3) maintain the integrity of their systems to industry standards.

The Amended Consent Decree also required HRSD to implement a total of 45 projects from its ten-year CIP. These 45 projects totaled approximately \$306 million. HRSD has timely and fully satisfied the requirement of the Amended Consent Decree to implement these 45 early action projects.

The Amended Consent Decree authorizes HRSD to submit the RWWMP as part of an Integrated Management Plan (“IMP”). HRSD intends to use the IMP approach to facilitate the timing and financing of both its RWWMP and its SWIFT Program. The SWIFT Program will assist the Commonwealth to meet its Chesapeake Bay nutrient reduction commitments and save HRSD’s 14 localities approximately \$1 to \$2 billion in avoided Chesapeake Bay-related storm water control costs. See “– System Improvements and Innovations” herein.

The Amended Consent Decree includes a schedule for wastewater system improvements that expressly accommodates HRSD's SWIFT program. That schedule requires that HRSD implement \$200 million worth of High Priority Project sewer overflow control projects between 2020 and 2030 and then another \$200 million in sewer overflow control projects between 2030 and 2040. These two sets of projects reflect further priority system improvements that HRSD is to implement along with the SWIFT project. The Amended Consent Decree gives HRSD until 2032 to invest \$1.1 billion in the SWIFT program. Finally, the Amended Consent Decree provides that if HRSD does not make the full \$1.1 billion investment in the SWIFT Project by 2032 then EPA can require HRSD to accelerate some or all of the second group (\$200 million worth) of High Priority sewer overflow control projects to offset the avoided investment in the SWIFT program.

After 15 years of implementing the Consent Decree, HRSD, and the Plaintiffs (Virginia DEQ and the US Environmental Protection Agency) have agreed that the remaining work can be transitioned to a Virginia DEQ Consent Order with HRSD. Virginia DEQ issued a Consent Order (the "HRSD Consent Order") on January 5, 2026. The HRSD Consent Order requires HRSD to complete all remaining work under the Consent Decree. The HRSD Consent Order will become effective upon the termination of the Consent Decree, which HRSD anticipates by the end of the third quarter of 2026.

HRSD anticipates that once the HRSD Consent Order becomes effective, future changes and prioritization of remedial measures and other environmental projects will be easier and faster to implement.



Commission Meeting Minutes  
June 23, 2026  
Attachment #4

9. Intergovernmental Support Agreement (IGSA) for Nutrient Trading with US Navy Installations in Hampton Roads

## **HRSD Nutrient Credit Cost Summary (TN & TP)**

|                         |             |             |             |             |             |             |             |             |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Generation Year:</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> | <b>2030</b> | <b>2031</b> | <b>2032</b> |
| <b>Transfer Year:</b>   | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> | <b>2030</b> | <b>2031</b> | <b>2032</b> | <b>2033</b> |

| <b>Total Nitrogen (TN) Requirement (lbs. /yr.)</b> |                   |                   |                   |                   |                   |                   |                   |                   |
|----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| JEB Little Creek-Fort Story; VAR40141              | 0                 | 0                 | 832               | 832               | 832               | 832               | 832               | 832               |
| Naval Station Norfolk; VAR40142                    | 446               | 446               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| NSA Hampton Roads; VAR40143                        | 151               | 151               | 417               | 417               | 417               | 417               | 417               | 417               |
| NAS Oceana; VAR40145                               | 13                | 13                | 148               | 148               | 148               | 148               | 148               | 148               |
| NNSY Scott Center Annex; VAR40144                  | 0                 | 0                 | 3                 | 3                 | 3                 | 3                 | 3                 | 3                 |
| <b>TN TOTAL</b>                                    | <b>610</b>        | <b>610</b>        | <b>1400</b>       | <b>1400</b>       | <b>1400</b>       | <b>1400</b>       | <b>1400</b>       | <b>1400</b>       |
| <b>TN Credit cost per 1lb/yr.</b>                  | <b>\$8.02</b>     | <b>\$8.02</b>     | <b>\$2.89</b>     | <b>\$2.89</b>     | <b>\$2.89</b>     | <b>\$2.89</b>     | <b>\$2.89</b>     | <b>\$2.89</b>     |
| <b>TN TOTAL Cost /yr. (Credit + O&amp;M)</b>       | <b>\$4,891.29</b> | <b>\$4,891.29</b> | <b>\$4,039.23</b> | <b>\$4,039.23</b> | <b>\$4,039.23</b> | <b>\$4,039.23</b> | <b>\$4,039.23</b> | <b>\$4,039.23</b> |

| <b>Total Phosphorus (TP) Requirement (lbs. /yr.)</b> |                   |                   |                   |                   |                   |                   |                   |                   |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| JEB Little Creek-Fort Story; VAR40141                | 30                | 30                | 194               | 194               | 194               | 194               | 194               | 194               |
| Naval Station Norfolk; VAR40142                      | 152               | 152               | 155               | 155               | 155               | 155               | 155               | 155               |
| NSA Hampton Roads; VAR40143                          | 39                | 39                | 100               | 100               | 100               | 100               | 100               | 100               |
| NAS Oceana; VAR40145                                 | 2                 | 2                 | 10                | 10                | 10                | 10                | 10                | 10                |
| NNSY Scott Center Annex; VAR40144                    | 0                 | 0                 | 12                | 12                | 12                | 12                | 12                | 12                |
| <b>TP TOTAL</b>                                      | <b>223</b>        | <b>223</b>        | <b>471</b>        | <b>471</b>        | <b>471</b>        | <b>471</b>        | <b>471</b>        | <b>471</b>        |
| <b>TP Credit cost per 1lb/yr.</b>                    | <b>\$33.01</b>    | <b>\$33.01</b>    | <b>\$11.72</b>    | <b>\$11.72</b>    | <b>\$11.72</b>    | <b>\$11.72</b>    | <b>\$11.72</b>    | <b>\$11.72</b>    |
| <b>TP TOTAL Cost /yr. (Credit + O&amp;M)</b>         | <b>\$7,361.74</b> | <b>\$7,361.74</b> | <b>\$5,519.63</b> | <b>\$5,519.63</b> | <b>\$5,519.63</b> | <b>\$5,519.63</b> | <b>\$5,519.63</b> | <b>\$5,519.63</b> |

| * <b>Total Suspended Solids (TSS) (lbs. /yr.)</b> |            |            |            |
|---------------------------------------------------|------------|------------|------------|
| JEB Little Creek-Fort Story; VAR40141             | 14,222     | 14,222     | 14,222     |
| Naval Station Norfolk; VAR40142                   | 70,103     | 70,103     | 70,103     |
| NSA Hampton Roads; VAR40143                       | 17,713     | 17,713     | 17,713     |
| NAS Oceana; VAR40145                              | 748        | 748        | 748        |
| NNSY Scott Center Annex; VAR40144                 | 0          | 0          | 0          |
| <b>TSS TOTAL</b>                                  | 102,786    | 102,786    | 102,786    |
| <b>TSS Credit cost per 1lb/yr.</b>                | <b>n/a</b> | <b>n/a</b> | <b>n/a</b> |
| <b>TSS TOTAL Cost /yr.</b>                        | <b>n/a</b> | <b>n/a</b> | <b>n/a</b> |

\* TSS no longer considered a "pollutant of concern" in the 3<sup>rd</sup> MS4 permit cycle. TSS credits transferred at no-cost to show 40% reduction requirement achieved to meet 2<sup>nd</sup> permit cycle requirement.

|                           |             |             |            |            |            |            |            |            |
|---------------------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| <b>TOTAL ANNUAL COST:</b> | \$12,253.03 | \$12,253.03 | \$9,558.86 | \$9,558.86 | \$9,558.86 | \$9,558.86 | \$9,558.86 | \$9,558.86 |
|---------------------------|-------------|-------------|------------|------------|------------|------------|------------|------------|

## **HRSD – FY2026 Rate Schedule: NUTRIENT CREDITS**

| <b><u>Credit Type</u></b> | <b><u>Asset Charge (\$/lb./Year)</u></b> | <b><u>Operational Charge (\$/lb.)</u></b> |
|---------------------------|------------------------------------------|-------------------------------------------|
| Total Phosphorus (TP)     | 63.88                                    | 1.0723                                    |
| Total Nitrogen (TN)       | 15.40                                    | 0.3185                                    |

FY2026 Rate Schedule Nutrient Credit Rates are established to recover the marginal operational cost to treat pollutants and the capacity of assets consumed to treat the pollutants. HRSD, as provided in its Nutrient Credit Management Policy, may elect to sell these credits if it doesn't jeopardize compliance with its waste load allocation. Generally, the Operational Charge is paid in advance every five years based on the then current rate. The charge will be reassessed every five years based on the rate in effect at the time of reassessment. On a case-by-case basis, intervals other than five years may be considered to support alignment with the credit recipient's permit cycle or needs. Credits required to meet Virginia Pollutant Discharge Elimination System (VPDES) allocations must be paid annually.

### **Navy Nutrient Credit Requirement and Cost Calculations:**

| <b>40% Nutrient Credit Requirement</b> |                  |                       |                     |                     |
|----------------------------------------|------------------|-----------------------|---------------------|---------------------|
| <b>Nutrient Type</b>                   | <b># Credits</b> | <b>Asset Charge</b>   | <b>Annual Costs</b> | <b>One Time Fee</b> |
| TP                                     | 223              | \$63.88               | N/A                 | \$14,245.24         |
| TN                                     | 610              | \$15.40               | N/A                 | \$9,394.00          |
| <b>Nutrient Type</b>                   | <b># Credits</b> | <b>Annual O&amp;M</b> | <b>Annual Costs</b> | <b>2 Year Total</b> |
| TP                                     | 223              | \$1.0723              | \$239.12            | \$478.24            |
| TN                                     | 610              | \$0.3185              | \$194.29            | \$388.58            |
|                                        |                  |                       |                     | <b>\$24,506.06</b>  |

\*Total 40% Credit requirement will be divided and billed during credit transfer years 2026 and 2027.

| <b>100% Nutrient Credit Requirement</b> |                  |                       |                     |                     |
|-----------------------------------------|------------------|-----------------------|---------------------|---------------------|
| <b>Nutrient Type</b>                    | <b># Credits</b> | <b>Asset Charge</b>   | <b>Annual Costs</b> | <b>One Time Fee</b> |
| TP                                      | 471              | \$63.88               | N/A                 | \$30,087.48         |
| TN                                      | 1400             | \$15.40               | N/A                 | \$21,560.00         |
| <b>Nutrient Type</b>                    | <b># Credits</b> | <b>Annual O&amp;M</b> | <b>Annual Costs</b> | <b>6 Year Total</b> |
| TP                                      | 471              | \$1.0723              | \$505.05            | \$3,030.30          |
| TN                                      | 1400             | \$0.3185              | \$445.90            | \$2,675.40          |
|                                         |                  |                       |                     | <b>\$57,353.18</b>  |

\*Total 100% Credit requirement will be divided and billed during credit transfer years 2028-2033.

|                                      |                    |
|--------------------------------------|--------------------|
| <b>TOTAL AGREEMENT COSTS (8YRS):</b> | <b>\$81,859.24</b> |
|--------------------------------------|--------------------|

# **INTERGOVERNMENTAL SUPPORT AGREEMENT**

## **BETWEEN**

COMMANDER, NAVY REGION MID-ATLANTIC

AND

HAMPTON ROADS SANITATION DISTRICT

IGSA N6146326GTC16457

1. **PURPOSE.** This is an Intergovernmental Support Agreement (hereafter referred to as the IGSA or Agreement) between Commander Navy Region Mid-Atlantic (herein after referred to as CNRMA) and Hampton Roads Sanitation District (hereafter referred to as HRSD) (when CNRMA, and HRSD are referenced together, they constitute the “Parties”) entered into pursuant to federal law codified at 10 USC § 2679. The purpose of this IGSA is to outline the roles and responsibilities of the parties, identify the commodity/product to be furnished by HRSD, the prices to be paid by the United States, and the appropriate reimbursement. The parties undertake this IGSA to provide an installation support service by supplying water quality nutrient credits to the United States to comply with the Clean Water Act (CWA), to increase operational efficiencies for the Department of the Navy.

10 U.S.C. § 2679 permits the Navy to enter an IGSA on a sole source basis with a State or local government provided the IGSA will serve the best interests of the Navy by enhancing mission effectiveness or creating efficiencies or economies of scale, including by reducing costs, but only when State or local government providing the installation services, in this case water quality nutrient credits, already generates such credits for its own use. HRSD is a public body and political subdivision of the Commonwealth of Virginia established in 1934 as a governmental instrumentality to provide for the public health and welfare by operating various wastewater treatment plants. Due to exceptional performance and current operating conditions, HRSD wastewater treatment plants are able to provide nutrient credits for total nitrogen “TN”, total Phosphorus (“TP”) and total suspended solids (“TSS”) to CNRMA to address Municipal Separate Storm Sewer System (MS4) permit requirements under the Clean Water Act (CWA) at five U.S. Navy installations in the Hampton Roads area: Naval Station Norfolk (MS4 Permit VAR040142), Joint Expeditionary Base Little Creek-Fort Story (MS4 Permit VAR040141), Naval Air Station Oceana (MS4 Permit 040145), Naval Support Activity Hampton Roads (MS4 Permit VAR040143), and Naval Support Activity Portsmouth – Scott Center Annex (MS4 Permit VAR040144).

The legal authority at 10 U.S.C. § 2694d allows the Secretary of a military department and Secretary of Defense to participate in pollutant banks and water quality trading (WQT) and this IGSA effectuates the purchase of nutrient credits from HRSD to support the MS4 permit requirements at five Navy installations to supplement their level of treatment to comply with regulatory requirements under the CWA as an installation support service. Approval for this was

issued in accordance with Assistance Secretary of the Navy, ASN EIE, policy dated 04 FEB 2026. OPNAV N4I issued approval to CNRMA on 31 MAR 2026.

The Secretary of the Navy has delegated the signature authority to execute a non-Federal Acquisition Regulation (FAR) IGSA on behalf of the Navy, through the Assistant Secretary of the Navy, who further delegated approval authority for IGSA's to Commander, Navy Installations Command (CNIC). CNIC further delegated IGSA approval authority for IGSA's to Region Commanders and Installation Commanders. Based on these delegations, Commander for Navy Region Mid-Atlantic is the Navy's representative and has approval and signature authority for this IGSA.

## 2. RECITAL.

**WHEREAS**, the Parties are looking to establish mutually beneficial relationships and opportunities to create a public-public partnership; and

**WHEREAS**, five U.S. Navy installations in the Hampton Roads area lack the ability to provide for all required installation support services in terms of pollution reduction requirements set forth in their MS4 permit under the CWA; and

**WHEREAS**, HRSD already provides nutrient credits to state and local public entity MS4s and has significant capability and capacity to provide the same commodity/product as installation support services to the five U.S. Navy installations in the Hampton Roads area;

**WHEREAS**, HRSD would also gain revenue to meet its own needs in support of its public health and welfare mission by operating various wastewater treatment plants; and

**WHEREAS**, each Party represents and warrants that it is fully authorized to enter into the terms and conditions of, and to execute and to be bound by, this IGSA.

3. NATURE OF THIS AGREEMENT. This IGSA shall serve as general authority for the Parties to perform the responsibilities set forth herein. To effectuate and carry out the terms provided for herein, this IGSA will govern the specific terms of the Parties arrangement, including the specific nutrient credits to be provided to five U.S. Navy installations in the Hampton Roads area specified in paragraph one. The terms of this IGSA shall be applicable to all subsequent agreements pursuant to and in furtherance of this IGSA.

No fiscal obligations are created through the execution of this IGSA. A fiscal obligation will not arise, and the activities contemplated herein will not commence, until CNRMA issues an order to HRSD for a specified amount of nutrient credits and HRSD accepts same. The funding document will incorporate this IGSA by reference and stating the term for which funding is provided.

### (A) Credit Quantities

HRSD agrees to sell to CNRMA, and CNRMA agrees to purchase from HRSD, TN, TP and TSS credits generated by HRSD in accordance with the estimated quantities established on the Credit Schedule set forth in Attachment A of this IGSA. These estimated quantities being in the amount requested by CNRMA to comply with the requirements of CNRMA's DEQ-issued MS4 Permits and DEQ-approved Chesapeake Bay Total Maximum Daily Loads (TMDLs) Action Plans for the Third Bay TMDL Permit Cycle by the applicable deadline of June 30, 2028. For purposes of this Agreement, "credit" means a "point source nitrogen credit" or "point source phosphorus credit" as defined in the Watershed General Permit or "sediment credit" as defined in Virginia Code § 62.1-44.19:21.1. The amounts in Attachment A are just estimates, final amounts will be reflected in purchase orders issued by CNRMA to HRSD annually. The amount of credits requested annually cannot exceed the original estimate without prior approval from HRSD. HRSD reserves the right to deny any credit requests that exceed the original estimate.

#### (B) Annual Transfers

For each compliance year for which HRSD has agreed to supply a specific quantity of annual credits to CNRMA, CNRMA shall provide HRSD with an annual purchase order no later than February 1 of each year. CNRMA will update the Water Quality Credit Transfer Annual Documentation Form set forth in Attachment B of this IGSA to include the annual quantity of credits requested and will submit this documentation with the annual purchase order. HRSD will return the signed Attachment B within 30 days of receipt of the purchase order for CNRMA's annual MS4 reporting purposes. However, for any year, HRSD shall notify CNRMA if credits are not available for transfer.

#### (C) HRSD to submit Invoice to CNRMA

Within 30 days after providing the signed Attachment B approving the annual transfer of nutrient credits to CNRMA, HRSD shall submit an invoice to CNRMA for a lump sum payment for the credit purchase cost for the credit transfers contained in the purchase request from CNRMA.

Payment is limited to the amounts within the fiscal year budget or the funding source identified. If the Government does not make payment within 30 days of HRSD's submittal of the required invoice, the related credit transfer may be rescinded by and shall be effective upon HRSD giving notice of such rescission to CNRMA.

### 4. RESPONSIBILITIES OF THE PARTIES.

#### 4.1. All Parties

4.1.1. In order to provide for consistent and effective communication between CNRMA and HRSD, each party shall appoint a Principal Representative, as set forth in paragraph 5.5.1, to serve as its central point of contact on matters relating to this IGSA.

4.1.2. The nutrient credits shall be provided under this IGSA only after this IGSA has been signed by a representative of each party authorized to execute the document.

4.1.3. The Parties shall continue to cooperate with each other as reasonably necessary to confirm or bring about the transfers of the nutrient credits as contemplated in this IGSA.

4.1.4. In the event of any material change in applicable laws or regulations, the Parties shall work together to attempt to amend the IGSA to conform to such change, while maintaining as closely as practicable the provisions and intent of the IGSA. If in any such event HRSD is unable to transfer credits as provided herein, CNRMA shall be solely responsible for otherwise meeting its MS4 Permit obligations under the CWA.

4.1.5. In furtherance of this Agreement, the Parties shall collaborate on appropriate submittals to and requests from DEQ as set forth in this paragraph; however, HRSD shall have no responsibility for the failure or refusal of DEQ or other governmental authority to approve the credit transfers contemplated by this Agreement.

#### 4.2. CNRMA

4.2.1. CNRMA will determine the annual final amount of nutrient credits to be obtained and purchased.

4.2.2. The price for purchasing nutrient credits is determined by HRSD and agreed to by the Navy. In order to comply with the limited delegations articulated in Section 1 above, the total cost for the purchase of nutrient credits by CNRMA will not exceed \$1,000,000.00 in a single year.

4.2.3 CNRMA agrees that its sole and limited use of the credits transferred under this Agreement shall be for the purpose of MS4 Permit compliance and Chesapeake Bay TMDL implementation and that it shall not transfer any portion of HRSD-generated credits to any other person or entity.

#### 4.3. HRSD

4.3.1. Per this agreement, HRSD is under no obligation to provide the nutrient credits requested by CNRMA, the United States Navy, or any other component of the United States Government if HRSD is not in a position to honor the request. For example, if for any reason any federal, state, regional, or local government or agency fails to issue any necessary permit, approval or other authorization needed by HRSD to effectuate the nutrient credit transfers contemplated by this IGSA, HRSD shall be excused from its performance hereunder.

4.3.2. The obligations of HRSD, including its credit transfer obligations, shall be suspended while and as long as performance is prevented or impeded by (a) strikes, disturbances, riots, fire, severe weather, epidemic, pandemic, acts of war, acts of terrorism, acts of God, government action (other than by HRSD), material technical, engineering, construction or regulatory related delays affecting HRSD treatment facilities' planned upgrades or actual performance, or any other cause similar or dissimilar to the foregoing that is beyond the

reasonable control of and not due to the gross negligence of HRSD; (b) any facts or circumstances that qualify as an Extraordinary Condition within the meaning of the Water Quality Improvement Grant Agreement by and between DEQ and HRSD for the nutrient removal technology upgrades of its treatment facilities; or (c) any facts or circumstances that qualify as an Upset within the meaning of the VPDES Permit Regulation, 9 VAC 25-31, or any permits issued thereunder to the HRSD

4.3.3. In the event that HRSD determines in its sole discretion that the available quantity of nutrient credits is insufficient to meet the total MS4 Chesapeake Bay TMDL Action Plan of CNRMA and other Hampton Road entities that are party or become party to a similar water quality credit agreement, HRSD's obligations under this IGSA and the HRWQCA shall be limited to transferring to CNRMA its pro rata share of HRSD's available credits based on pollutant specifics total credit needs of all such Hampton Roads entities. HRSD agrees to provide CNRMA with notice of its ability only to transfer a pro rata share of HRSD's available credits as promptly as possible but no later than 90 days after it becomes aware of the event limiting HRSD's ability to meet the total credit needs of all such Hampton Road entities. HRSD shall assume no obligation under this IGSA to install, upgrade, improve, or significantly alter the operation of any portion of its sewerage system or treatment works for purposes of providing water quality credits.

4.3.4. HRSD shall complete all required actions to facilitate payment for the purchase of the nutrient credits under this IGSA. This includes, but is not limited to, registering in the System of Award Management (SAM) via <https://www.sam.gov/portal/SAM/>. This registration is required by the Defense Finance and Accounting Service (DFAS) to process electronic funds transfer payments.

HRSD shall submit an invoice that includes:

- Payee's name, address, and phone number
- Invoice date
- Invoice number
- IGSA agreement number
- Effective date of the HRWQCA when signed by both Parties
- Description of nutrient credits provided to CNRMA
- Unit price
- Quantity of nutrient credits provided to CNRMA confirming credit schedule in Attachment "A" of the HRWQCA.

Payment shall be based on services provided as set forth in this Agreement. CNRMA shall not reimburse HRSD for any taxes in which the legal incidence of the tax falls on the Navy.

The Government will make payment in accordance with the Prompt Payment Act (31 USC 3903) and implementing regulations. Interest shall be paid for late payments as required by the Act, and shall be paid at the rate established by the Secretary of the Treasury for disputes under the Contract Disputes Act of 1978.

4.3.5 HRSD is a member of the Virginia Nutrient Credit Exchange Association (the “Nutrient Exchange”) and a participant in its Exchange Compliance Plan previously submitted by the Nutrient Exchange to, and approved by, DEQ pursuant to the Watershed General Permit. During the next annual update (February 1) of the Exchange Compliance Plan due to DEQ following the effective date of this Agreement, HRSD shall notify the Nutrient Exchange of the credit transfer provided by this Agreement and instruct the Nutrient Exchange to account for such transfer in next Exchange Compliance Plan annual update.

## 5. ADMINISTRATIVE PROVISIONS.

5.1 Effective Date. This IGSA shall be effective on the date upon which the last party to this Agreement executed and dated the same.

5.2 Duration and Renewal. This IGSA shall remain in effect until June 30, 2033. One year prior to the expiration date of this IGSA, the Parties shall review the agreement and determine whether or not to enter into a new IGSA or terminate this IGSA.

5.3 Termination. HRSD acknowledges that Commander, Navy Region Mid-Atlantic has the right to terminate this IGSA, in whole or in part, without cost or liability to the Government, when it is in the interest of the Government or required for compliance with any law, regulation or appropriation statute. CNRMA acknowledges that HRSD has the right to terminate this IGSA, in whole or in part, without cost or liability to the HRSD, when it is in the interest of HRSD or required for compliance with any law, regulation or appropriation statute. In such event, the Parties shall work together to attempt to amend this Agreement to accommodate such challenges, with the goal of providing the nutrient credits to CNRMA as practical. If either Party fails to perform a material obligation hereunder and fails to cure such failure to perform within thirty (30) days of written notice from the non-defaulting party, the non-defaulting Party may terminate this IGSA upon written notice to the other Party. The Parties further agree that either Party may terminate this IGSA, for any reason, upon giving 90 days written notice to the other party of the intent to do so.

5.4 Changes or Modifications. Changes or modifications to this IGSA may be proposed by any party at any time following the effective date of the agreement. Proposed changes must be submitted to the other party in writing and allow for a minimum 60-day review period. Changes may only be incorporated in this IGSA upon written agreement and signature execution of both parties.

5.5 Notices. All notices, requests, reports, demands and other communication under this IGSA shall be in writing and shall be deemed to have been duly given: (i) immediately upon receipt if hand-delivered in accordance with the notice provisions of this IGSA; (ii) on the day after delivery to a nationally recognized overnight courier service, or (iii) on the fifth day of mailing, if mailed to the party to whom such notice is to be given, by registered or certified U.S. mail, return receipt requested, and in all cases, if prepaid and properly addressed as follows:

5.5.1. Primary Points of Contact.

5.5.1.1. HRSD:

Representative: Chief of Water Quality  
Address: 1434 Air Rail Ave, Virginia Beach, VA 23455  
Telephone: 757-460-2261  
Email: [chiefwq@hrsd.com](mailto:chiefwq@hrsd.com)

5.5.1.2. CNRMA

Primary Representative: Facilities and Environmental, Director (N4)  
POC: Capt. Ryan Carey, P.E.  
Address: 1510 Gilbert Street, Norfolk VA 23511  
Telephone: (757) 341-0225  
Email: [ryan.p.carey.mil@us.navy.mil](mailto:ryan.p.carey.mil@us.navy.mil)

Secondary Representative: Environmental Program Director (N45)  
POC: Phillip Winslow (Acting)  
Address: 1510 Gilbert Street, Norfolk VA 23511  
Telephone: (757) 341-0363  
Email: [phillip.s.winslow.civ@us.navy.mil](mailto:phillip.s.winslow.civ@us.navy.mil)

5.6 Anti-Deficiency Act. The execution and compliance with this IGSA by CNRMA and the purchase of nutrient credits are subject to the provisions of the Anti-Deficiency Act, as amended, 31 U.S.C. §1341 *et seq.*, and requisite regulations which control funding of operations. Nothing in this IGSA is intended to make or authorize an expenditure or obligation exceeding an amount or purpose available in a United States Government appropriation or fund for the expenditure or obligation. Furthermore, this IGSA does not create an obligation for payment or any other expense in advance of an appropriation unless otherwise authorized by law.

5.7 Construction of this Agreement. This IGSA shall not be construed more strictly against one party than against the other as both Parties have contributed substantially and materially to the preparation hereof.

5.8 Status of Parties. The relationship of the Parties to this IGSA is one of independent parties. No Party shall represent itself as the agent or employee of any other Party.

5.9 Choice of Law. Federal law will govern this IGSA and the Parties will comply with applicable Federal, State, and Municipal laws, codes, and regulations to the extent necessary to perform the work herein. In the event of a conflict between Federal law and State law as well as Municipal law, Federal law will control.

5.10 Authority to Execute Agreement. Each party to this Agreement represents to the other party that its governing body has taken the necessary action to authorize the execution of this Agreement.

5.11 Counterparts. This Agreement may be fully executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement binding upon all parties, notwithstanding that all parties have not signed the same counterpart. Such executions may be transmitted to the parties electronically or by facsimile, and such electronic or facsimile execution shall have the same force and effect as an original signature.

**NAVY REGION MID-ATLANTIC**

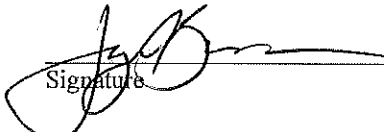
  
Signature

RADM S. D. Barnett, USN  
Name

Commander, Navy Region Mid-Atlantic  
Title

6/26/2026  
Date

**HAMPTON ROADS  
SANITATION DISTRICT**

  
Signature

Jay A. Bernas  
Name

General Manager/CEO  
Title

6/26/2026  
Date

**Attachments:**

- Attachment A: Nutrient Credit Schedule
- Attachment B: Water Quality Transfer Annual Documentation Form
- Attachment C: Draft Provision for the use of HRSD-Generated Water Quality Credits for MS4 Chesapeake Bay TMDL Action Plan Development

ATTACHMENT A  
CREDIT SCHEDULE:

| <b>Generation Year:</b>               | <b>2025</b>            | <b>2026</b>            | <b>2027</b>            | <b>2028</b>            | <b>2029</b>            | <b>2030</b>            | <b>2031</b>            | <b>2032</b>            |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Transfer Year:</b>                 | <b>2026</b>            | <b>2027</b>            | <b>2028</b>            | <b>2029</b>            | <b>2030</b>            | <b>2031</b>            | <b>2032</b>            | <b>2033</b>            |
| <b>Parameter and MS4 Transferee</b>   | <b>Credit Quantity</b> | <b>Credit Quantity</b> | <b>Credit Quantity</b> | <b>Credit Quantity</b> | <b>Credit Quantity</b> | <b>Credit Quantity</b> | <b>Credit Quantity</b> | <b>Credit Quantity</b> |
| <b>TN TOTAL</b>                       | <b>610</b>             | <b>610</b>             | <b>1400</b>            | <b>1400</b>            | <b>1400</b>            | <b>1400</b>            | <b>1400</b>            | <b>1400</b>            |
| JEB Little Creek-Fort Story; VAR40141 | 0                      | 0                      | 832                    | 832                    | 832                    | 832                    | 832                    | 832                    |
| Naval Station Norfolk; VAR40142       | 446                    | 446                    | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      |
| NSA Hampton Roads; VAR40143           | 151                    | 151                    | 417                    | 417                    | 417                    | 417                    | 417                    | 417                    |
| NAS Oceana; VAR40145                  | 13                     | 13                     | 148                    | 148                    | 148                    | 148                    | 148                    | 148                    |
| NSA Portsmouth - SCA; VAR40144        | 0                      | 0                      | 3                      | 3                      | 3                      | 3                      | 3                      | 3                      |
| <b>TP TOTAL</b>                       | <b>223</b>             | <b>223</b>             | <b>471</b>             | <b>471</b>             | <b>471</b>             | <b>471</b>             | <b>471</b>             | <b>471</b>             |
| JEB Little Creek-Fort Story; VAR40141 | 30                     | 30                     | 194                    | 194                    | 194                    | 194                    | 194                    | 194                    |
| Naval Station Norfolk; VAR40142       | 152                    | 152                    | 155                    | 155                    | 155                    | 155                    | 155                    | 155                    |
| NSA Hampton Roads; VAR40143           | 39                     | 39                     | 100                    | 100                    | 100                    | 100                    | 100                    | 100                    |
| NAS Oceana; VAR40145                  | 2                      | 2                      | 10                     | 10                     | 10                     | 10                     | 10                     | 10                     |
| NSA Portsmouth - SCA; VAR40144        | 0                      | 0                      | 12                     | 12                     | 12                     | 12                     | 12                     | 12                     |
| <b>TSS TOTAL</b>                      | <b>102,786</b>         | <b>102,786</b>         | <b>102,786</b>         | <b>102,786</b>         |                        |                        |                        |                        |
| JEB Little Creek-Fort Story; VAR40141 | 14,222                 | 14,222                 | 14,222                 | 14,222                 |                        |                        |                        |                        |
| Naval Station Norfolk; VAR40142       | 70,103                 | 70,103                 | 70,103                 | 70,103                 |                        |                        |                        |                        |
| NSA Hampton Roads; VAR40143           | 17,713                 | 17,713                 | 17,713                 | 17,713                 |                        |                        |                        |                        |
| NAS Oceana; VAR40145                  | 748                    | 748                    | 748                    | 748                    |                        |                        |                        |                        |
| NSA Portsmouth - SCA; VAR40144        | 0                      | 0                      | 0                      | 0                      |                        |                        |                        |                        |

## ATTACHMENT B

### WATER QUALITY CREDIT TRANSFER ANNUAL DOCUMENTATION FORM

*Instructions: This form documents annual credit transfers for purposes of CNRMA's annual MS4 Permit reporting. Such transfers occur each year pursuant to the terms of the IGSA, unless HRSD notifies CNRMA that such credits are not available for transfer. Credit quantities shall not exceed the needs identified in Attachment A.*

The following water quality credits, in the amounts specified below, have been transferred in by and in accordance with, and for the specific and limited purposes of, the Intergovernmental Support Agreement (IGSA) by and between HRSD and CNRMA

Transferor: HRSD James River Bubble

Transferee (MS4): CNRMA

TN Credit Quantity: 610 pounds

TP Credit Quantity: 223 pounds

TSS Credit Quantity: 102,786 pounds

Year Generated / Date Transferred (check one):

☒ 2025 Generation / May 20, 2026 Transfer

☐ 2026 Generation / May 20, 2027 Transfer

☐ 2027 Generation / May 20, 2028 Transfer

☐ 2028 Generation / May 20, 2029 Transfer

☐ 2029 Generation / May 20, 2030 Transfer

☐ 2030 Generation / May 20, 2031 Transfer

☐ 2031 Generation / May 20, 2032 Transfer

☐ 2032 Generation / May 20, 2033 Transfer

Signed (for HRSD): Jamie S. Heisig-Mitchell

Name (Print): Jamie S. Heisig-Mitchell

Title: HRSD Chief of Water Quality

## ATTACHMENT C

### **DRAFT PROVISION FOR THE USE OF HRSD-GENERATED WATER QUALITY CREDITS FOR MS4 CHESAPEAKE BAY TMDL ACTION PLAN DEVELOPMENT**

The intent of this plan is the generation and use of TN, TP and TSS credits before and during operation of the SWIFT Project in collaboration with HRSD pursuant to the HRSD and CNRMA Intergovernmental Support Agreement (IGSA). This compliance method is in lieu of more traditional stormwater retrofit projects. Not only does this method have the advantage of more reliably meeting the MS4 Permit's short deadlines, but it is also beneficial to the public in that it will meet the collective Chesapeake Bay TMDL reduction goals for CNRMA's MS4 permits more cost-effectively than otherwise possible. This component of the plan is fully in accordance with Virginia Code §62.1-44.19:21 (TN and TP) and §62.1-44.19:21.1 (TSS). The quantity of reduction credits that are allocated to this TMDL Action Plan for the James River Basin are:

| <b>Annual Credit Quantity<br/>(2026 – 2027 Credit Transfer Years)</b> | <b>TN (lbs)</b> | <b>TP (lbs)</b> | <b>TSS (lbs)</b> |
|-----------------------------------------------------------------------|-----------------|-----------------|------------------|
| JEB Little Creek-Fort Story                                           | 0               | 30              | 14,222           |
| Naval Station Norfolk                                                 | 446             | 152             | 70,103           |
| NSA Hampton Roads                                                     | 151             | 39              | 17,713           |
| NAS Oceana                                                            | 13              | 2               | 748              |
| NSA Portsmouth – Scott Center Annex                                   | 0               | 0               | 0                |
| <b>Total</b>                                                          | <b>610</b>      | <b>223</b>      | <b>102,786</b>   |

| <b>Annual Credit Quantity<br/>(2028 – 2033 Credit Transfer Years)</b> | <b>TN (lbs)</b> | <b>TP (lbs)</b> | <b>TSS (lbs)</b> |
|-----------------------------------------------------------------------|-----------------|-----------------|------------------|
| JEB Little Creek-Fort Story                                           | 832             | 194             | 0                |
| Naval Station Norfolk                                                 | 0               | 155             | 0                |
| NSA Hampton Roads                                                     | 417             | 100             | 0                |
| NAS Oceana                                                            | 148             | 10              | 0                |
| NSA Portsmouth – Scott Center Annex                                   | 3               | 12              | 0                |
| <b>Total</b>                                                          | <b>1400</b>     | <b>471</b>      | <b>0</b>         |



Commission Meeting Minutes  
June 23, 2026  
Attachment #5

11. Issuing and Paying Agent  
Resolution

*Hampton Roads Sanitation District*  
*Resolution of*  
*June 23, 2026*

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HAMPTON ROADS SANITATION DISTRICT COMMISSION

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A RESOLUTION  
AUTHORIZING THE SELECTION OF AN ISSUING AND PAYING AGENT IN  
CONNECTION WITH THE  
HAMPTON ROADS SANITATION DISTRICT  
EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES PROGRAM

Adopted June 23, 2026

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**RESOLUTION AUTHORIZING THE SELECTION OF AN ISSUING AND PAYING  
AGENT IN CONNECTION WITH THE HAMPTON ROADS SANITATION DISTRICT  
EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES PROGRAM**

**WHEREAS**, the Hampton Roads Sanitation District (the “District”) was duly created under and pursuant to Chapter 407 of the Acts of Assembly of Virginia of 1940, and the Hampton Roads Sanitation District Commission (the “Commission”), created by said Chapter 407, is the governing body of the District;

**WHEREAS**, by virtue of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the “Act”), the Commission is authorized and empowered, among other things:

- (a) to construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater treatment system or systems, either within or without or partly within and partly without the corporate limits of the District;
- (b) to issue, at one time or from time to time, revenue bonds, notes or other obligations of the District payable solely from the special funds provided under the authority of the Act and pledged for their payment, for the purpose of paying the cost of a wastewater treatment system or systems and extensions and additions thereto, and providing funds for any other authorized purpose of the Commission; and
- (c) to fix, revise, charge and collect rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, any such wastewater treatment system;

**WHEREAS**, as provided by the Act, the District is constituted a political subdivision of the Commonwealth of Virginia and established as a governmental instrumentality to provide for the public health and welfare;

**WHEREAS**, on May 26, 2026, the Commission adopted a resolution (the “ECP Resolution”) authorizing the creation of two commercial paper programs to provide for the issuance of its Extendable Subordinate Commercial Paper Notes, one program in which the interest on the Commercial Paper Notes will be exempt from federal income tax (the “Tax-Exempt Commercial Paper Notes”) and one program in which the interest on the Commercial Paper Notes will be subject to federal income tax (the “Taxable Commercial Paper Notes” and, together with the Tax-Exempt Commercial Paper Notes, the “Commercial Paper Notes”) to provide interim financing for (i) a portion of the costs of the Projects (as defined in the ECP Resolution), (ii) certain expenses incurred in connection with the issuance of the Commercial Paper Notes, (iii) for the payment and redemption or purchase of outstanding Commercial Paper Notes, other indebtedness of the District and the refunding of any advances under a direct pay letter of credit or other form of credit or liquidity support for the Commercial Paper Notes, if any, and (iv) such other purposes as may be described in a future resolution of this Commission;

**WHEREAS**, the Commission anticipates Commercial Paper Notes will be issued pursuant to two Issuing and Paying Agency Agreements, one with respect to the Tax-Exempt Commercial Paper Notes and one with respect to the Taxable Commercial Paper Notes (each, an “Issuing and Paying Agency Agreement” and collectively, the “Issuing and Paying Agency Agreements”), between the District and an issuing and paying agent (the “Issuing and Paying Agent”), and pursuant to Issuance Requests (as defined in the Issuing and Paying Agency Agreements); and

**WHEREAS**, the Commission has determined that it will be in the best interest of the District to amend the ECP Resolution to authorize a Delegate (as defined herein) to select an entity to replace the entity named in the ECP Resolution to serve as Issuing and Paying Agent and Dealer for each series of the Commercial Paper Notes;

**Now, Therefore, the HAMPTON ROADS SANITATION DISTRICT COMMISSION DOES HEREBY RESOLVE**, as follows:

**Section 1. Definitions.** Capitalized words and terms used in this Resolution and not defined herein shall have the same meanings in this Resolution as such words and terms are given in the ECP Resolution.

**Section 2. Amendment to Section 3 of the ECP Resolution.** Section 3 of the ECP Resolution is hereby deleted and replaced in its entirety by the following paragraph:

“**Section 3. Appointments.** The Commission hereby appoints J.P. Morgan Securities LLC as the initial Dealer for each series of the Commercial Paper Notes. The Commission hereby delegates to the General Manager/Chief Executive Officer and the Deputy General Manager/Chief Financial Officer of the District (each, a “Delegate”), either of whom may act, the authority to select, in consultation with the District’s financial advisor, an entity to serve as the initial Issuing and Paying Agent for each series of the Commercial Paper Notes. The Commission may replace the Issuing and Paying Agent for either series of the Commercial Paper Notes in accordance with the provisions of the Issuing and Paying Agency Agreements and the Dealer for either series of the Commercial Paper Notes in accordance with the provisions of the Dealer Agreement.

**Section 3. Further Actions.** The Delegates, either of whom may act, are each authorized and directed (without limitation except as may be expressly set forth herein) (i) to select a replacement for the initial Issuing and Paying Agents or Dealers, and (ii) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or desirable to effectuate the transactions contemplated by this Resolution.

**Section 4. Delegates’ Certificate.** Each Delegate may execute a certificate or certificates evidencing the determinations made or other actions carried out pursuant to the authority granted in this Resolution, and any such certificate shall be conclusive evidence of the actions or determinations as stated therein.

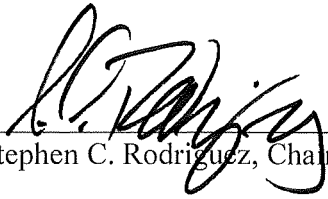
**Section 5. Ratification of Prior Acts.** The actions heretofore taken by the Delegates and any officers, agents or employees of the District in connection with the proposed issuance of the Commercial Paper Notes or the selection of the Issuing and Paying Agent are hereby ratified.

**Section 6. ECP Resolution in Full Force and Effect .** The ECP Resolution, as amended by this Resolution, remains in full force and effect.

**Section 7. Effective Date.** This Resolution shall take effect immediately upon its passage.

[END OF RESOLUTION]

Adopted by the Hampton Roads Sanitation District Commission on June 23, 2026.

  
\_\_\_\_\_  
Stephen C. Rodriguez, Chair





Commission Meeting Minutes  
June 23, 2026  
Attachment #6

12. Line of Credit Extension  
Resolution

*Hampton Roads Sanitation District*  
*Resolution of*  
*June 23, 2026*

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HAMPTON ROADS SANITATION DISTRICT COMMISSION

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RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE AMENDMENTS TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT WITH BANK OF AMERICA, N.A., EXTENDING THE TERMINATION DATE THEREOF; AND GRANTING THE AUTHORITY TO EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND AGREEMENTS RELATING TO SUCH TRANSACTIONS AS MAY BE NECESSARY OR DESIRABLE.

Adopted June 23, 2026

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**RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY  
OF ONE OR MORE AMENDMENTS TO SECOND AMENDED AND  
RESTATED CREDIT AGREEMENT WITH BANK OF AMERICA,  
N.A., EXTENDING THE TERMINATION DATE THEREOF; AND  
GRANTING THE AUTHORITY TO EXECUTE AND DELIVER SUCH  
OTHER DOCUMENTS AND AGREEMENTS RELATING TO SUCH  
TRANSACTIONS AS MAY BE NECESSARY OR DESIRABLE**

**WHEREAS**, the Hampton Roads Sanitation District (the “District”) and Bank of America, N.A. (the “Bank”), entered into a Second Amended and Restated Credit Agreement, dated as of June 30, 2022, as amended by (i) the First Amendment to Second Amended and Restated Credit Agreement, dated as of August 30, 2023, (ii) the Second Amendment to Second Amended and Restated Credit Agreement, dated as of April 9, 2024, and (iii) the Third Amendment to Second Amended and Restated Credit Agreement, dated as of June 5, 2025 (as so amended, the “Existing Credit Agreement”), pursuant to which the Bank agreed, on the terms and conditions set forth in the Existing Credit Agreement, to provide a line of credit to the District to provide interim financing or refinancing for costs of the District’s Capital Improvement Program (the “Projects”); and

**WHEREAS**, the Hampton Roads Sanitation District Commission (the “Commission”) is the District’s governing body; and

**WHEREAS**, the Commission wishes to authorize the execution from time to time of one or more amendments to the Existing Credit Agreement (each, a “Further Amendment to Existing Credit Agreement”) to extend the scheduled termination date of the Existing Credit Agreement to no later than June 30, 2027; and

**WHEREAS**, the District’s obligation to make payments under the Existing Credit Agreement, as amended by any Further Amendment to Existing Credit Agreement and each Note (as defined therein) issued under the terms thereof, will constitute a Subordinate Obligation within the meaning of the Trust Agreement, dated as of November 1, 2011, as heretofore amended, supplemented, and restated (the “Trust Agreement”), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, and will be expressly subordinate and junior to the Lien on Net Revenues (each as defined in the Trust Agreement) created pursuant to Section 701(a) thereof;

**NOW THEREFORE, BE IT RESOLVED** by the Hampton Roads Sanitation District Commission as follows:

**SECTION 1. Authorization of each Further Amendment to Existing Credit Agreement.** The Commission hereby authorizes the execution from time to time of one or more Further Amendments to Existing Credit Agreement for the purpose of extending the scheduled termination date of the Existing Credit Agreement, to a date not later than June 30, 2027, along with any other amendments thereto that may be necessary or desirable, and the Chair of the Commission, the Vice Chair of the Commission, the General Manager/Chief Executive Officer of the District or the Deputy General Manager/Chief Financial Officer of the District (each a “Delegate”), any one of whom may act, are each authorized, directed and empowered to execute and deliver, in the name and on behalf of the District, one or more Further Amendments to Existing

Credit Agreement as shall be approved by the Delegate or Delegates executing such Further Amendments to Existing Credit Agreement, the execution thereof by such officers being conclusive evidence of such approval.

**SECTION 2. Execution of Documents.** The execution and delivery by any Delegate of any Further Amendment to Existing Credit Agreement, and any other agreements, documents, closing papers and certificates executed and delivered pursuant to this Resolution shall be conclusive evidence of his or her approval thereof.

**SECTION 3. Ratification.** All actions taken by the District, the members of the Commission, and officers, agents and employees of the District in connection with the authorization, execution and delivery of any Further Amendment to Existing Credit Agreement and the authorization, execution and delivery of the agreements, certificates and other documents to be executed by the District and delivered in connection with such authorization, execution and delivery are hereby ratified and confirmed.

**SECTION 4. Further Actions.** The members, officers, employees and agents of the District are hereby authorized and directed to do all acts and things, including without limitation the execution and delivery of such agreements, documents, certificates and closing papers on behalf of the District required of them by the provisions of any Further Amendment to Existing Credit Agreement for the full, punctual and complete performance of all the terms, covenants, provisions and agreements of each Further Amendment to Existing Credit Agreement and, also, to do all acts and things required of them by the provisions of this Resolution.

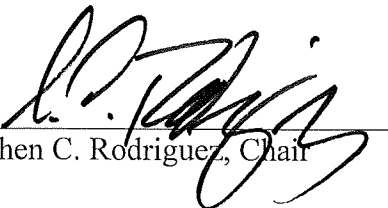
**SECTION 5. Delegate Certificate.** Each Delegate may execute a certificate or certificates evidencing the determinations made or other actions carried out pursuant to the authority granted in this Resolution, and any such certificate shall be conclusive evidence of the actions or determinations as stated therein.

**SECTION 6. Repeal of Conflicting Resolutions.** Any and all resolutions of the Commission or portions thereof in conflict with the provisions of this Resolution are hereby repealed to the extent of such conflict.

**SECTION 7. Effective Date.** This Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

**Adopted By the Hampton Roads Sanitation District Commission on June 23, 2026:**

  
Stephen C. Rodriguez, Chair





Commission Meeting Minutes  
June 23, 2026  
Attachment #7

14. Informational Items

a. Management Reports

- (1) [General Manager](#)
- (2) [Communications](#)
- (3) [Engineering](#)
- (4) [Finance](#)
- (5) [Information Technology](#)
- (6) [Operations](#)
- (7) [Talent Management](#)
- (8) [Water Quality](#)
- (9) [Report of Internal Audit Activities](#)

b. [Strategic Measures Summary](#)

June 15, 2026

Re: General Manager's Report



## Environmental Responsibility

During construction of the Nansemond Advanced Nutrient Removal Improvements (ANRI) project, significant corrosion was discovered on the crown of the 72-inch Primary Clarifier Effluent (PCE) PCCP pipe while preparing for a required connection to the Primary Effluent Equalization Basin. Asset Management staff and their condition assessment consultant quickly evaluated the pipe condition, recommended an epoxy coating repair, and collected additional condition assessment data through Closed Circuit Television (CCTV) inspections while the line was isolated. The repair approach avoided the need to install a replacement pipe section, resulting in significant time and cost savings for the project.

The High Priority Inflow and Infiltration Reduction Program (HPIIRP) continues to deliver significant value through its progressive design-build approach. In May, Burns & McDonnell optimized the first phase of the flow monitoring program by adding a second subcontractor to improve workload management and redundancy while negotiating a \$3.5 million reduction in monthly flow monitoring subcontract costs. The program has also incorporated Hampton's Inflow Reduction Phase 2 Project, which will invest up to \$10 million over two phases through 2028 to reduce saltwater intrusion and protect the Nansemond Treatment Plant's (NTP) SWIFT process before the facility begins operation.

**Treatment Compliance and System Operations:** There were multiple events this month, and additional details are available in the Air and Effluent Summary in the Water Quality (WQ) monthly report.

- For Fiscal Year (FY) 2026 to date, there have been 10 Permit Exceedances out of 51,210 Total Possible Exceedances.
- Pounds of Pollutants Removed in FY 2026 to date: 157 million pounds.

**Water Quality:** HRSD issued an enforcement order to Anheuser-Busch Williamsburg following a significant wastewater discharge event and other permit violations, including a zinc limit exceedance and failure to provide required spill notification.

The February 2026 release of approximately 124,000 gallons of wort into the sanitary sewer disrupted treatment operations at the Williamsburg Treatment Plant (WBTP) and resulted in substantial additional operating costs. Anheuser-Busch accepted and paid a total of \$28,945.54 in penalties and cost recovery and has committed to improving spill response procedures, notification practices, and investigation of zinc sources within its wastewater discharge.



## Financial Stewardship

Staff continues to work with Virginia Beach Economic Development Authority (VBEDA) on finding the highest, best use of the Progress Farm located adjacent the Atlantic Treatment Plant (ATP). We are working on a term sheet where VBEDA would lease the property for \$1 so they could start developing site readiness plans and other studies. If and when a user is found, HRSD can decide if we want to sell or lease the property to the user. The key point is that the City is taking the lead on the land use which best suits their constituents.

The Construction Support Team continued to deliver substantial cost savings through the use of internal resources across multiple projects. At the ATP, the team completed demolition activities for the D-Gas project and is approximately 90% complete, avoiding an estimated \$250,000 in contractor demolition costs; at Sewage Collection Division Pump Station #6, staff completed piping modifications to support drywell rehabilitation and emergency bypass operations, avoiding an additional \$50,000 in contractor expenses. The team has also begun the Kubota Membrane Installation Project at the King William Treatment Plant, with the membrane installation expected to avoid approximately \$300,000 in contractor costs.

Total revenues continue to be strong, with water consumption on target and interest income almost double projections. Facility charges are on track to finish the fiscal year higher than last year as development remains strong. Expenses are under control and remain below budget projections.



## Talent

Talent Management continued to support HRSD's workforce priorities through recruitment, policy updates, employee wellness, leadership development, and safety initiatives. In May, Human Resources (HR) launched 13 recruitment campaigns, secured 21 accepted job offers, supported Open Enrollment, and saw strong participation in the new Vitality wellness platform. Safety and Security completed key inspections, training, construction safety walkthroughs, and physical security improvements while advancing security standards and technology modernization across HRSD.



## Community Engagement

I delivered a presentation to Congressional staffers in the Rayburn building on May 7. I participated in a panel organized by the Environmental and Energy Study Institute (EESI) to discuss infrastructure challenges and federal policy. This event was recorded on C-Span: [Industry Stakeholders Discuss Modernizing U.S. Water Infrastructure](#).

On May 19, HRSD and the Virginia Living Museum (VLM) had a ribbon-cutting for our new exhibit, built by VLM, that provides a high-level overview of how wastewater is cleaned. This is an important component of our rebranding as we try to build the emotional connection to convey the importance of clean waterways, so our ratepayers see value when they pay their bill.



## Innovation

HRSD was one of four utilities inducted into the prestigious Leading Utilities of the World group. There are only 86 in the group. To provide context, there are over 50,000 water/wastewater utilities in the US.

**I look forward to seeing you in Virginia Beach at 9:00 a.m. on Tuesday, June 23, 2026.**

Respectfully submitted,

*Jay Bernas*

Jay Bernas, P.E.  
General Manager/CEO

TO: General Manager

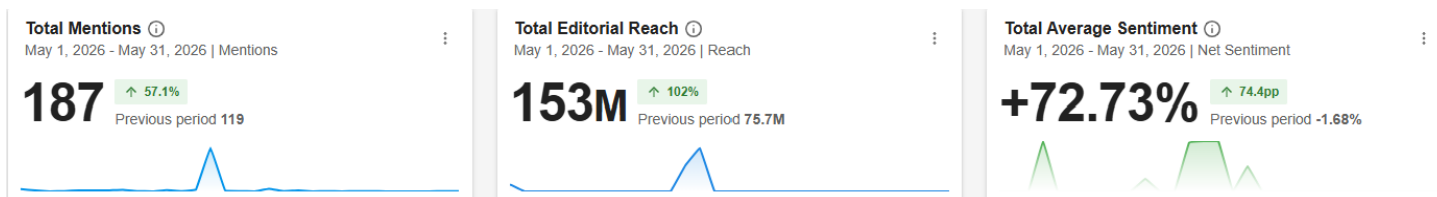
FROM: Chief Communications Officer

SUBJECT: Monthly Report for May 2026

DATE: June 15, 2026

## A. Publicity and Promotion

1. HRSD and/or the Sustainable Water Initiative For Tomorrow (SWIFT) were mentioned or featured in 20 different stories this month. Topics included:
  - a. Innovative approaches to pathogen removal
  - b. Announcement of Dr. Bott as Chair of the EPA Science Advisory Board
  - c. HRSD partnership with CREW Carbon
  - d. Potomac Sewer Interceptor: A Cautionary Tale for the Chesapeake
  - e. Fitch Rates for Water and Sewer Bonds
  - f. A Climate Fix That Could Cut Your Water Bill (Wall Street Journal story)
2. Analysis of Media Coverage
  - a. Key results for May



### b. Top performing news content

| Top Articles by Estimated Views                                                                                                                                                                                                 | Top Articles by Social Echo                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 1, 2026 - May 31, 2026   Sort by views                                                                                                                                                                                      | May 1, 2026 - May 31, 2026   Social echo                                                                                                                                                          |
| <div><div>WSJ</div><div>The Wall Street Journal · Ed Ballard</div><div>News   US   May 14 · 9:33 AM   27.6M Reach</div><div>A Climate Fix That Could Cut Your Water Bill</div></div>                                            | <div><div>IT Tech Pulse</div><div>News   US   May 14 · 2:11 PM   11</div><div>CREW Raises \$25M of Funding to Scale Wastewater Treatment Optimization Technology as Climate Solution</div></div>  |
| <div><div>ADVFN</div><div>News   US   May 14 · 1:30 PM   565k Reach</div><div>CREW Raises \$25M of Funding to Scale Wastewater Treatment Optimization Technology as Climate Solution</div></div>                                | <div><div>ESG Today · Kenny Fisher</div><div>News   US   May 18 · 6:49 AM   5</div><div>Crew Carbon Raises \$25 Million for Technology Combining Wastewater Treatment, Carbon Removal</div></div> |
| <div><div>Your Oregon News · YourOregonNews.com</div><div>News   US   May 14 · 1:47 PM   22k Reach</div><div>CREW Raises \$25M of Funding to Scale Wastewater Treatment Optimization Technology as Climate Solution</div></div> | <div><div>Water Finance &amp; Management</div><div>News   US   May 18 · 9:15 AM</div><div>EPA announces new selections to Science Advisory Board</div></div>                                      |

### c. Top Social Posts by Views and Engagement

#### Top Social Posts by Views ⓘ

May 1, 2026 - May 31, 2026 | Sort by views

|                                                                                   |                                                                                                                                  |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|  | <b>eesionline</b><br>YouTube   US   May 8 · 3:44 PM<br>Policies and Financing Solutions to Modernize U.S. Water Infrastructure   |
|  | <b>InnoVate Hampton Roads</b><br>YouTube   May 6 · 5:09 PM<br>The Future of Hampton Roads   State of Innovation Address 2026     |
|  | <b>HRSD @hrsdva</b><br>X   US   May 12 · 12:02 PM   681 Reach<br>Hampton Roads educators: planning end-of-year acti... Show more |

#### Top Social Posts by Engagement ⓘ

May 1, 2026 - May 31, 2026 | Sort by engagement

|                                                                                   |                                                                                                                                |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
|  | <b>InnoVate Hampton Roads</b><br>YouTube   May 6 · 5:09 PM<br>The Future of Hampton Roads   State of Innovation Address 2026   |
|  | <b>HRSD @hrsdva</b><br>X   US   May 12 · 12:02 PM   1<br>Hampton Roads educators: planning end-of-year acti... Show more       |
|  | <b>eesionline</b><br>YouTube   US   May 8 · 3:44 PM<br>Policies and Financing Solutions to Modernize U.S. Water Infrastructure |

### d. Key Topics, key words and entities

#### AI Powered Clusters ⓘ

May 1, 2026 - May 31, 2026 | Mentions

| Authors                                                                                                                                                                       | Mentions |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1 CREW Carbon, Inc. (CREW) announced today it has closed an oversubscribed Series A round led by Burnt Island Ventures                                                        | 123      |
| 2 The city is home to over 900 lakes and ponds, and while scenic, the water can be a source of frustration. Problems can include flooding, trash, erosion or even an influ... | 2        |
| 3 Federal funding to boost infrastructure, safety in Suffolk and Franklin                                                                                                     | 1        |
| 4 Virginia Beach water and sewer bonds secure AAA rating ahead of 2026 sale                                                                                                   | 1        |
| 5 Fitch Rates UPG HI 2026-1 Issuer Trust                                                                                                                                      | 1        |
| 6 Large need for foster parents during National Foster Care month                                                                                                             | 1        |

#### Top Keywords ⓘ

May 1, 2026 - May 31, 2026 | Mentions

plant capacity and efficiency  
pollutant removal  
utilities capacity  
infrastructure technology  
scale crew's process

#### Key Topics ⓘ

May 1, 2026 - May 31, 2026 | Mentions

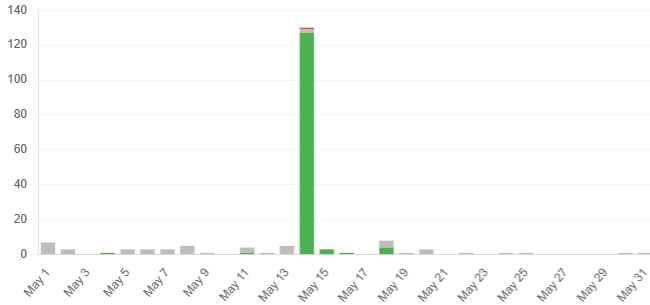
|                       |     |          |       |
|-----------------------|-----|----------|-------|
| Business & Industrial | 184 | ↑ 142%   | 98.4% |
| News                  | 173 | ↑ 119%   | 92.5% |
| Energy & Utilities    | 158 | ↑ 379%   | 84.5% |
| Business News         | 138 | ↑ 2.66K% | 73.8% |
| Company News          | 135 | → new    | 72.2% |

### e. How favorable is the content?

### Total Sentiment Trend

May 1, 2026 - May 31, 2026 | Mentions

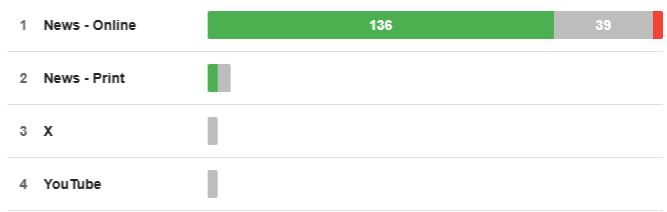
Positive Neutral Negative



### Sentiment by Source Type

May 1, 2026 - May 31, 2026 | Mentions

Positive Neutral Negative



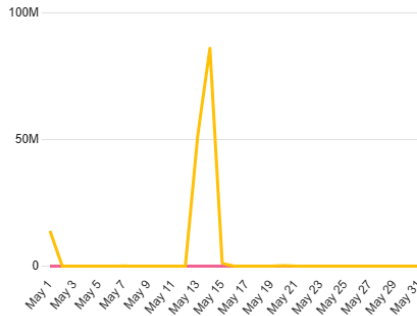
(Negative sentiment relates to CSPAN discussion unrelated to HRSD in which HRSD was mentioned)

## f. What is the potential reach?

### Reach Trend

May 1, 2026 - May 31, 2026 | Reach

Hampton Roads Sanitation N... +1



### Mentions and Reach Trend

May 1, 2026 - May 31, 2026 | Mentions, Reach

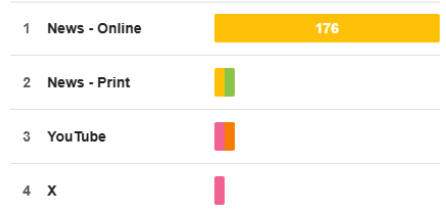
Mentions Reach



### Share of Voice by Source Type

May 1, 2026 - May 31, 2026 | Mentions

Hampton Roads Sanitation N... +3



## g. Who's Driving the Conversation? (Top publishers)

### Top Journalists by Mentions

May 1, 2026 - May 31, 2026 | Sort by mentions

Sort by Mentions

|   |                        |   |
|---|------------------------|---|
| 1 | MA Maggie Allwein      | 3 |
| 2 | EP Ed Pugh             | 2 |
| 3 | LH Lauren Hines-Acosta | 2 |
| 4 | MS Melany Slaughter    | 1 |
| 5 | KF Kenny Fisher        | 1 |
| 6 | EB Ed Ballard          | 1 |

### Top Journalists by Social Echo

May 1, 2026 - May 31, 2026 | Social echo

Sort by Social Echo

|   |                        |                     |
|---|------------------------|---------------------|
| 1 | KF Kenny Fisher        | 5<br>(1 mention)    |
| 2 | EP Ed Pugh             | 1<br>(2 mentions)   |
| 3 | LH Lauren Hines-Acosta | 1<br>(2 mentions)   |
| 4 | MS Melany Slaughter    | N/A<br>(1 mention)  |
| 5 | MA Maggie Allwein      | N/A<br>(3 mentions) |
| 6 | EB Ed Ballard          | N/A<br>(1 mention)  |

### Top Social Authors by Posts

May 1, 2026 - May 31, 2026 | Sort by mentions

Sort by Mentions

|   |                  |   |
|---|------------------|---|
| 1 | The Postdoctoral | 1 |
| 2 | HRSD             | 1 |

### Top Social Authors by Engagement

May 1, 2026 - May 31, 2026 | Sort by engagement

Sort by Engagement

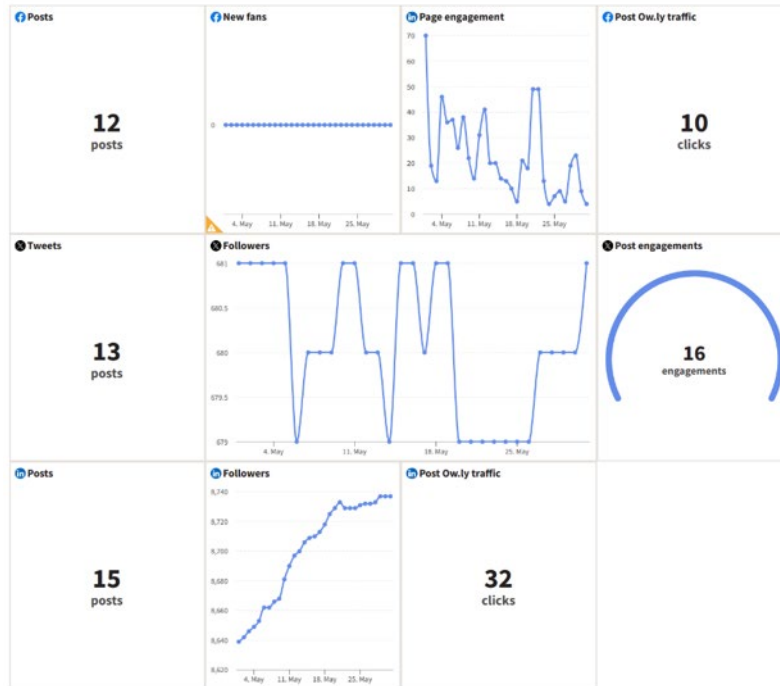
|   |                  |                    |
|---|------------------|--------------------|
| 1 | HRSD             | 1<br>(1 mention)   |
| 2 | The Postdoctoral | N/A<br>(1 mention) |



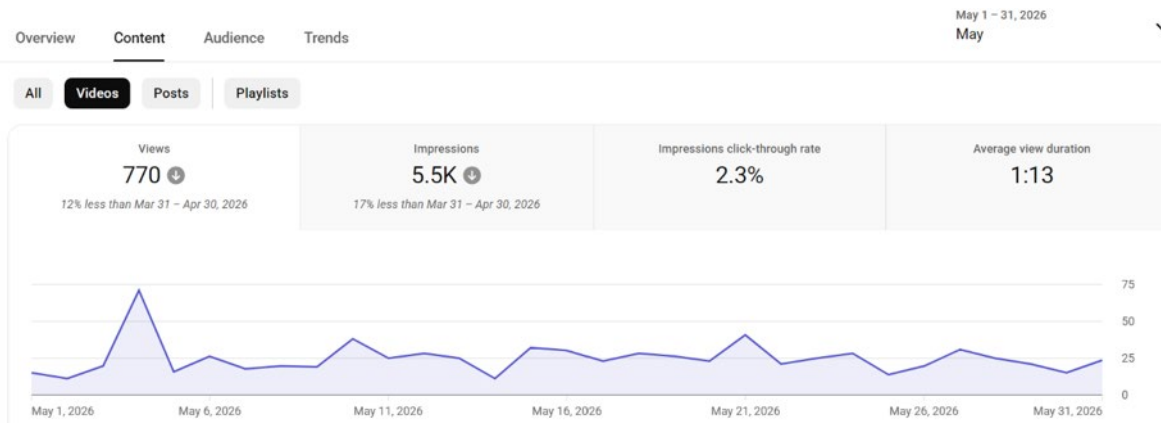
## Community Engagement

### B. Social Media and Online Engagement

#### 1. Metrics – Facebook, X and LinkedIn



#### 2. YouTube



#### 3. Top posts on Facebook, Twitter, and YouTube

##### a. Top Facebook post



b. Top LinkedIn Post



c. Top X Post



d. Top YouTube Videos (based on views in the month)

- (1) [HRSD | Municipality \(:60\)](#)
- (2) [HRSD | Blue Collar \(:60\)](#)
- (3) [HRSD| Blue Collar: 30](#)
- (4) [HRSD | White Collar \(:60\)](#)
- (5) [SWIFT Research Center: What is the Potomac Aquifer?](#)

4. Website and Social Media Impressions and Visits

a. Facebook:

- (1) 11,390 users reached
- (2) Facebook Engagement of 278 (258 reactions, 16 shares, and four comments)

b. X: 4.16% engagement rate

c. HRSD.com/SWIFTVA.com: 714 page visits

d. LinkedIn Impressions:

- (1) 21,505 page impressions

(2) 15,186 post impressions

e. YouTube: 770 views

f. NextDoor unique impressions: 47,804 post impressions from 18 targeted neighborhood postings and two regionwide postings.

g. Blog Posts: (0)

h. Construction Project Page Visits – 1,929 total

C. Education and Outreach Activity Highlights

1. 05/06/26 – HRSD presentation to Larrymore Elementary students
2. 05/03/2026 – HRSD presentation to Treakle Elementary students
3. 05/13/2026 -- SWIFT information table at Mathews Land Conservancy Lecture Series
4. 05/18/2026 – Project update provided to Meadowbrook Civic League at their scheduled meeting
5. 05/19/2026 – HRSD exhibit ribbon cutting and table at Virginia Living Museum
6. 05/21/2026 – Coordinated HRSD presentation given by engineering staff to The Ghent School
7. 05/22/2026 – Coordinated HRSD Touch-A-Truck event for participation by NS Operations staff
8. 05/27/2026 – SWIFT tour for Department of Environmental Quality staff
9. 05/29/2026 – HRSD representation at 2026 CoVA STEM HUB Partner Summit
10. 05/30/2026 – HRSD/SWIFT information table at Newport News Public Schools – Christopher Newport University STEM Community Day
11. Newsroom postings:
  - a. Construction notices – 7
  - b. News releases – 0
  - c. Traffic Advisories – 2

D. Meetings, Planning and other Communications

CCO participated in the following meetings and events:

1. Meeting and tour of Virginia Zoo to discuss partnering opportunities

2. HRSD interactive exhibit ribbon cutting event at the Virginia Living Museum
3. Meeting with staff to begin planning communication for ERP Project
4. HRSD.com weekly redesign meetings
5. SWIFT monthly communications status call
6. Bi-weekly General Manager (GM) briefings
7. Discharge Monitoring Report (DMR), SWIFT Quality Steering Team (QST), and HRSD QST meetings
8. Check-in meetings with Deputy General Manager (DGM)
9. Monthly check in meeting with Chief Operating Officer
10. CCO conducted biweekly Communications department status meetings and weekly one-on-one check-in meetings.
11. Staff participated in 37 project progress and/or construction meetings in addition to communication planning meetings with various project managers, plant staff, internal and external stakeholders.



## Talent

Professional development and internal communications activities and pursuits for May:

- Communications Manager provided communications support and strategic guidance for workforce operations survey
- Communications Manager initiated development of a company-wide employee newsletter and began vendor coordination to strengthen internal communications and employee engagement
- Development of a year-round HR Benefits Communications Plan to improve employee awareness, understanding and value of HRSD benefits programs.
- Public Information specialists participated in the following professional development endeavors:
  - Public Relations Society of America – Public Affairs and Government section (PRSA-PAG) webinar titled, “*Using Citizen Engagement to Improve the Experience and Build Confidence in Government*”
  - Emotional Intelligence Training and debrief
  - PRSA webinar: Boost Your News Writing Skills
  - “Light, Phone, Action: Building a Marketing Strategy”

Respectfully,

*Leila Rice, APR*

Chief Communications Officer

TO: General Manager

FROM: Chief Engineer

SUBJECT: Monthly Engineering Report for May 2026

DATE: June 11, 2026



### Environmental Responsibility

- They say luck is what happens when preparation meets opportunity. As part of the Nansemond ANRI project, the contractor is required to connect the Primary Effluent Equalization Basin to the Primary Clarifier Effluent (PCE) pipe. Unfortunately, significant corrosion was found on the crown of the 72-inch PCE pre-stressed concrete cylinder gravity pipe (PCCP) during preparations for the tap. Given their extensive experience with other corroded PCCP pipes in the HRSD system, Asset Management staff and their condition assessment consultant provided support by inspecting the extent of the corrosion and recommending a repair approach (an epoxy coating of the pipe). They also collected opportunistic condition assessment data of the nearby pipe by performing CCTV inspections while the flow was isolated. The epoxy coating allowed the contractor to avoid having to sleeve in a replacement section of pipe, saving time and money.



### Financial Stewardship

- Capital Improvement Program (CIP) spending for May was below the planned spending target, and annual spending is approximately 88 percent of the planned CIP target for the fiscal year. Note that Finance and Engineering are working on revisions to the way that the expenditures on the capital program are being reported – these changes will be implemented on July 1.

| Capital Improvement Program Spending (\$M) |                |            |
|--------------------------------------------|----------------|------------|
|                                            | Current Period | FY to date |
| Actual                                     | \$44.8         | \$550.4    |
| Plan                                       | \$64.7         | \$625.4    |



### Talent

- Staff retention and recruitment remain significant priorities. Engineering recently had offers accepted by four candidates for Project Manager positions in Design & Construction (the last one will start July 6<sup>th</sup>) and has filled an Engineering Program Manager (formerly, Hydraulic Analysis Manager) position in the Planning and Analysis

Department by one of our current Planning Engineers. This promotion leaves Engineering with one vacant position, which is currently advertised.



### Community Engagement

- Staff attended the Meadowbrook Civic League Meeting on May 18<sup>th</sup> to discuss the upcoming Section W Force Main Project
- The SWIFT team has begun initial conversations to create a comprehensive SWIFT documentary with AECOM's in-house resources to help tell the story of the program.
- Staff participated in a ribbon-cutting event with the Virginia Living Museum on May 19<sup>th</sup> for the new HRSD exhibit, which highlights the wastewater treatment process.
- Staff presented HRSD's upcoming CIP projects at the annual ODU CEEVC Spring Seminar, which was attended by most of the consultants and contractors in the region.



### Innovation

- The progressive design-build contracting method of the High Priority Inflow and Infiltration Reduction Program continues to save HRSD and its ratepayers money. In May, Burns & McDonnell made refinements to the first phase of the flow monitoring program by bringing on a second subcontractor for workload management and redundancy, but also negotiated the monthly flow monitoring cost and was able to reduce the cost of these subcontracts by \$3.5 million. The program has also absorbed the work activities of the Inflow Reduction Phase 2 Project in Hampton, the primary focus of which will be reducing inflow sources that allow saltwater to enter the system. Over the next two years, the team will spend up to \$10 million to reduce salinity sources to protect the Nansemond Treatment Plant's SWIFT process. This will happen over two phases of work to ensure it's done cost-effectively. The first phase will be in the winter of 2027. This work will then be evaluated through flow monitoring, and a second phase of work will be done in 2028, if needed. The goal is to eliminate as much salinity as possible before the Nansemond SWIFT facility comes online.

---

Jeff Scarano, PE, BCEE, DBIA

TO: General Manager/CEO

FROM: Deputy General Manager and Chief Financial Officer

SUBJECT: Monthly Report for May 2026

DATE: June 12, 2026



## Financial Stewardship

### Debt and Grants Management

Staff advanced several key funding initiatives in May including the \$15 million Emerging Contaminants principal forgiveness grant, which will help fund PFAS treatment improvements at the Nansmond SWIFT facility.

Progress also continued on the DEQ Septic-to-Sewer grant program, with eight connections completed, nine additional connections in progress, and the first grant reimbursement received.

### Accounting & Interim Financial Reports

In May, the Commission approved the fiscal year 2026 Annual Budget and Capital Improvement Plan.

Interim financial results remain strong, with revenues meeting and in some areas exceeding budget expectations. Billed consumption, which drives HRSD's largest revenue source, has rebounded and is slightly above budget projections

The Capital

Improvement Program also continued to advance, with nearly \$643 million in cash disbursements.

| Summary of Billed Consumption (,000s ccf) |                                            |                                |                |                                |                |                              |                        |
|-------------------------------------------|--------------------------------------------|--------------------------------|----------------|--------------------------------|----------------|------------------------------|------------------------|
|                                           |                                            |                                | % Difference   |                                | % Difference   |                              | % Difference           |
| Month                                     | FY2026<br>Cumulative<br>Budget<br>Estimate | FY2026<br>Cumulative<br>Actual | From<br>Budget | Cumulative<br>FY2025<br>Actual | From<br>FY2025 | Cumulative 3<br>Year Average | From 3 Year<br>Average |
| July                                      | 4,723                                      | 4,536                          | -3.9%          | 4,630                          | -2.0%          | 4,605                        | -1.5%                  |
| Aug                                       | 9,735                                      | 9,205                          | -5.4%          | 9,518                          | -3.3%          | 9,534                        | -3.4%                  |
| Sept                                      | 14,331                                     | 13,682                         | -4.5%          | 14,223                         | -3.8%          | 14,132                       | -3.2%                  |
| Oct                                       | 18,841                                     | 18,219                         | -3.3%          | 18,870                         | -3.4%          | 18,801                       | -3.1%                  |
| Nov                                       | 22,973                                     | 22,425                         | -2.4%          | 23,421                         | -4.3%          | 23,067                       | -2.8%                  |
| Dec                                       | 27,367                                     | 26,490                         | -3.2%          | 27,666                         | -4.3%          | 27,309                       | -3.0%                  |
| Jan                                       | 31,942                                     | 31,400                         | -1.7%          | 32,016                         | -1.9%          | 31,835                       | -1.4%                  |
| Feb                                       | 35,907                                     | 35,582                         | -0.9%          | 35,801                         | -0.6%          | 35,861                       | -0.8%                  |
| March                                     | 40,149                                     | 39,592                         | -1.4%          | 40,246                         | -1.6%          | 39,959                       | -0.9%                  |
| Apr                                       | 44,110                                     | 44,081                         | -0.1%          | 44,404                         | -0.7%          | 44,064                       | 0.0%                   |
| May                                       | 48,484                                     | 48,581                         | 0.2%           | 48,830                         | -0.5%          | 48,554                       | 0.1%                   |
| June                                      | 53,000                                     | -                              | N/A            | 53,606                         | N/A            | 53,120                       | N/A                    |

## **Customer Care**

---

During May staff achieved measurable improvements in collections, customer service, and digital engagement initiatives.

Past due balances declined in both the 30–61 day and 90+ aging categories. Staff also successfully transitioned to summer operations, shifting its focus to alternative field activities, partner locality support, and commercial collection efforts.

Staff delivered 2,847 warning door tags and disconnected service to 1,018 accounts.

Call Center performance improved significantly, with service levels increasing to 64 percent of calls answered within three minutes. Average wait times decreased to just over three minutes, while abandonment rates dropped to 12 percent. Customer satisfaction remained strong at 89 percent.

## A. Entity Wide Interim Financial Report & Summary of Reserves

### Hampton Roads Sanitation District Interim Financial Report Funds Analysis For the Period Ending May 31, 2026

|                                    | Operating Fund        | Capital Fund          | Total                 |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Inflows</b>                     |                       |                       |                       |
| Wastewater Treatment Charges       | \$ 460,955,567        | \$ -                  | \$ 460,955,567        |
| Interest Income                    | 17,682,144            | 5,624,081             | 23,306,225            |
| Grants                             | -                     | 67,001,733            | 67,001,733            |
| Debt Issuances                     | -                     | 287,092,505           | 287,092,505           |
| Transfers-In                       | -                     | 158,676,232           | 158,676,232           |
| <b>Total Inflows</b>               | <b>478,637,711</b>    | <b>518,394,551</b>    | <b>997,032,262</b>    |
| <b>Outflows</b>                    |                       |                       |                       |
| Operational                        | 215,756,183           | -                     | 215,756,183           |
| Debt Service                       | 94,206,654            | -                     | 94,206,654            |
| Capital                            | -                     | 642,911,076           | 642,911,076           |
| Transfers-Out                      | 158,676,232           | -                     | 158,676,232           |
| <b>Total Outflows</b>              | <b>468,639,069</b>    | <b>642,911,076</b>    | <b>1,111,550,145</b>  |
| Net Change in Reserves             | 9,998,642             | (124,516,525)         | (114,517,883)         |
| Beginning Reserves                 | 287,822,082           | 315,786,765           | 603,608,847           |
| <b>Ending Reserves</b>             | <b>\$ 297,820,724</b> | <b>\$ 191,270,240</b> | <b>\$ 489,090,964</b> |
| <b>Ending Reserves Summary</b>     |                       |                       |                       |
| Unrestricted                       |                       |                       |                       |
| General                            | \$ 255,312,169        | \$ 74,641             | \$ 255,386,810        |
| Risk                               | 4,799,555             | -                     | 4,799,555             |
| PayGo                              | -                     | 191,182,951           | 191,182,951           |
| <b>Total Unrestricted Reserves</b> | <b>260,111,724</b>    | <b>191,257,592</b>    | <b>451,369,316</b>    |
| Restricted                         |                       |                       |                       |
| Debt Service                       | 37,709,000            | -                     | 37,709,000            |
| Bond Proceeds                      | -                     | 12,648                | 12,648                |
| <b>Total Ending Reserves</b>       | <b>\$ 297,820,724</b> | <b>\$ 191,270,240</b> | <b>\$ 489,090,964</b> |

## **Notes to Entity Wide Interim Financial Report and Summary of Reserves**

The Entity Wide Interim Financial Report and Summary of Reserves summarizes the results of HRSD's operations and capital improvements on a basis of accounting that differ from generally accepted accounting principles. Revenues are recorded when received and expenses are generally recorded when paid. No provision is made for non-cash items such as depreciation and bad debt expense.

Reserves represent the balance of HRSD's cash and investments classified into functional purposes.

## B. Operating Fund Interim Financial Report - Budget to Actual

### Hampton Roads Sanitation District Operating Fund Interim Financial Report Budget to Actual For the Period Ending May 31, 2026

|                                         | Amended Budget | Current YTD    | Current YTD as<br>% of Budget<br>(92% Budget to<br>Date) | Prior YTD as<br>% of Prior<br>Year Budget |
|-----------------------------------------|----------------|----------------|----------------------------------------------------------|-------------------------------------------|
| <b>Operating Revenues</b>               |                |                |                                                          |                                           |
| Wastewater                              | \$ 486,718,000 | \$ 440,985,499 | 91%                                                      | 93%                                       |
| Surcharge                               | 1,568,000      | 1,329,729      | 85%                                                      | 101%                                      |
| Indirect Discharge                      | 3,526,000      | 4,477,787      | 127%                                                     | 99%                                       |
| Fees                                    | 4,560,000      | 4,176,772      | 92%                                                      | 126%                                      |
| Municipal Assistance                    | 734,000        | 704,116        | 96%                                                      | 132%                                      |
| Miscellaneous                           | 808,000        | 805,898        | 100%                                                     | 97%                                       |
| Total Operating Revenue                 | 497,914,000    | 452,479,801    | 91%                                                      | 93%                                       |
| <b>Non Operating Revenues</b>           |                |                |                                                          |                                           |
| Facility Charge                         | 6,620,000      | 7,151,350      | 108%                                                     | 97%                                       |
| Interest Income                         | 11,500,000     | 22,809,218     | 198%                                                     | 317%                                      |
| Other                                   | 1,545,000      | 2,703,178      | 175%                                                     | 197%                                      |
| Total Non Operating Revenue             | 19,665,000     | 32,663,746     | 166%                                                     | 216%                                      |
| <b>Total Revenues</b>                   | 517,579,000    | 485,143,547    | 94%                                                      | 97%                                       |
| Transfers from Reserves                 | 26,039,871     | 23,869,882     | 92%                                                      | 92%                                       |
| <b>Total Revenues and Transfers</b>     | \$ 543,618,871 | \$ 509,013,429 | 94%                                                      | 96%                                       |
| <b>Operating Expenses</b>               |                |                |                                                          |                                           |
| Personal Services                       | \$ 87,450,418  | \$ 80,207,360  | 92%                                                      | 90%                                       |
| Fringe Benefits                         | 31,422,407     | 28,262,742     | 90%                                                      | 82%                                       |
| Materials & Supplies                    | 17,577,501     | 12,801,635     | 73%                                                      | 77%                                       |
| Transportation                          | 2,679,992      | 1,886,301      | 70%                                                      | 66%                                       |
| Utilities                               | 18,037,260     | 14,779,058     | 82%                                                      | 85%                                       |
| Chemical Purchases                      | 19,158,847     | 12,275,648     | 64%                                                      | 76%                                       |
| Contractual Services                    | 63,850,179     | 41,419,117     | 65%                                                      | 59%                                       |
| Major Repairs                           | 18,968,701     | 8,933,268      | 47%                                                      | 38%                                       |
| Capital Assets                          | 2,280,197      | 1,218,017      | 53%                                                      | 31%                                       |
| Miscellaneous Expense                   | 4,552,025      | 3,493,992      | 77%                                                      | 110%                                      |
| <b>Total Operating Expenses</b>         | 265,977,527    | 205,277,138    | 77%                                                      | 76%                                       |
| <b>Debt Service and Transfers</b>       |                |                |                                                          |                                           |
| Debt Service                            | 104,540,000    | 94,206,654     | 90%                                                      | 93%                                       |
| Transfer to CIP                         | 173,101,344    | 158,676,232    | 92%                                                      | 92%                                       |
| <b>Total Debt Service and Transfers</b> | 277,641,344    | 252,882,886    | 91%                                                      | 92%                                       |
| <b>Total Expenses and Transfers</b>     | \$ 543,618,871 | \$ 458,160,024 | 84%                                                      | 84%                                       |

## **Notes to Operating Fund Interim Financial Report – Budget to Actual**

The Operating Interim Financial Report – Budget to Actual is intended to summarize financial results on an accounting basis similar to the Annual Operating Budget. The basis of accounting differs from generally accepted accounting principles and from the Entity Wide Interim Financial Report. Revenues are recorded on an accrual basis, whereby they are recognized when billed, and expenses are generally recorded on a cash basis. No provision is made for non-cash items such as depreciation and bad debt expense.

## C. Capital Fund – Project Length Summary of Activity

### HRSD-PROJECT ANALYSIS

May 31, 2026

| Classification/<br>Treatment<br>Service Area | Appropriated<br>Funds   | Project to<br>Date<br>Expenditures | Encumbrances            | Available             |
|----------------------------------------------|-------------------------|------------------------------------|-------------------------|-----------------------|
| Administration                               | \$ 120,900,789          | \$ 45,437,337                      | \$ 59,672,968           | \$ 15,790,484         |
| Army Base                                    | 49,704,075              | 13,839,791                         | 7,592,625               | 28,271,659            |
| Atlantic                                     | 221,306,855             | 81,411,296                         | 28,638,603              | 111,256,956           |
| Boat Harbor                                  | 507,365,299             | 415,441,858                        | 39,820,670              | 52,102,771            |
| Ches-Eliz                                    | 29,279,118              | 15,235,477                         | 831,521                 | 13,212,120            |
| Eastern Shore                                | 68,576,326              | 46,872,873                         | 1,813,842               | 19,889,611            |
| James River                                  | 361,858,320             | 310,517,204                        | 23,251,417              | 28,089,699            |
| Middle Peninsula                             | 106,763,987             | 26,001,740                         | 14,973,357              | 65,788,890            |
| Nansemond                                    | 568,080,436             | 419,143,448                        | 130,904,263             | 18,032,725            |
| Surry                                        | 57,978,543              | 52,813,250                         | 457,742                 | 4,707,551             |
| VIP                                          | 327,386,066             | 170,053,788                        | 62,514,525              | 94,817,753            |
| Williamsburg                                 | 103,425,475             | 13,262,468                         | 2,179,954               | 87,983,053            |
| York River                                   | 113,575,421             | 76,011,000                         | 4,249,405               | 33,315,016            |
| General                                      | 1,691,414,141           | 714,576,231                        | 671,281,290             | 305,556,620           |
|                                              | <u>\$ 4,327,614,851</u> | <u>\$ 2,400,617,761</u>            | <u>\$ 1,048,182,182</u> | <u>\$ 878,814,908</u> |

## D. Summary of Debt Activity

### HRSD- Debt Analysis

May 31, 2026

(in thousands)

|                            | Fixed Rate   | Variable Rate | Line of Credit | Total        |
|----------------------------|--------------|---------------|----------------|--------------|
| Beginning Balance 7/1/25   | \$ 1,757,250 | \$ 50,000     | \$ 92,462      | \$ 1,899,712 |
| Add:                       |              |               |                |              |
| New Debt                   | 283,036      | -             | -              | 283,036      |
| Capitalized Interest       | 8,490        | -             | -              | 8,490        |
| Less:                      |              |               |                |              |
| Principal Payments         | (54,930)     | -             | -              | (54,930)     |
| Ending Balance 05/31/26    | \$ 1,993,846 | \$ 50,000     | \$ 92,462      | \$ 2,136,308 |
| FY26 YTD Interest Payments | \$ (42,645)  | \$ (1,104)    | \$ (3,017)     | \$ (46,766)  |

### HRSD- Series 2016 Variable Rate Bond Analysis

May 29, 2026

|                | SIFMA Index | HRSD Series<br>2016VR | Deviation to<br>SIFMA |
|----------------|-------------|-----------------------|-----------------------|
| Maximum        | 4.71%       | 4.95%                 | 0.24%                 |
| Average        | 1.63%       | 1.11%                 | -0.52%                |
| Minimum        | 0.01%       | 0.01%                 | 0.00%                 |
| As of 05/29/26 | 3.09%       | 3.00%                 | -0.09%                |

Since October 20, 2011 HRSD has averaged 111 basis points on Variable Rate Debt

### Subsidised Debt Activity

| Source                       | Funder | Loan Amount    | Current Drawn<br>Total | % Remain | Initial Draw Date -<br>Projected |
|------------------------------|--------|----------------|------------------------|----------|----------------------------------|
| WIFIA Tranche 3              | EPA    | \$ 346,069,223 | \$ -                   | 100%     | July 2026                        |
| VCWRLF 2026 CIP Project      | DEQ    | \$ 60,000,000  | \$ 80,257              | 99.9%    | May 2026                         |
| VCWRLF Emerging Contaminants | DEQ    | \$ 15,031,209  | \$ -                   | 100%     | June 2026                        |

## E. Cash and Investment Summary

| Operating Liquidity Accounts        | Beginning Market Value<br>July 1, 2025 | YTD Contributions       | YTD Withdrawals         | YTD Income Earned    | Ending Market Value<br>May 31, 2026 | Allocation of funds | Current Mo Avg Yield |
|-------------------------------------|----------------------------------------|-------------------------|-------------------------|----------------------|-------------------------------------|---------------------|----------------------|
| BOA Corp Disbursement Account       | \$ 43,574,043                          | \$ 1,261,906,101        | \$ 1,291,889,054        | \$ 364,155           | \$ 13,955,245                       | 3.4%                | 2.61%                |
| BOA Operating Accounts              | 14,339,684                             | 1,002,504,446           | 1,002,437,953           | 177,267              | 14,583,444                          | 3.5%                | 1.22%                |
| BNY Mellon Account                  | 7,892,401                              | 56,656,875              | 63,684,006              | 71,998               | 937,268                             | 0.2%                | 3.52%                |
| SNAP & SLG Accounts                 | 143,929,872                            | 227,916,176             | 377,382,840             | 5,624,081            | 87,289                              | 0.0%                | 3.81%                |
| VIP Stable NAV Liquidity Pool       | 324,275,659                            | 379,096,072             | 330,000,000             | 14,558,134           | 387,929,865                         | 92.9%               | 3.75%                |
| <b>Operating Liquidity Accounts</b> | <b>\$ 534,011,659</b>                  | <b>\$ 2,928,079,670</b> | <b>\$ 3,065,393,853</b> | <b>\$ 20,795,635</b> | <b>\$ 417,493,111</b>               | <b>100.0%</b>       |                      |

VIP Stable NAV Liquidity Pool performed 0.01% above to the Va Local Government Investment Pool's (the market benchmark) in the month of May 2026.

| Total Return Account                | Beginning Market Value<br>July 1, 2025 | YTD Contributions | YTD Withdrawals  | YTD Income Earned & Realized G/L | Ending Market Value<br>May 31, 2026 | Allocation of funds  | Yield to Maturity at Market |
|-------------------------------------|----------------------------------------|-------------------|------------------|----------------------------------|-------------------------------------|----------------------|-----------------------------|
| VIP 1-3 Year High Quality Bond Fund | 69,597,188                             | -                 | 12,918           | 2,510,590                        | 71,597,853                          | 72,645,407           | 3.99%                       |
| <b>Total Return Account</b>         | <b>\$ 69,597,188</b>                   | <b>\$ -</b>       | <b>\$ 12,918</b> | <b>\$ 2,510,590</b>              | <b>\$ 71,597,853</b>                | <b>\$ 72,645,407</b> |                             |

VIP 1-3 Year High Quality Bond Fund performed 0.02% below to the ICE BofA ML 1-3 yr AAA-AA Corp/Gov Index (the market benchmark) in May 2026.

|                              | Total                 | Fund Alloc    |
|------------------------------|-----------------------|---------------|
| Operating Liquidity Accounts | \$ 417,493,111        | 85.4%         |
| Total Return Account         | \$ 71,597,853         | 14.6%         |
| <b>TOTAL</b>                 | <b>\$ 489,090,964</b> | <b>100.0%</b> |

## F. Financial Performance Metrics Adjusted Days Cash on Hand

### HRSD - UNRESTRICTED CASH

May 31, 2026

Can be used for any purpose since it is not earmarked for a specific use.

|                                   |                       | Days Cash on Hand | Adjusted Days Cash on Hand |
|-----------------------------------|-----------------------|-------------------|----------------------------|
| <b>Total Unrestricted Cash</b>    | <b>\$ 451,369,316</b> |                   | <b>619</b>                 |
| Risk Management Reserve           | (4,799,555)           | (6)               | 613                        |
| Capital (PAYGO only)              | (191,182,952)         | (263)             | 350                        |
| <b>Adjusted Days Cash on Hand</b> | <b>\$ 255,386,810</b> |                   | <b>350</b>                 |

Risk Management Reserve as a % of Projected Claims Cost is 25% YTD compared to 25% Policy Minimum

Adjusted Days Cash on Hand Policy Minimum is 270-365 days.

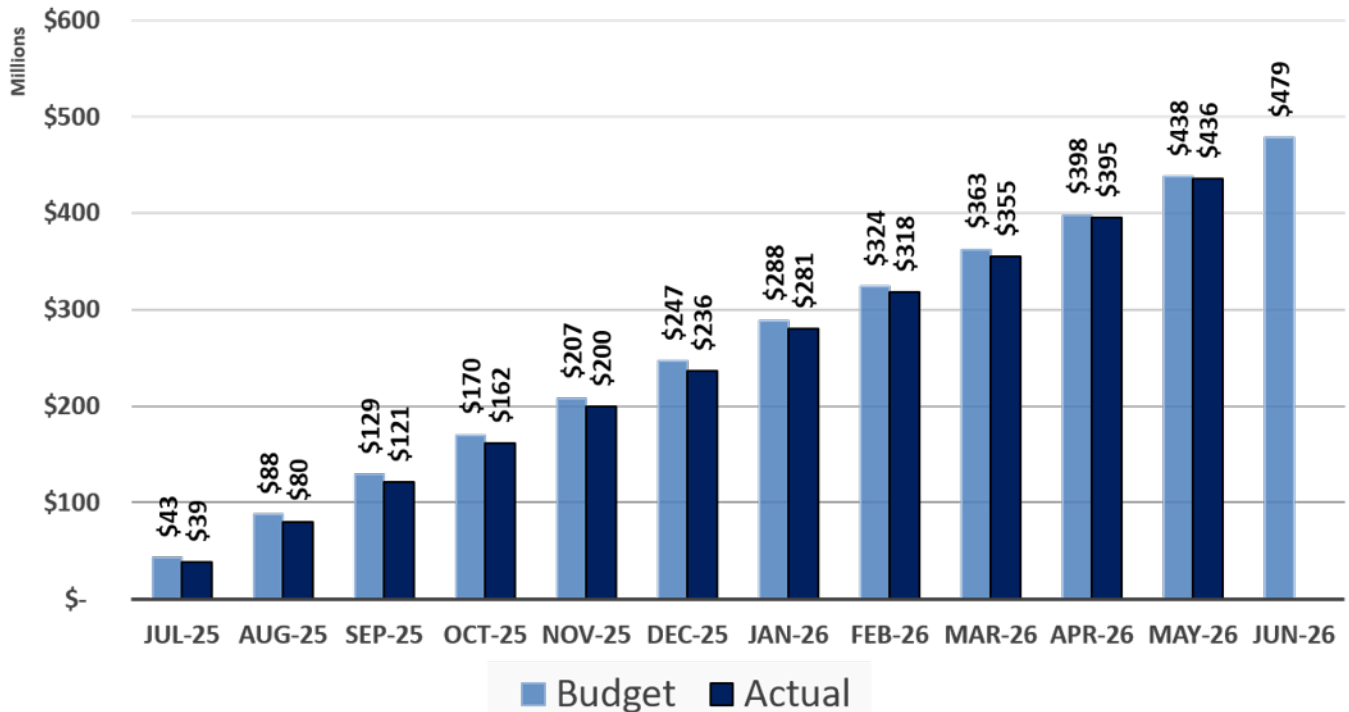
## G. Summary of Grant Applications, Awards and Activity

| Active Capital Grants             |        |                                                                   |                                                                      |                       |                       |                       |                              |  |
|-----------------------------------|--------|-------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|------------------------------|--|
| Grant Name                        | Funder | Project                                                           | CIP#                                                                 | Application Submitted | Amount Requested      | HRSD Award Amount     | Reimbursement as of 05/30/26 |  |
| Community Flood Preparedness Fund | VDCR   | Dozier's Corner Pump Station Replacement                          | AT015400                                                             | 12/4/2024             | \$ 6,265,669          | \$ 6,265,669          | \$ -                         |  |
| Community Flood Preparedness Fund | VDCR   | Onancock Treatment Plant Administrative Building Design           | ES010300                                                             | 10/30/2024            | \$ 374,400            | \$ 374,400            | \$ -                         |  |
| Water Quality Improvement Fund    | VDEQ   | Boat Harbor Pump Station and Conveyance                           | BH015700<br>BH015701<br>BH015710<br>BH015720<br>GN016345<br>GN016346 | 3/4/2024              | \$ 311,286,392        | \$ 294,300,592        | \$ 67,000,000                |  |
| Water Quality Improvement Fund    | VDEQ   | James River Advanced Nutrient Reduction Improvements (ANRI) SWIFT | GN016360<br>GN016361<br>GN016362<br>JR013400                         | 3/23/2023             | \$ 344,741,547        | \$ 331,384,307        | \$ -                         |  |
|                                   |        |                                                                   |                                                                      |                       | <b>\$ 662,668,008</b> | <b>\$ 632,324,968</b> | <b>\$ 67,000,000</b>         |  |

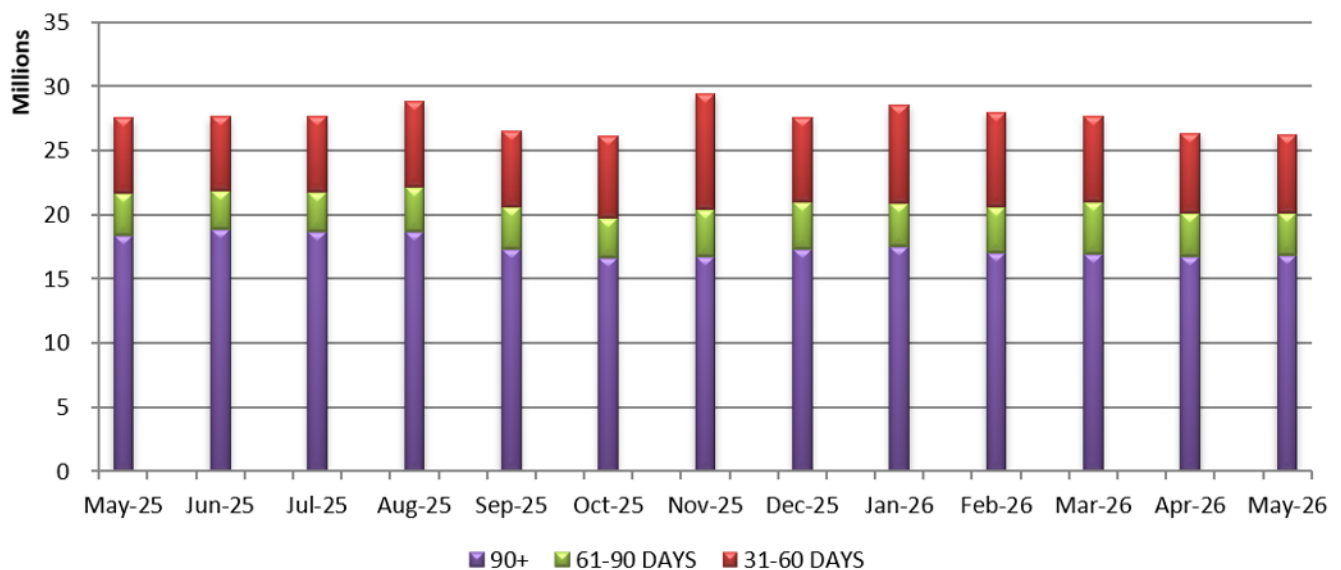
| Active Non-Capital Grants |        |                                                  |      |                       |                     |                     |                              |  |
|---------------------------|--------|--------------------------------------------------|------|-----------------------|---------------------|---------------------|------------------------------|--|
| Grant Name                | Funder | Project                                          | CIP# | Application Submitted | Amount Requested    | HRSD Award Amount   | Reimbursement as of 05/30/26 |  |
| Non-Point Source Funding  | VDEQ   | Gloucester Septic to Sewer (Pay for Performance) | n/a  | 2/3/2024              | \$ 1,180,000        | \$ 1,180,000        | \$ 35,327                    |  |
|                           |        |                                                  |      |                       | <b>\$ 1,180,000</b> | <b>\$ 1,180,000</b> | <b>\$ 35,327</b>             |  |

## H. Customer Care Center – Key Statistics

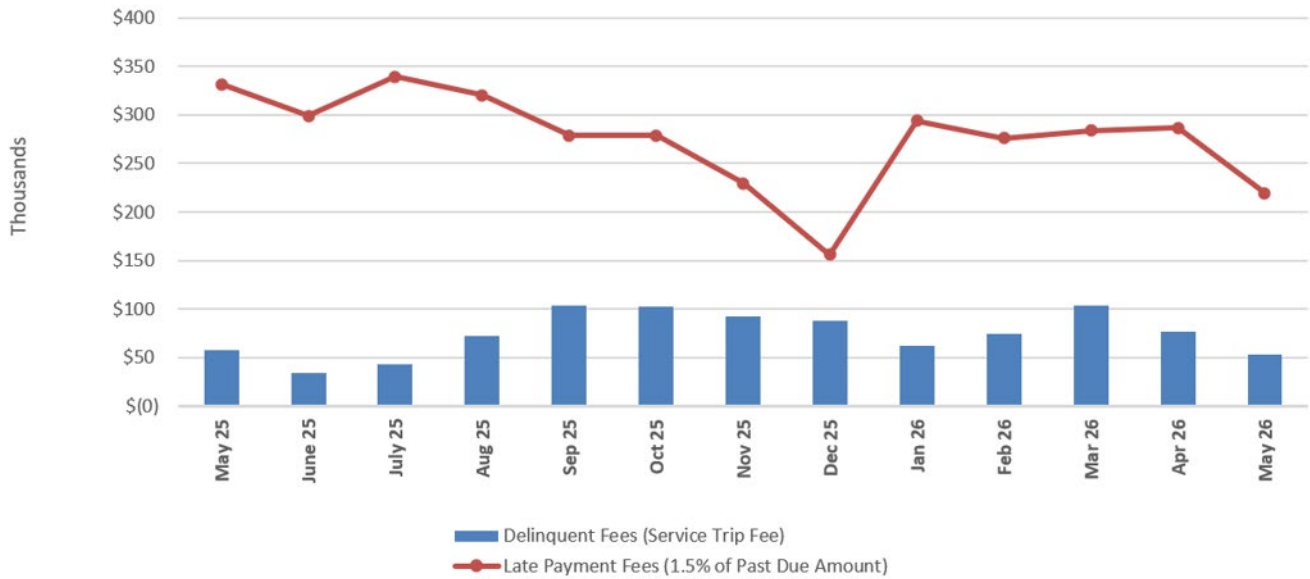
### Wastewater Service Charges - Budget to Actual



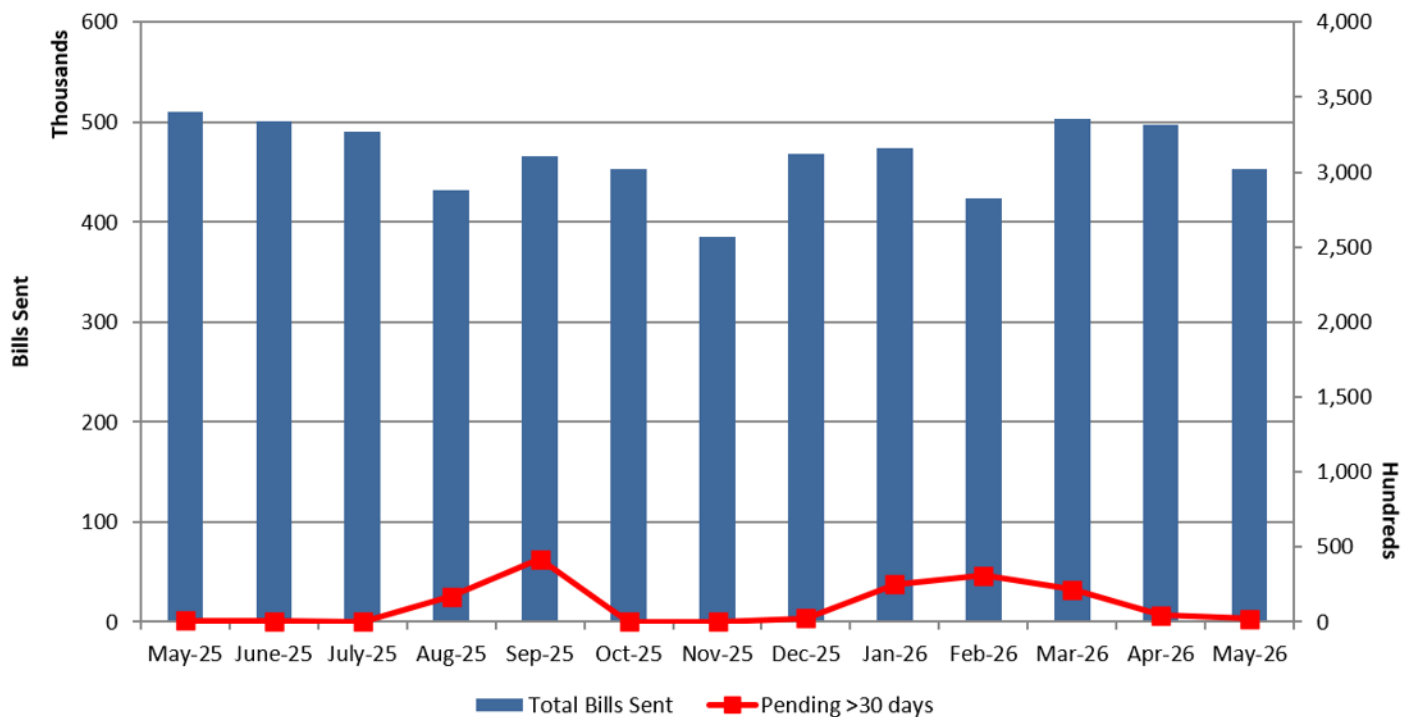
### HRSD Accounts Receivable Aging +30 Days



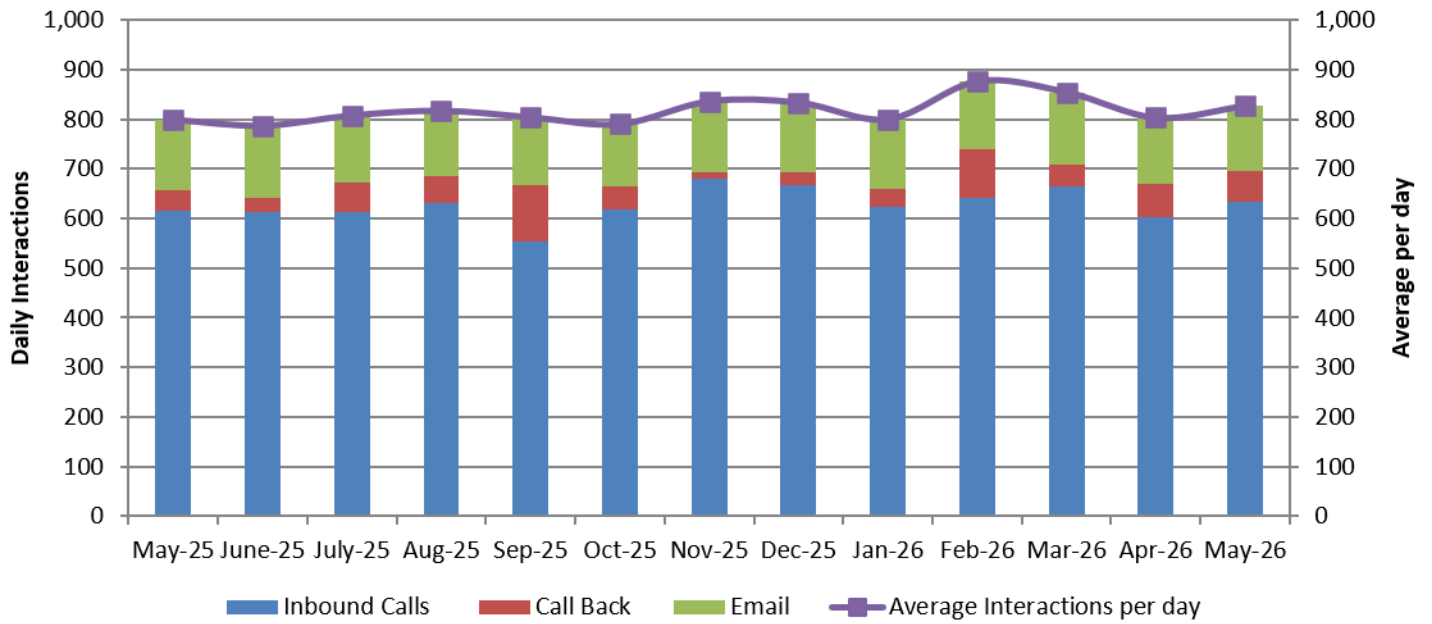
### Delinquent & Late Payment Fees



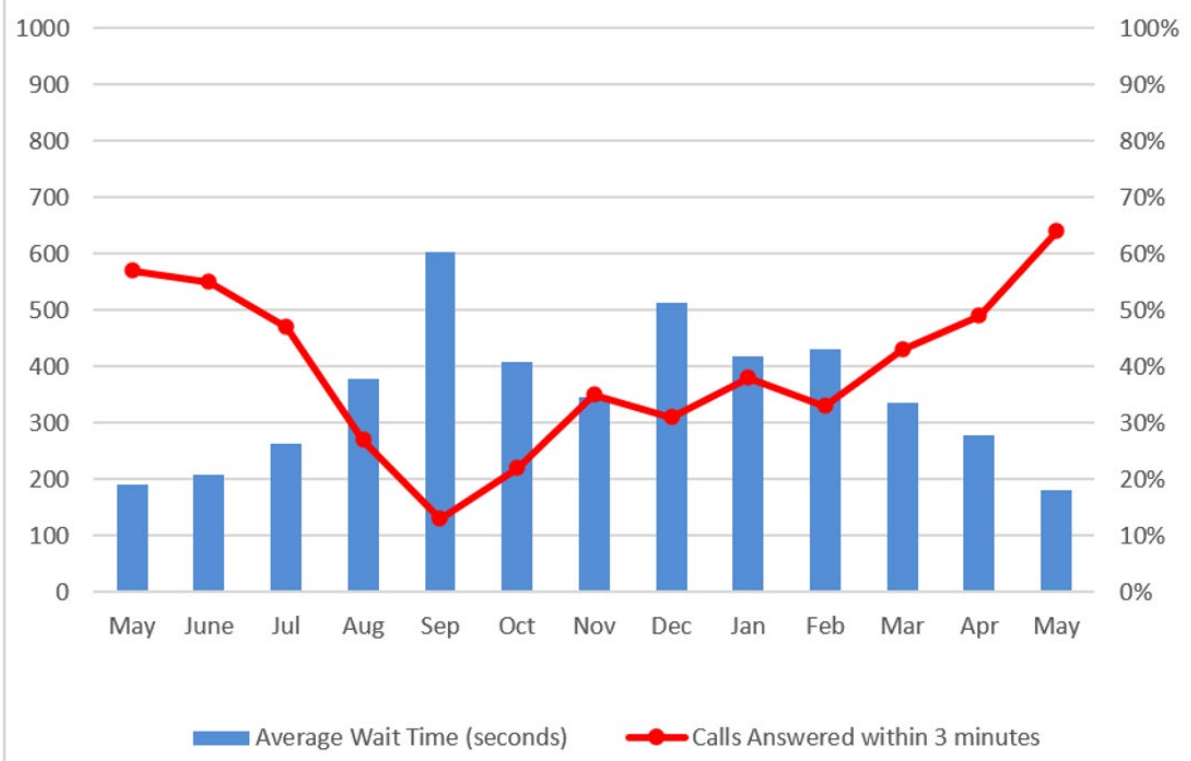
### Billing Summary



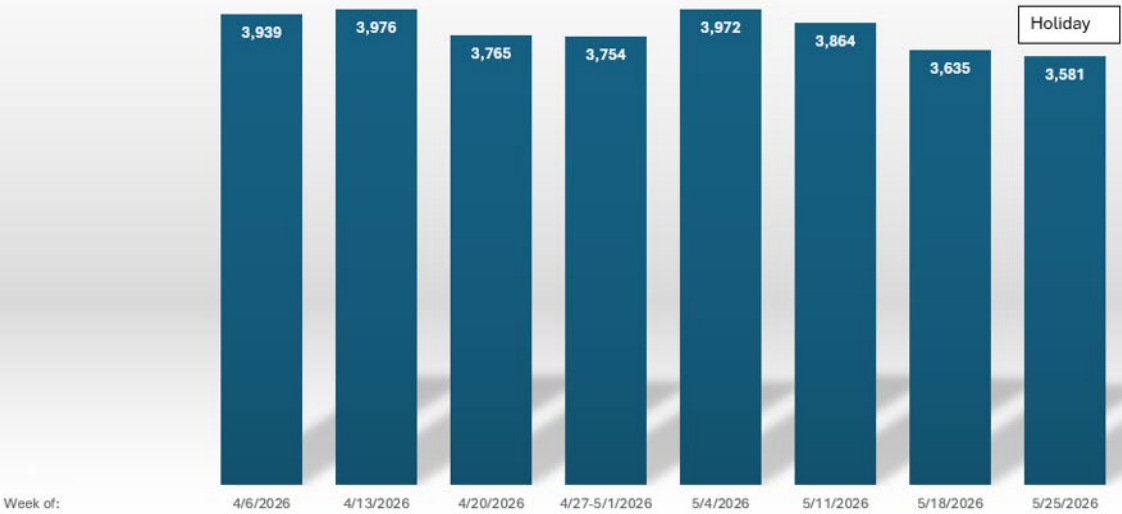
## Call Center Interactions (per day)



### Customer Interaction Statistics



### Total Calls Received by Week



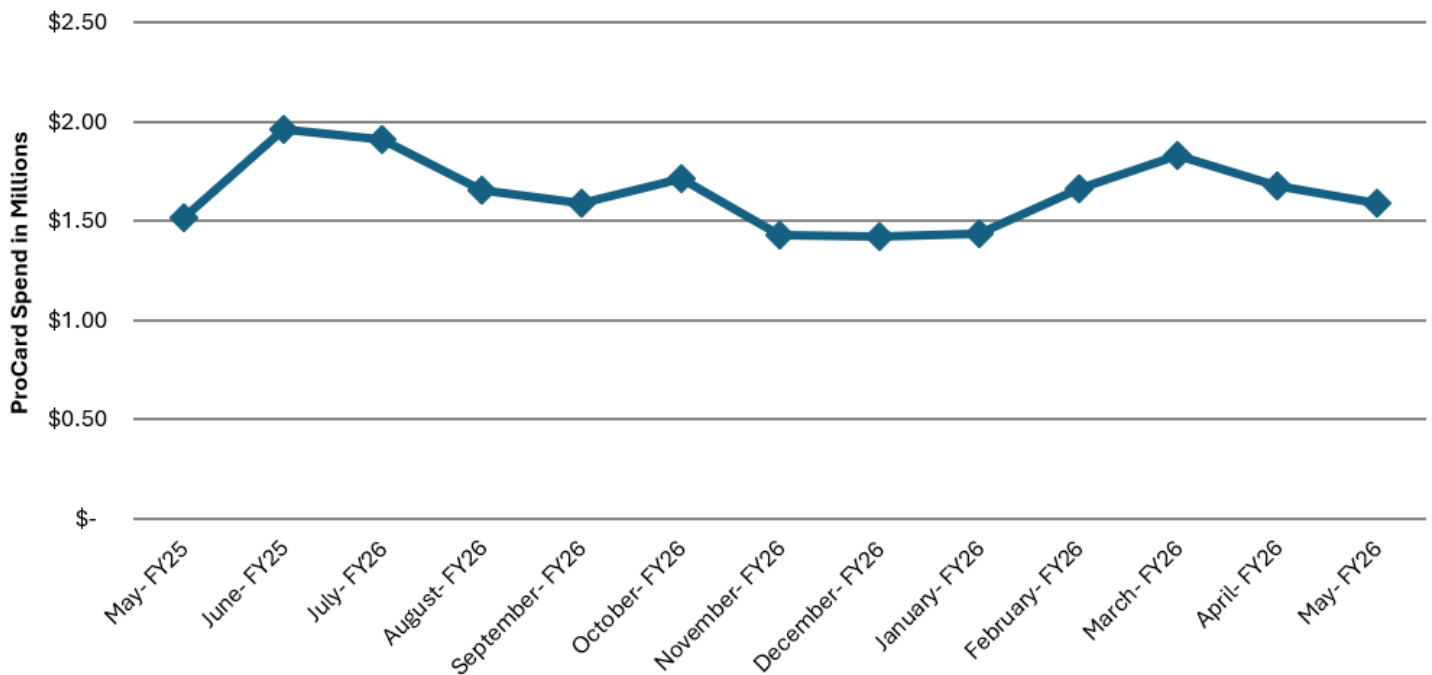
| Customer Interaction Statistics |     |      |     |     |     |     |     |     |     |     |     |     |     |
|---------------------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                                 | May | June | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Calls Answered within 3 minutes | 57% | 55%  | 47% | 27% | 13% | 22% | 35% | 31% | 38% | 33% | 43% | 49% | 64% |
| Average Wait Time (seconds)     | 190 | 208  | 262 | 379 | 604 | 409 | 346 | 512 | 417 | 431 | 336 | 277 | 181 |
| Calls Abandoned                 | 16% | 19%  | 22% | 28% | 42% | 33% | 25% | 32% | 27% | 23% | 20% | 16% | 12% |

| Item # | Strategic Planning Measure | Unit                                           | May 2026     |
|--------|----------------------------|------------------------------------------------|--------------|
|        | Accounts Receivable (HRSD) | Dollars                                        | \$53,088,717 |
|        | Aging Accounts Receivable  | Percentage of receivables greater than 90 days | 31.6%        |

## I. Procurement Statistics

| Savings                                | Current Period | FYTD        |
|----------------------------------------|----------------|-------------|
| *Competitive Savings                   | \$99,820       | \$3,797,682 |
| Negotiated Savings                     | \$2,499        | \$18,637    |
| Salvage Revenues                       | \$10,808       | \$85,287    |
| Corporate VISA Card - Estimated Rebate | \$23,680       | \$266,978   |

### ProCard Spend FY26



Respectfully,

*Steven G. de Mik*

Steven G. de Mik  
Deputy General Manager/Chief Financial Officer

TO: General Manager/ Chief Executive Officer

FROM: Chief Information Officer

SUBJECT: Information Technology Division (ITD) Report for May 2026

DATE: June 13, 2026



## Innovation

### IT Operations Activities:

#### Help Desk:

| Opened<br>Work Orders | Closed<br>Work Orders |
|-----------------------|-----------------------|
| 505                   | 464                   |

- Desktop Support Analysts continue to process refinements to the Microsoft Intune mobile device management implementation. The product went live in late May.
- The issuing of new cell phones to employees continues to be on target.

#### Linux Administrators:

- Assisted with CISA penetration testing activities and conducted credential store evaluations to assess authentication mechanisms, validate access control effectiveness, and identify security enhancement opportunities across critical systems and environments.
- Performed operating system upgrade activities to maintain platform supportability, enhance system security, and ensure continued alignment with organizational and vendor-supported standards.
- Executed system patching activities and advanced patch automation initiatives to improve security posture, reduce manual effort, and ensure timely deployment of critical updates across infrastructure environments.
- Conducted recovery testing for Windows hosts to validate restoration procedures, strengthen disaster recovery capabilities, and improve organizational readiness for system recovery events.
- Supported the migration of laboratory systems to a new backup system to enhance backup management capabilities, improve recovery operations, and standardize data protection processes across environments.
- Performed upgrade activities to maintain storage platform stability, improve performance and reliability, and ensure continued support for critical infrastructure services.

#### Systems Engineering:

- Completed hardware lifecycle replacement efforts for network switches across all major HRSD locations, improving network reliability, maintainability, and long-term infrastructure supportability.
- Configured fiber channel zoning within the virtualization environment to support the upcoming storage migration, ensuring readiness for continued platform modernization initiatives.
- Successfully completed monthly recovery testing, including both in-place and instant recovery scenarios, to validate backup integrity, verify recovery procedures, and ensure continued business continuity and disaster recovery readiness for critical systems.

- Continued efforts to strengthen endpoint governance, improve configuration consistency, and enhance operational visibility across the IT environment.
- Enabled Microsoft Copilot Chat for small division testing. Microsoft Copilot Chat will be rolled out to the organization in June to support productivity, collaboration, and operational efficiency improvements through the adoption of AI-assisted technologies.
- Built and deployed a new Windows Server environment to support GIS operations, enhancing platform capability, supporting business requirements, and ensuring continued availability of critical services and applications.

Enterprise Applications Services:

| Newly Opened<br>Work Orders | Closed<br>Work Orders |
|-----------------------------|-----------------------|
| 181                         | 169                   |

- Programming staff continued their work with Customer Care to move the Town of Smithfield from model 2 to a model 3 billing partner. Go Live continues to be on schedule for the first weekend in June 2026.
- CC&B Programming staff continue data cleanup efforts and documentation reviews in preparation for the start of the Oracle Cloud Service implementation, anticipated to begin in June 2026.
- ERP Programming staff began data cleanup efforts and documentation reviews on the Oracle ERP system. Preparation for the start of a project in early 2027 to move to the Oracle Fusion cloud is in process.

Cybersecurity:

- Initiated an assessment of Third-Party Risk Management (TPRM) solutions to integrate cybersecurity risk evaluation into procurement and vendor management processes. The objective is to establish a consistent, measurable cybersecurity assessment framework for current and prospective vendors, improving supply chain visibility, reducing third-party risk exposure, and supporting more informed business and procurement decisions.
- Collaboration between Digital Water and Cybersecurity Services (CSD) continues to establish a risk-informed approach for AI and Large Language Model (LLM) adoption, ensuring innovation is enabled while protecting organizational data, systems, and operations.
- Completed two separate two-week penetration testing engagements to independently validate the effectiveness of the organization's cybersecurity program. CrowdStrike conducted an external penetration test across all internet-facing systems, providing comprehensive validation of perimeter security controls and actionable recommendations for continuous improvement. The Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) performed focused assessments of Oracle ERP. These assessments confirmed the effectiveness of key cybersecurity investments and defense capabilities while identifying opportunities to strengthen Oracle-related architecture and governance. The findings provide a clear roadmap for targeted risk reduction and improved resilience.

Division collective work efforts:

| Description                | Projects In Progress | Projects In Queue |
|----------------------------|----------------------|-------------------|
| Large Maintenance Projects | 15                   | 4                 |
| Other Enterprise Projects  | 67                   | 28                |
| <b>Total Projects</b>      | <b>82</b>            | <b>32</b>         |

- ServiceNow project work continues. This continues to be a slow-moving and heavy-lift project with schedule changes occurring due to staffing resources and other integrated projects.
- Microsoft 365 Purviews work related to Data Governance and Data Loss Prevention (DLP) continues. Data collections and testing continue.



### **Talent**

- A cross section of IT staff members participated in Microsoft Purview workshops.
- Cyber staff participated in a CISO Assembly with industry peers to evaluate emerging artificial intelligence cybersecurity capabilities and assess more than two dozen AI-focused solution providers. The engagement strengthened understanding of the rapidly evolving AI security landscape and identified opportunities to safely accelerate Digital Water and enterprise AI initiatives.
- Staff participated in interviews for the IT Senior Project Manager vacancy.



### **Community Engagement**

- Cybersecurity engaged with WaterISAC to evaluate a shared threat intelligence platform designed to strengthen collaboration across the water and wastewater sector. This initiative supports a collective defense model, enabling faster awareness of emerging threats, improved information sharing, and enhanced protection of critical infrastructure through coordinated response capabilities.

Respectfully,

*Mary Corby*

Chief Information Officer

TO: General Manager/Chief Executive Officer

FROM: Chief Operating Officer

SUBJECT: Operations Monthly Report for May 2026

DATE: June 12, 2026



## Community Engagement

Staff participated in several community events as follows:

1. On May 19, Mr. Chris Stephan, Director of North Shore (NS) Interceptor Operations and member of the Board of Trustees for the Virginia Living Museum (VLM), participated in a ribbon-cutting ceremony for HRSD's innovative partnership exhibit unveiling ceremony. The Flush, Flow, Flourish exhibit will be central to VLM's Conservation Command Center Gallery and it will be part of HRSD's community engagement activities to educate the public about HRSD's environmental stewardship.
2. On May 22, NS Interceptor Operations staff participated in a Touch-a-Truck outreach event at Knollwood Elementary School in Newport News.
3. NS Interceptors staff held several meetings with the James City Service Authority (JCSA) to discuss ongoing system pressure concerns and development review coordination. HRSD Operations and JCSA staff also observed the control modifications recently implemented at the Ford's Colony Pump Station (PS) and Greensprings PS. On May 25, when over five inches of rain fell within this service area, the new wet-weather control scenario, established to address wet-weather capacity concerns, was automatically activated as designed.
4. South Shore (SS) Interceptor Operations staff held locality collaboration meetings with City of Portsmouth Public Utilities staff and City of Suffolk Public Utilities staff 18 to discuss operational issues, ongoing initiatives, and upcoming projects.



## Environmental Responsibility

### **Treatment and Interceptor System Reportable Items:**

There were multiple events reported this month. Additional details are available in the Air and Effluent Summary in the Water Quality monthly report.

## **Internal Air and Odor Compliance:**

There were multiple events reported this month. Additional details are available in the Air and Effluent Summary in the Water Quality monthly report.

Williamsburg Treatment Plant (WBTP) had six odor scrubber exhaust exceptions for scrubber hydrogen sulfide (H<sub>2</sub>S) levels above eight ppm. One odor exception occurred while an oxidation tower was taken out of service, resulting in increased odorous air loading to the scrubbers. Four exceptions were due to elevated H<sub>2</sub>S levels associated with high centrifuge feed rates. The remaining exception was caused by increased odors from solids handling operations.

## **Additional Topics of Interest:**

1. James River Treatment Plant (JRTP) Advanced Nutrient Removal Improvements and Sustainable Water Initiative for Tomorrow (SWIFT) projects continued to make progress. Construction activities included ongoing improvements to Secondary Clarifier #3, completion of key electrical and site work, and continued progress on the new administration building. At the SWIFT facility, startup and equipment checkout activities continued for ozone, chemical, and ultraviolet disinfection systems, while filter media installation and control system testing progressed.
2. JRTP staff continued optimizing the nutrient removal process, including methanol feed and moving bed biofilm reactor operations to maintain final effluent nitrogen levels well below the targeted five ppm.
3. Atlantic Treatment Plant (ATP) staff received a report from the repair vendor for the annual Emergency Generator inspection, resulting in the plant withholding participation in the curtailment program. There are maintenance items that need attention, and Plant staff are working with Electrical and Instrumentation (E&I) staff and the vendor to get repairs completed as soon as possible.
4. At ATP, the Secondary #2 drive broke and cracked the shaft for the main gear, which should not have happened if the torque was set correctly by the repair shop. This unit was rebuilt in May of 2025. Plant staff has contacted the company that rebuilt it and is looking into repair options, including measures to prevent this from happening again. Currently, the drive for Secondary #4 is out being rebuilt for the same issue and is due back in mid-June.
5. Boat Harbor Treatment Plant (BHTP) achieved excellent nitrogen removal performance early in the year, with effluent total nitrogen levels below expectations. In May, staff observed a decline in nitrification performance. Staff are actively monitoring operations, investigation potential causes, and implementing process adjustments to restore full nitrification performance.
6. SWIFT recharge to the Potomac Aquifer totaled 3.70 million gallons (MG) during May. Recharge operations were reduced due to equipment reliability and maintenance issues

affecting treatment performance. Staff are actively working to resolve the issues and restore full recharge capability.

7. E&I staff, in coordination with Eaton, identified the cause of a failed medium voltage disconnect switch at BHTP. The issue was traced to a broken e-clip on a pin assembly, which allowed the pin to back out and prevented the stabs from becoming fully disconnected while in the open position. Eaton will return onsite to complete repairs and perform preventative maintenance on the switches.
8. E&I staff replaced the Variable Frequency Drive (VFD) and external power supply on Blower #2 at BHTP, restoring a critical piece of equipment used to maintain proper nitrification in the aeration tanks and plant performance.
9. SS Interceptor Operations provided operational support to the Larchmont Area Sanitary Sewer Improvements project (VP015320). Activities during May included Supervisory Control and Data Acquisition (SCADA) testing and startup of the Magnolia Avenue PS, as well as pump and controls testing at the Richmond Crescent PS.
10. SS Interceptor Operations supported the Park Avenue PS (VP018000) by installing two twelve-inch, high flow diesel pumps and related piping and appurtenances to manage wet weather flows until the permanent pump repairs are completed.
11. On May 15, Small Communities Department (SCD) staff responded to and assisted with clearing sewer blockages caused by rags and grease in the Town of Onancock. Staff assisted Town staff in restoring flow and preventing sanitary sewer overflows (SSOs). Later that weekend, additional rag-related blockages were discovered at another PS and through prompt responses from staff, the obstruction was removed while maintaining acceptable wet well levels, preventing an SSO, and ensuring continued operation of the PS.



## **Financial Stewardship**

1. Construction Support Team (CST) Projects:
  - a. ATP: The team has completed demolition activities for the D-Gas project, including the removal of all piping, piping supports, buildings, and associated equipment. The project is currently approximately 90% complete. The remaining work consists of removing the large tanks, which is pending coordination and scheduling of a crane. Performing this work with internal resources avoided the need for contractor demolition services (estimated cost \$250,000) and provided significant cost savings to HRSD.
  - b. SCD: The team began rehabilitation activities at PS #6 and completed exterior piping modifications required to support an emergency bypass connection. This work will allow the station to remain operational during drywell rehabilitation and was completed using internal resources, avoiding the need for contractor support (estimated cost \$50,000).

- c. The team is in the beginning stages of the Kubota Membrane Installation Project at the King William Treatment Plant. The installation of the membranes is projected to avoid roughly \$300,000 in contractor costs.
2. On May 19, SS Interceptor Operations partnered with NTP staff to clean the Regional Residuals Facility, removing approximately nine cubic yards of material from the grit traps to maintain peak operating efficiency. By working together and leveraging internal resources, this effort achieved daily cost savings of approximately \$9,000.
3. Material Transportation & Logistics (MTL) Staff hauled 42 loads of Ash totaling 307 dry tons. Staff also hauled 177 loads of Primary Clarifier Solids and 106 loads of Thickened Waste Activated Biosolids for a total of 1,603,000 gallons, from the Army Base Treatment Plant. Additionally, staff hauled 95 loads from ATP to McGill Composting Facility, totaling 2,262 wet tons, and 7 loads to Waste Management Bethal Landfill, totaling 158 wet tons. Lawnes Point continues to be pumped and hauled weekly, averaging five to six loads per week, or approximately 30,000-36,000 gallons, which is delivered to Hardy PS.
4. NS Interceptor Operations staff developed a centralized SharePoint-based workforce management tool to support consistent attendance tracking across all Operations work centers. The system replaces multiple independent tracking methods with a single platform, improving efficiency, standardization, and supervisory oversight while leveraging existing HRSD technology resources and avoiding the need for additional software solutions.



## Innovation

1. NS Interceptors Operations staff developed an automated Valve Quality Assurance/Quality Control reporting tool that uses GIS Field Maps data to identify valve status discrepancies and operational anomalies. The tool improves asset data accuracy, enhances system reliability, and helps ensure that valve status changes and system diversions are properly documented and reflected within HRSD's asset management systems.
2. Understanding recharge well clogging mechanisms is a critical need for HRSD to minimize the frequency of well rehabilitation and maximize the effectiveness of rehabilitation activities. A new project has been initiated to address these issues, involving the construction of a new "recharge well pilot system" at the SWIFT Research Center. This pilot includes upflow columns with replicas of the actual well screen materials, gravel pack, and aquifer formation. This system is configured with multiple pressure transducers to accurately measure the accumulated head loss in a section of the simulated well and the ability to remove samples of material at the end of an experiment.
3. SCD and Digital Water Staff are working on optimizing dissolved oxygen (DO) levels in the Urbanna Treatment Plant. They are evaluating the installation of a programmable logic controller. The initiative is expected to improve process control, optimize aeration

performance, and support operational efficiency.



## **Talent**

1. NS Interceptor Operations would like to welcome three summer interns: Mr. Joshua Barnhart, Mr. Aiden Eanes, and Ms. Avery Jackson.
2. At WBTP, Mr. Johnny Cruz, Plant Operator, obtained a Class 1 Virginia Wastewater Works License.
3. At YRTP, Ms. Crystal Culbreth, Plant Operator, obtained a Class 2 Virginia Wastewater Works License.
4. Support Services would like to welcome Mr. Roy Green as a new part-time custodian.
5. The CST welcomes Mr. Trenton Keener as a Construction Project Specialist.
6. SS Interceptor Operations would like to congratulate Mr. Daniel Beltz on his promotion from Interceptor Technician to PS Supervisor and Mr. Michael Etheridge on his lateral transfer from Foreman to System Supervisor.

Respectfully submitted,

Eddie M. Abisaab, PE, PMP  
Chief Operating Officer

[Attachment: MOM Reporting](#)

## MOM Reporting Numbers

| MOM # | Measure Name                                 | Measure Target | July  | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | June |
|-------|----------------------------------------------|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| 2.7   | # of PS Annual PMs Performed (NS)            | 37             | 3     | 2     | 5     | 3     | 3     | 4     | 3     | 5     | 2     | 5     | 1     |      |
| 2.7   | # of PS Annual PMs Performed (SS)            | 53             | 2     | 3     | 5     | 3     | 1     | 4     | 5     | 1     | 2     | 8     | 16    |      |
| 2.7   | # of Backup Generator PMs Performed          | 4.6            | 6     | 10    | 5     | 8     | 3     | 4     | 13    | 5     | 18    | 23    | 13    |      |
| 2.8   | # of FM Air Release Valve PMs Performed (NS) | 234            | 397   | 483   | 515   | 539   | 273   | 237   | 236   | 194   | 345   | 271   | 277   |      |
| 2.8   | # of FM Air Release Valve PMs Performed (SS) | 1,550          | 208   | 164   | 64    | 83    | 99    | 134   | 122   | 132   | 278   | 245   | 130   |      |
| 2.9   | # of Linear Feet of Gravity Clean (NS)       | 2,417          | 1,614 | 2,402 | 3,996 | 5,300 | 2,197 | 5,517 | 2,186 | 2,424 | 4,370 | 3,291 | 1,381 |      |
| 2.9   | # of Linear Feet of Gravity Clean (SS)       | 2,417          | 730   | 810   | 2,370 | 3,087 | 1,350 | 1,773 | 1,319 | 254   | 1,690 | 84    | 0     |      |

TO: General Manager

FROM: Chief People Officer

SUBJECT: Talent Management Monthly Report for May

DATE: June 23, 2026



**Talent**



**Continuous Learning / Innovation**



**Commitment to Excellence**

## **Talent Management**

During May, the Talent Management Division continued to support HRSD's strategic workforce priorities through talent acquisition, leadership development, workforce planning, employee wellness, and safety initiatives. Key accomplishments included advancing policy modernization efforts, expanding career development and apprenticeship programs, supporting Open Enrollment and wellness engagement, and implementing physical security and technology enhancements across the organization. Safety and Security also maintained a strong focus on regulatory compliance, employee training, and risk management while overseeing workplace safety and security activities throughout HRSD.

## **Human Resources (HR)**

### **Talent Acquisition**

- Launched 13 new recruitment campaigns to address key staffing needs.
- Secured acceptance of 21 job offers.

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## **Policy and Compliance**

### **Policy Review and Updates**

Staff continued progress on revising key HR policies, including:

- Corrective Action
- Standards of Conduct
- Grievance Procedures

#### HR Manual Enhancement

- Comprehensive review of the HR Manual is underway.
- Focus is on improving organization, navigation, and overall usability.

#### New Policy Development

In partnership with Safety and Security, staff developed two new policies addressing:

- Visitor Management
- Employee Badging

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### Benefits Administration

#### Open Enrollment

- Open Enrollment began this month for enrollment changes effective 7/1/26
- 11 virtual information sessions completed
- 630 employees attended

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### Employee Recognition

Employee engagement within the Awardco recognition and rewards platform declined slightly during the reporting period.

| Metric                      | Result       |
|-----------------------------|--------------|
| Logins                      | 18% of staff |
| Employees recognizing peers | 59           |

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### Employee Wellness

#### Vitality Platform Launch

The 2026–2027 Wellness Program year has started with strong participation in the new Vitality platform. Employee registration increased, spouse engagement remains strong, and retirees are actively adopting the new platform

| Participant type | Registrations |
|------------------|---------------|
| Employee         | 540           |
| Spouse           | 77            |

|          |    |
|----------|----|
| Retirees | 11 |
|----------|----|

## **Learning and Development (L&D)**

### **L&D Key Priorities in May**

- Strengthening leadership capabilities
- Advancing workforce development initiatives
- Preparing for future talent needs

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## **Leadership Development**

### **LAMA Program**

The LAMA cohort completed StrengthsFinder Training, enabling participants to:

- Better understand their natural talents
- Leverage individual strengths as leaders
- Improve team effectiveness and collaboration

### **Emotional Intelligence Training**

L&D delivered Emotional Intelligence training to employees that included:

- Practical workplace application tools
- Individualized coaching and feedback
- Strategies to improve:
  - Self-awareness
  - Communication effectiveness
  - Workplace relationships

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## **Continuous Improvement & Quality**

### **Your Role in Quality Program**

Employees presented continuous improvement projects during the follow-up half-day training session.

### **Program Outcomes**

- Shared improvement initiatives across departments
- Reinforced quality-focused behaviors
- Encouraged employee-driven innovation

### **Facilitator Development**

L&D hosted quarterly facilitator update meetings to:

- Align on organizational priorities
  - Share facilitation best practices
  - Enhance training effectiveness and consistency
-

## Workforce Development

### Career Pathways Program (CPP)

CPP continues to support employee growth and advancement with five participants receiving promotions in May.

### Workforce Development Outreach

- Workforce Development Onsite Sessions are scheduled throughout the summer.
- Sessions will provide employees with information on available career development resources and opportunities.

### Professional Development

A member of the L&D team attended the National Association of Workforce Development Professionals Conference to:

- Gather industry best practices
- Learn emerging workforce development strategies
- Identify opportunities to strengthen HRSD programs

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## Apprenticeship & Future Talent Development

HRSD Apprenticeship Program successfully completed Term Five and continued efforts to enhance program effectiveness and outreach.

Staff:

- Delivered a training session for the Virginia Beach Public Works Academy
- Hosted two Apprenticeship Program Review Workshops
- Continued collaboration with departments on future talent initiatives

Staff continued development of the new LIFT (Learning, Internship, and Future Talent) program to

- Expand work-based learning opportunities
- Increase exposure to HRSD careers and operations
- Provide interns and other participants with broader organizational experiences
- Strengthen future workforce pipelines

## Safety and Security

### Safety Operations

|                                   |
|-----------------------------------|
| May Safety Inspections & Training |
|-----------------------------------|

| Activity                    | Metric |
|-----------------------------|--------|
| Safety Inspections          | 25     |
| Safety Training Sessions    | 7      |
| Construction Site Walks     | 14     |
| Contractor Safety Briefings | 11     |

The Safety and Security Department completed 25 work center safety inspections during May, including inspections of all nine Surry Pump Stations.

#### Inspection Highlights

- 25 total work center inspections completed
- 13 inspections conducted on an unscheduled basis
- All required six-month inspections completed for:
  - North Shore Pump Stations (34)
  - South Shore Pump Stations (52)

#### Construction Safety Oversight

To support the growing number of active construction projects across HRSD facilities, staff conducted:

- 14 construction site walkthroughs to evaluate site conditions and identify potential safety concerns
- 11 contractor safety briefings to:
  - Review HRSD-specific safety requirements
  - Communicate safety expectations
  - Reinforce compliance with HRSD policies and procedures

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#### Safety Training

Safety and Security delivered seven training sessions focused on:

- CPR/First Aid/AED
- Decision Driving
- Work Zone Safety
- New Employee Safety Orientation

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#### Industrial Hygiene Activities

Staff completed several industrial hygiene initiatives to support employee health and regulatory compliance.

#### Activities Included

- Inspection of chemical fume hoods within Water Quality and Operations facilities to verify proper performance and employee protection
- Completion of quarterly ash screenings at facilities with incinerators to support environmental monitoring and regulatory compliance requirements

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#### National Safety Stand-Down

On May 6, 2026, HRSD participated in OSHA's National Safety Stand-Down initiative, a nationwide effort encouraging organizations to pause work activities and refocus on workplace safety.

#### Key Safety Topics Reinforced

- Conducting thorough job briefings
- Assessing work conditions before beginning tasks
- Consistent use of required Personal Protective Equipment (PPE)
- Verification of Lockout/Tagout procedures
- Maintaining situational awareness
- Exercising stop-work authority when unsafe conditions are identified

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#### Physical Security

A comprehensive Physical Security Inspection was conducted at the Atlantic Plant to:

- Assess current security measures
- Identify opportunities for improvement
- Support ongoing facility security enhancements

Staff participated in multiple security planning meetings at:

- Army Base
- Nansemond Facility
- Boat Harbor Pump Station

#### Topics Discussed

- Security camera systems
- Facility security enhancements
- Future security infrastructure needs

Safety and Security staff completed Body-Worn Camera training in partnership with MCA and Motorola.

#### Program Objectives

- Enhance employee safety in the field
- Provide additional protection during customer interactions
- Support documentation of potentially confrontational situations

#### Security Standards Development

Meetings were conducted with:

##### Engineering Department

- Reviewed and updated security requirements within HRSD's Design & Construction Standards

##### SWIFT Program Leadership

- Established physical security standards for future SWIFT facilities

#### Security System Modernization

Motorola and Pavion provided a presentation to the Security Team regarding the Motorola Solutions Upgrade Project to:

- Transition from on-premises security systems
- Migrate to a cloud-based security platform
- Improve scalability, reliability, and system management

#### Current Status

- Coordination with Information Technology continues to support planning and implementation efforts

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### Safety Performance

| May Incident Summary                              |     |                |
|---------------------------------------------------|-----|----------------|
| Event                                             | May | Previous Month |
| Auto Accident/property damage incident            | 2   | 0              |
| Work-related injuries requiring medical attention | 7   | 6              |
| Accidents resulting in lost time                  | 2   | 1              |

#### VOSH Investigation

One injury met the reporting threshold requiring notification to the Virginia Occupational Safety and Health (VOSH) program.

#### Actions Completed

- VOSH notified
- Facility site visit conducted
- Interviews completed with:
  - Injured employee
  - Witnesses
  - Supervisory personnel

#### Current Status

- Investigation remains ongoing

Respectfully submitted,

*Christina Gibson*

Chief People Officer

TO: General Manager/ Chief Executive Officer  
FROM: Chief of Water Quality (CWQ)  
SUBJECT: Monthly Report for May 2026  
DATE: June 12, 2026



## Environmental Responsibility

### HRSD's Regulatory Activities:

- Monthly Discharge Monitoring Report (DMR) Summary and Items of Interest: [Effluent and Air Emissions Summary](#).
- 10 Permit Exceedances out of 51,210 Total Possible Exceedances to date in FY2026.
- 157.4 million pounds of pollutants removed to date in FY2026.

### Pretreatment and Pollution Prevention (P3) Program Highlights:

- One civil penalty was issued in May to [Anheuser-Busch, LLC – Williamsburg](#).
  - An Enforcement Order was issued to Anheuser-Busch, LLC (AB) in April 2026 for several technical violations including: a Zinc permit limit exceedance that occurred in October 2025; and a multitude of violations associated with a slug discharge event (with harm caused) that occurred in February 2026. These violations included a BOD permit limit exceedance, an unauthorized slug discharge, and failure to follow notification requirements in their Permit.

On February 2, 2026, approximately 124,000 gallons of wort (sugary, malt-flavored liquid extracted from grain during the mashing process in beer production, which is later fermented by yeast into alcohol) entered the sanitary sewer and significantly impacted treatment at the Williamsburg Treatment Plant resulting in excessive chemical, power, analytical, and labor costs. As required by AB's HRSD Industrial Wastewater Discharge Permit, the facility also failed to notify HRSD within two hours of becoming aware of the spill.

A Show-Cause meeting was held with AB staff on March 16, 2026. In response to the wort spill, the facility stated that they will be updating their spill reaction plans to be more explicit in spill reporting and will be seeking out other process improvements that may provide more timely notification of a malfunction or spill onsite. They also stated they continue to investigate sources of zinc within their wastewater discharge.

The Enforcement Order, which included a civil penalty of \$12,000 and a cost recovery (civil liability) of \$16,945.54, was accepted and paid in full on May 4, 2026. The cost recovery portion was made up of HRSD staff labor, increased

electrical usage, increased chemical usage, and increased analytical work to ensure HRSD met its VPDES permit limits for the month.

### Environmental and Regulatory Advocacy

Chief participated in the following advocacy and external activities:

- Co-chaired the Chesapeake Bay Program's Wastewater Treatment Workgroup (WWTWG) to discuss updates to modeling inputs related to wastewater related definitions of E3 (Everything, Everywhere, by Everyone). These E3 inputs are meant to identify idealized point source load controls across the watershed if money and resources were not limited. Controls must be reliable and widely achievable. The WWTWG is working through their recommendations and appears poised to recommend retention of the current E3 concentration limits of 3 mg/L TN and 0.1 mg/L TP for major wastewater facilities.
- Virginia Forever Leadership meeting to plan June in-person engagement and outreach activity.
- Water Research Foundation (WRF) meeting to discuss the preliminary study results for the EPA grant on Unregulated Organic Contaminants in biosolids. HRSD, working with Purdue University, funded a portion of the work performed on HRSD's Progress Farm.
- Anne Arundel County and Arcadis visit to the SWIFT Research Center to discuss SWIFT Research Center experience and regulatory framework.
- Department of Environmental Quality (DEQ) tour of the SWIFT Research Center for staff in Water Supply Planning and Groundwater Characterization to discuss current and future SWIFT activities.
- Annual Mission H2O meeting to support strategy development for the coming year. The Eastern Virginia Groundwater Management Advisory Committee activities, including progress toward incorporating the benefit of SWIFT recharge into the regulatory model as well as developing a framework for groundwater credit trading remains a key focus.
- Governor Spanberger's bill signing event for bills related to the environment. House Bill 1443, the bill which establishes thresholds for per- and polyfluoroalkyl substances (PFAS) in biosolids, was one of the bills signed. HRSD was invited to attend along with others who played a role in bill negotiation.



## Financial Stewardship

- HRSD's Municipal Assistance Program (MAP)
  - Provided sampling and analytical services on a cost-reimbursement basis to the following:
    - City of Fredericksburg
    - Northumberland County
    - Westmoreland County



## Talent

- Attended the NACWA Pretreatment Training and Workshop event held in Portland, Maine from May 5<sup>th</sup> to 8<sup>th</sup>. The Director of P3 helped teach a Permitting and Control Mechanisms class at the training event.



## Community Engagement

- Microbial Source Tracking (MST) partnering localities and projects.
  - City of Chesapeake (Southern Branch)
  - City of Hampton (Southeast)
  - City of Newport News (Government Ditch)
  - City of Roanoke
  - City of Suffolk (Downtown)
  - City of Virginia Beach (Wolfsnare Creek by DEQ request)
  - James City County

Respectfully submitted,

*Jamie S. Heisig-Mitchell*  
Chief of Water Quality

## EFFLUENT SUMMARY FOR MAY 2026

[illegible]

## AIR EMISSIONS SUMMARY FOR MAY 2026

|              | No. of Permit Deviations below 129 SSI Rule Minimum Operating Parameters |                                        |                                      |                                    |                                     |                            |                            | Part 503e Limits        |                  |                                   |
|--------------|--------------------------------------------------------------------------|----------------------------------------|--------------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|-------------------------|------------------|-----------------------------------|
|              | Temp<br>12 hr ave<br>(F)                                                 | Venturi(s) PD<br>12 hr ave<br>(in. WC) | Precooler Flow<br>12 hr ave<br>(GPM) | Venturi Flow<br>12 hr ave<br>(GPM) | Tray/PBs Flow<br>12 hr ave<br>(GPM) | Scrubber<br>pH<br>3 hr ave | Any<br>Bypass<br>Stack Use | THC<br>Mo. Ave<br>(PPM) | THC<br>DC<br>(%) | BZ Temp<br>Daily Ave<br>Days >Max |
| MHI PLANT    |                                                                          |                                        |                                      |                                    |                                     |                            |                            |                         |                  |                                   |
| BOAT HARBOR  | 0                                                                        | 0                                      | 0                                    | 0                                  | 0                                   | 0                          | 0                          | 9                       | 90               | 0                                 |
| VIP          | 2                                                                        | 2                                      | 0                                    | 0                                  | 0                                   | 0                          | 2                          | 11                      | 96               | 0                                 |
| WILLIAMSBURG | 0                                                                        | 0                                      | 0                                    | 0                                  | 0                                   | 0                          | 1                          | 53                      | 97               | 0                                 |

### **ODOR COMPLAINTS**

|              |    |
|--------------|----|
| ARMY BASE    | 0  |
| ATLANTIC     | 21 |
| BOAT HARBOR  | 0  |
| JAMES RIVER  | 0  |
| NANSEMOND    | 0  |
| VIP          | 0  |
| WILLIAMIBURG | 1  |
| YORK RIVER   | 2  |
| NS OPS       | 2  |
| SS OPS       | 0  |
| SCD          | 3  |
| NON-HRSD     | 0  |

## **Items of Interest – May 2026**

### **MULTIPLE HEARTH INCINERATION (MHI)**

Total Hydrocarbon (THC) monthly averages (not to exceed 100 ppm) were met by all three operating MHI plants (Boat Harbor, Virginia Initiative, and Williamsburg). The THC continuous emissions monitoring (CEM) valid data capture was 90% or more.

The three operating MHI plants had four (4) 129 operating parameter deviations and two (2) minor uses of the emergency bypass stack (<60 minutes), and one (1) reportable uses of the MHI bypass (>60 minutes).

On 5/4/2026 the final test report was submitted to DEQ and EPA for the full 129/MMMM emissions limit stack test on Williamsburg Treatment Plant's MHI #2 that occurred on 3/11/2026. The results demonstrated full compliance with 129 emission limits, with all parameters falling under 75% of their respective limits. We are awaiting DEQ's review of the final report and their associated approval.

On 5/15/2026 HRSD submitted an Air Permit Form 7 Application to the Virginia DEQ in reference to permit modifications needed for Atlantic Treatment Plant. The permit modification request included the upcoming removal of the candlestick flares and replacement with new enclosed flares, as well as the removal of the combined heat and power (CHP) engines. These changes are rooted in upgrades/modifications tied to both the ROCI and RNG projects occurring at ATP. The required permit application fee was received by DEQ on 5/26/26.

On 5/20/2026 the final test report was submitted to DEQ and EPA for the full 129/MMMM emissions limit stack test on Virginia Initiative Plant's MHI #1 that occurred on 3/26/2026. The results demonstrated full compliance with 129 emission limits, with all parameters falling under 75% of their respective limits. We are awaiting DEQ's review of the final report and their associated approval.

On 5/29/2026 DEQ provided their inspection report for the Title V plant inspection of Virginia Initiative Plant that occurred on 4/30/2026. They found VIP to be in full compliance with their Title V permit requirements.

### **AIR PERMITS and ODOR CONTROL**

There was a total of twenty-nine (29) odor complaints this month.

Atlantic Treatment Plant received twenty-one (21) odor complaints. Eighteen (18) of these complaints came from the neighbor we frequently hear from on Kitimal Drive. Of the other complaints, two (2) came from different Ocean Lakes neighbors and one (1) came from Lago Mar. By the beginning of the month, AT Ops was having issues with the floating lid on digester #2, ultimately resulting in the failure of this cover and an associated increase in digester gas odors. Over the following weeks, AT

Ops worked to take digester #2 offline and empty out the tank by purging with nitrogen and transferring its solids to another digester. Feed to digester #2 was halted on 5/18 and was emptied out by 5/25. HRSD Communications sent direct responses to the neighbors who had submitted complaints and a notification was sent to the ATP Outreach Community Group explaining the cause and corrective actions taken regarding the failure of digester #2's cover, as well as a reminder that these kinds of issues will be eliminated with the upcoming replacement of the floating lids with fixed covers.

Small Communities Division received three (3) total complaints in May, however only two (2) of these were determined to be a result of HRSD infrastructure. The non-HRSD complaint was determined to be related to odors coming from a toilet inside a business in Urbanna. The other two (2) complaints came from a King William resident who lives close to the KW gravity line/manholes near Richmond Tappahannock Highway. TSD and SCD Ops responded to both complaints. On 5/12 TSD staff replaced the carbon in KW-MH-A13 & KW-MH-A11. On 5/21 TSD staff returned to the area and canvassed the condition of manholes KW-MH-A6 through KW-MH-A13, noting odors and corrosion status of each. SCD and TSD are currently in the process of looking into restarting the Bioxide feed at Kennington PS to improve downstream odors and infrastructure corrosion.

NS Ops received two (2) complaints related to the new Willard PS. These complaints came from the neighbor whose residence backs up directly to the PS property. His initial complaint on 5/24 was sent to a large group of HRSD staff describing progressively intensifying odors that were impacting his family's enjoyment of the exterior and interior of their property and requested maintenance history and current operational condition information related to the station. NS Ops provided this neighbor with a detailed response about the station status and our systematic efforts to optimize the OCS and minimize odors. TSD has deployed odor monitoring equipment around the site and continues to work with NS Ops to identify potential ways to reduce odors from the station. A small group of HRSD staff members are discussing a plan to meet with this neighbor and his wife to continue to better understand the odors they are observing and build a positive relationship.

York River Treatment Plant received two (2) odor complaints from the neighbor at 718 Back Creek Rd. These complaints coincided with a digester cleanout occurring at the plant. A detailed response was sent explaining the necessary, but temporary, work going on with the digester cleanout at YRTP. The complainant continued to express her frustration with the plant's odor impacts on both the community and her health. A subsequent TSD odor run while the digester work was ongoing found odors around the plant to be generally average and did not note abnormally high levels of odor coming from the out of service digester. YR Ops, TSD, and Communications continue to work and communicate with this neighbor.

Williamsburg Treatment Plant received one (1) odor complaint from a neighbor in the nearby Grove neighborhood. WB Ops investigated and adjusted their OCSs as necessary. WB Ops have been contending with a heavy solids removal rate and several upsets that have caused some recent odor control challenges.

## **TREATMENT**

### Boat Harbor

On May 4, while undergoing routine maintenance, a bisulfite pump inadvertently shut off for approximately one hour when a variable frequency drive (VFD) failed. After troubleshooting and restarting the VFD, bisulfite flow was restored. An electrical issue was discovered associated with pump selection automation. Plant staff are looking into the issue to avoid any further disruptions of dechlorination due to this problem.

### Nansemond

On May 25, a discharge of insufficiently chlorinated plant effluent occurred for approximately 39 minutes when plant automation failed to switch in-service sodium hypochlorite tanks. Plant staff manually opened a full chemical tank and reestablished hypo feed. During this time, plant automation did successfully divert all effluent flow to the effluent diversion pond. However, effluent flow was manually diverted back to the outfall by the operator. Additionally, after effluent flow had been reestablished, the pond valve was opened, and effluent flow was equalized with the water that had been previously diverted to the pond. This resulted in an unknown volume of under-disinfected plant effluent mixing with final effluent to the outfall for approximately 2.5 minutes.

On May 28, Non-Potable Water (NPW) was released when Contractors removed a cap on a fire hydrant that was under pressure, of which the mechanism had broken in the fully open position. The hydrant was tagged out of service, but the label went missing. Contractors closed valves in the in-ground plant NPW loop securing NPW flow to the hydrant and replaced the cap. Approximately 1,000 gallons of chlorinated NPW were released to the ground.

### Virginia Initiative

On May 26, plant operators were unable to collect chlorine residual samples at 20:00 and 22:00 due to earlier power issues that resulted in the sampling pump ceasing to run. While troubleshooting, debris was discovered clogging the sample pump suction line. Once the pump was back in service, a residual of 0.60 mg/L was recorded at 00:00 on May 27. Plant staff are looking into installing a permanent flushing device to clear the sample line in the future.

### Williamsburg

On May 18, a low chlorine residual of 0.01 mg/L was recorded due to the chemical feed line twisting in the manhole system while the out-of-service line was being removed. A new temporary hypo feed line was installed directly into the Parshall flume to establish full chemical feed while the old tubing in the manhole system was replaced.

## **SYSTEM**

On May 6, the Norfolk Utilities Operations reported wastewater coming from beneath the sidewalk on the north side of E. Virginia Beach Boulevard, in front of the Veolia property. The area was sumped and pumped into an adjacent City of Norfolk manhole, effectively stopping the spill. Additional investigation identified a second failure location, about 150 feet closer to the Elizabeth River, which corresponded to the location where the City of Norfolk force main connects to Veolia's private force main. City crews were notified and the line was isolated to stop the spill. After completion of the City repair, HRSD's on-call contractor found a failed sleeve fitting on the 1995 era ductile iron pipe, which was similar to Norfolk's failure. Two fittings and approximately 10 feet of pipe were replaced. Approximately 375 gallons of raw wastewater were released and was fully recovered.

## **SYSTEM/TREATMENT, SMALL COMMUNITIES, AND EASTERN SHORE**

### King William collection system

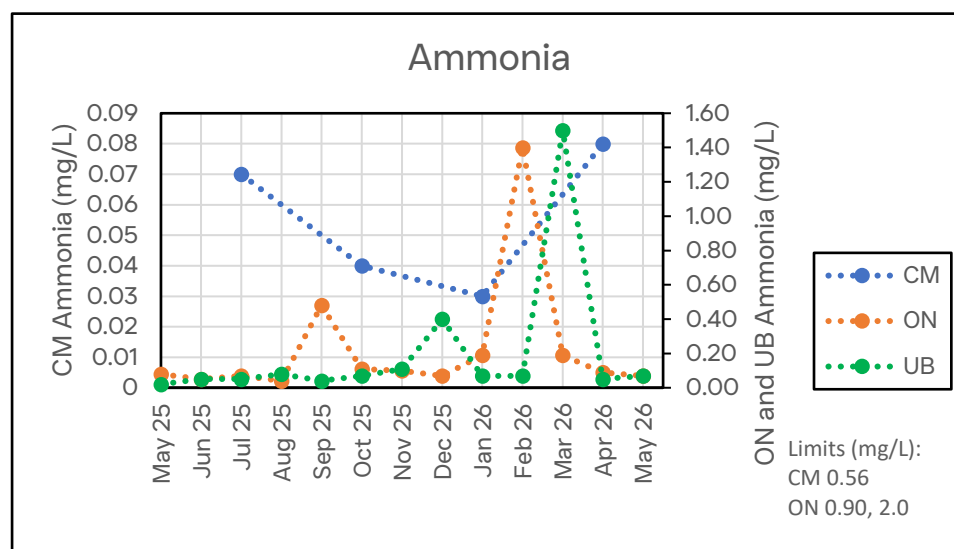
On May 3, the permanent mounted diesel-powered bypass pump suffered a mechanical issue that prevented it from pumping, resulting in an overflow of low rim manhole KW-MH-C20. The trailer-mounted diesel-powered bypass pump was also pumping but ran out of fuel prior to the spill occurring and both submersible station pumps were operating. Solid debris was removed and lime spread to affected areas. Approximately 200 gallons of raw wastewater were released to the ground and Moncuin Creek.

On May 25, heavy rainfall (1.48" – 2.59") inundated the collection system area resulting in an overflow of low rim manhole KW-MH-C20. Staff confirmed the submersible station pumps and the trailer-mounted diesel-powered bypass pumps were operating properly, however, the permanent mounted diesel-powered bypass pump had a fuel sensor alarm that prevented it from pumping. The staff witnessed two overflow occurrences from 14:34 to 15:15 and again from 17:00 to 18:36. Approximately 5,250 gallons of raw wastewater were released to the ground and Moncuin Creek.

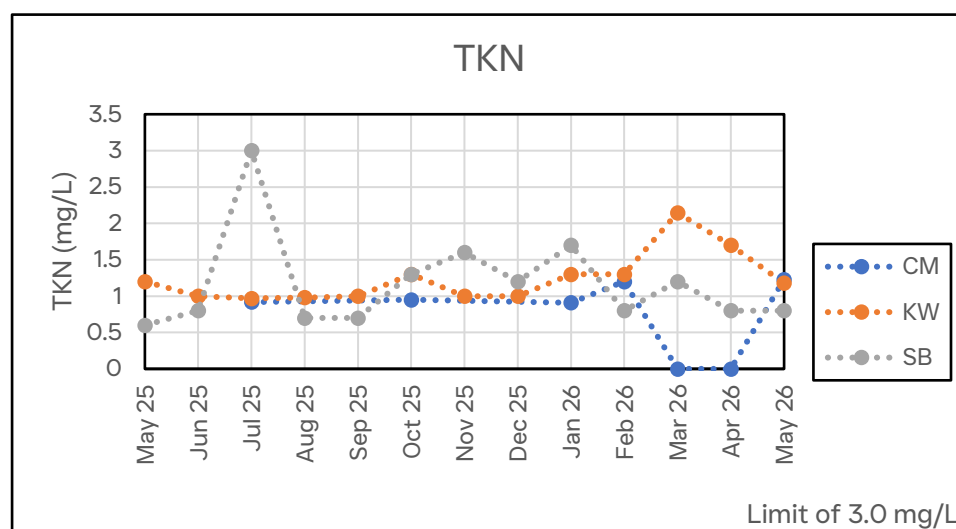
## **CENTRAL ENVIRONMENTAL LABORATORY**

For the weeks of May 10 and May 24, 2026, the Urbanna TP did not meet the required Ammonia monitoring frequency of 1 Day/Week. Due to a sample collection scheduling mistake in the Laboratory Information Management System (LIMS) the samples for those weeks were not collected. By the time the issue was identified the weekly sampling window had passed, resulting in the missed samples for those two weeks. The scheduling in LIMS has been corrected to ensure samples will be collected within the required weekly timeframe.

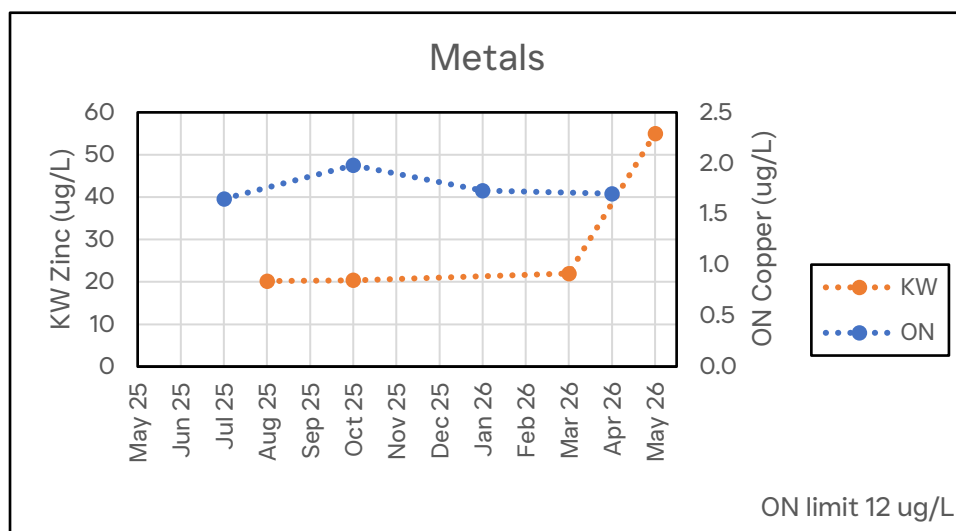
|        | Ammonia |      |      |
|--------|---------|------|------|
|        | CM      | ON   | UB   |
| May 25 |         | 0.08 | 0.02 |
| Jun 25 |         | 0.05 | 0.05 |
| Jul 25 | 0.07    | 0.07 | 0.05 |
| Aug 25 |         | 0.04 | 0.08 |
| Sep 25 |         | 0.48 | 0.04 |
| Oct 25 | 0.04    | 0.11 | 0.07 |
| Nov 25 |         | 0.10 | 0.11 |
| Dec 25 |         | 0.07 | 0.4  |
| Jan 26 | 0.03    | 0.19 | 0.07 |
| Feb 26 |         | 1.4  | 0.07 |
| Mar 26 |         | 0.19 | 1.5  |
| Apr 26 | 0.08    | 0.09 | 0.05 |
| May 26 |         | 0.07 | 0.07 |



|        | TKN   |      |     |
|--------|-------|------|-----|
|        | CM    | KW   | SB  |
| May 25 |       | 1.2  | 0.6 |
| Jun 25 |       | 1.0  | 0.8 |
| Jul 25 | 0.92  | 0.97 | 3.0 |
| Aug 25 |       | 0.98 | 0.7 |
| Sep 25 |       | 1.0  | 0.7 |
| Oct 25 | 0.95  | 1.3  | 1.3 |
| Nov 25 |       | 1.0  | 1.6 |
| Dec 25 |       | 1.0  | 1.2 |
| Jan 26 | 0.91  | 1.3  | 1.7 |
| Feb 26 | 1.2   | 1.3  | 0.8 |
| Mar 26 | <0.40 | 2.1  | 1.2 |
| Apr 26 | <0.40 | 1.7  | 0.8 |
| May 26 | 1.2   | 1.2  | 0.8 |



|        | Zinc | Copper |
|--------|------|--------|
|        | KW   | ON     |
| May 25 |      |        |
| Jun 25 |      |        |
| Jul 25 |      | 1.7    |
| Aug 25 | 20   |        |
| Sep 25 |      |        |
| Oct 25 | 20   | 2.0    |
| Nov 25 |      |        |
| Dec 25 |      |        |
| Jan 26 |      | 1.7    |
| Feb 26 |      |        |
| Mar 26 | 22   |        |
| Apr 26 |      | 1.7    |
| May 26 | 55   |        |



SC&H prepared the following Internal Audit Status document for the HRSD Commission. The status includes a summary of projects in process, upcoming projects, and management action plan updates.

## ***I. Projects in Process***

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### **Grants Management**

- **Completed Tasks (May 2026)**
  - Received and reviewed initial fieldwork documentation.
  - Requested meetings with points of contact to discuss documentation received and request additional documentation.
  - Continued drafting report.
- **Upcoming Tasks (June 2026)**
  - Conduct fieldwork meetings with points of contact (6/2, 6/11).
  - Communicate initial fieldwork observations.

### **AI Governance and Operations**

- **Completed Tasks (May 2026)**
  - Kicked off audit planning meeting
- **Upcoming Tasks (June 2026)**
  - Coordinate with HRSD IT and OT to schedule planning walkthrough meetings
  - Obtain and review initial documentation request
  - Assess project plan and scope of work based on interviews

## ***II. Upcoming Internal Audits***

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- Accounts Payable Internal Audit (June 2026)

## ***III. Management Action Plan Status***

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SC&H performs on-going management action plan (MAP) monitoring for completed internal audits/projects.

- SC&H begins MAP follow-up approximately one year following the completion of each audit and periodically follows up until conclusion.
- For each recommendation noted in an audit report, SC&H gains an understanding of the steps performed to address the action plan and obtains evidence to confirm implementation, when available.
- The following describes the current project monitoring status. This listing does not include audits which were determined by HRSD Management and the Commission to include confidential or sensitive information.

| Audit / Project                           | Next Follow-up | Recommendations |      |       |
|-------------------------------------------|----------------|-----------------|------|-------|
|                                           |                | Closed          | Open | Total |
| Personally Identifiable Information (PII) | June 2026      | 1               | 2    | 3     |
| CEL Assessment                            | June 2026      | 0               | 5    | 5     |
| Closed Audit/Projects (x23)               | Closed         | 142             | 0    | 142   |
| Totals                                    |                | 143             | 7    | 150   |

Strategic Measures  
May 2026

| Strategic Planning Measure                                                                                                                                                                  | April-2026          | May-2026            | FY-26              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|--------------------|
| Educational and Outreach Events                                                                                                                                                             | 23                  | 13                  | 161                |
| Number of Community Partners                                                                                                                                                                | 22                  | 18                  | 181                |
| Number of Technical Presentations                                                                                                                                                           | 1                   | 9                   | 40                 |
| Number of Technical Publications                                                                                                                                                            | 2                   | 0                   | 5                  |
| Revenue vs. Budget                                                                                                                                                                          | 85%                 | 94%                 | 94%                |
| Wastewater Expenses vs. Budget                                                                                                                                                              | 69%                 | 77%                 | 77%                |
| Accounts Receivable (HRSD)                                                                                                                                                                  | \$51,518,878        | \$53,088,717        | \$55,596,007       |
| Aging Accounts Receivable                                                                                                                                                                   | 33.00%              | 31.60%              | 31.65%             |
| Turnover Rate wo Retirements                                                                                                                                                                | 0.11%               | 0.43%               | 3.95%              |
| Turnover Rate w Retirements                                                                                                                                                                 | 0.33%               | 0.65%               | 6.69%              |
| Avg Time to Hire (Posting to Acceptance)                                                                                                                                                    | 2 months<br>18 days | 2 months<br>27 days | 3 months<br>5 days |
| Number of Vacancies                                                                                                                                                                         | 68                  | 66                  | 71                 |
| Average number of applicants per position                                                                                                                                                   | 7.7                 | 5.6                 | 6.4                |
| Percentage of positions filled with internal applicants                                                                                                                                     | 42.9%               | 52.4%               | 32.9%              |
| Recruitment Source Return on Investment                                                                                                                                                     | *                   | *                   | *                  |
| Avg Time to Hire (Acceptance to NEO)                                                                                                                                                        | 38.11               | 37.45               | *                  |
| Customer Call Wait Time (mins)                                                                                                                                                              | 4.30                | 3.10                | 5.80               |
| Capacity Related Overflows with Stipulated Penalties (Reported Quarterly)                                                                                                                   | *                   | *                   | *                  |
| Non-Capacity Related Overflows with Stipulated Penalties (Reported Quarterly)                                                                                                               | *                   | *                   | *                  |
| TONS OF CARBON: Tons of carbon produced per million gallons of wastewater treated<br>Energy consumed (gas (scfm) and electricity (kWh)) per million gallons of wastewater treated.          | N/A                 | N/A                 | 0                  |
| GAS CONSUMPTION: Tons of carbon produced per million gallons of wastewater treated<br>Energy consumed (gas (scfm) and electricity (kWh)) per million gallons of wastewater treated.         | N/A                 | N/A                 | *                  |
| ELECTRICITY CONSUMPTION: Tons of carbon produced per million gallons of wastewater treated<br>Energy consumed (gas (scfm) and electricity (kWh)) per million gallons of wastewater treated. | N/A                 | N/A                 | 0                  |
| Cumulative CIP Spend                                                                                                                                                                        | \$550,430,000       |                     | \$550,430,000      |

\*Not currently tracking due to constraints collecting the data.

\*\* Updated after EPA Quarterly Report submittal.

\*\*\*Billing is one month behind

# Strategic Measures

May 2026

## Community Partners

| Date       | Division    | Event                               |
|------------|-------------|-------------------------------------|
| 05/05/2026 | Operations  | City of Chesapeake Public Utilities |
| 05/09/2026 | Engineering | Ceremony with the Town of Onancock  |
| 05/09/2026 | Engineering | Town of Onancock                    |
| 05/12/2026 | Operations  | City of Hampton                     |
| 05/18/2026 | Operations  | City of Portsmouth Public Utilities |
| 05/19/2026 | Operations  | Virginia Living Museum              |
| 05/22/2026 | Operations  | Knollwood Elementary School         |
| 05/25/2026 | Operations  | James City Service Authority        |
| 05/28/2026 | Operations  | York County                         |

## Educational Outreach

| Date      | Division      | Event                                        | Community Partner           |
|-----------|---------------|----------------------------------------------|-----------------------------|
| 5/9/2026  | Engineering   | Wet Weather Partnership                      |                             |
| 5/16/2026 | Water Quality | Boater Pump Out at Legasea Marine Boat Show  |                             |
| 5/18/2026 | Engineering   | Meadowbrook (Section W) Civic League Meeting |                             |
| 5/22/2026 | Operations    | Touch-a-Truck outreach                       | Knollwood Elementary School |

# Strategic Measures

May 2026

## Technical Presentations

| Date      | Division      | Presentation                                                                                                                          | Presenter                |
|-----------|---------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| 5/5/2026  | Water Quality | Permitting and Control Mechanisms Class-NACWA Pretreatment Conference                                                                 | Mike Martin              |
| 5/6/2026  | Operations    | PdNA and BioP Optimization at HRSD                                                                                                    | Charles Bott             |
| 5/11/2026 | Operations    | The SWIFT program Overview                                                                                                            | Germano Salazar-Benities |
| 5/11/2026 | Operations    | Operating SWIFTly: Advancing Innovation and Research                                                                                  | Germano Salazar-Benities |
| 5/11/2026 | Operations    | Workshop Presentation Sidestream PNA at HRSD                                                                                          | Charles Bott             |
| 5/11/2026 | Operations    | From Data to Decisions: Building and Launching Digital Transformation Programs in Utilities (Case Study A: Large Utility Perspective) | Jeff Sparks              |
| 5/13/2026 | Operations    | A Densified Approach to Carbon Dioxide Removal: Integrating Alkalinity Addition with CaCO <sub>3</sub> and Hydrocyclone Separation    | Riley Doyle              |
| 5/18/2026 | Operations    | Addressing the Woes of Summer Bio-P Performance Deterioration: Experimenting with DO Setpoints at a Full-Scale Plant                  | Riley Doyle              |
| 5/18/2026 | Operations    | Why Does Low Dissolved Oxygen Favor Biological Phosphorus Removal? Oxygen Inhibition of PAOs Is An Important Part of the Story        | Lilian McIntosh          |