

Internal Management Procedures for Continuing Disclosure Documents Related to Capital Financing

1.0 Background

The issuance of fixed and variable rate Wastewater Revenue Bonds, Virginia Clean Water Revolving Loan Funds (VCWRLF) from the Virginia Resources Authority (VRA), and a line of credit provide financing for Hampton Roads Sanitation District's (HRSD) Capital Improvement Program. Any government or governmental entity issuing bonds has an obligation to meet specific continuing disclosure standards in compliance with Securities and Exchange Commission (SEC) Rule 15c2-12. This rule, which is under the Securities Exchange Act of 1934, sets forth certain obligations of (i) underwriters to receive, review and disseminate official statements prepared by issuers of most primary offerings of municipal securities, (ii) underwriters to obtain continuing disclosure agreements from issuers, and other obligated persons to provide material event disclosures and annual financial information on a continuing basis, and (iii) brokerdealers to have access to such continuing disclosure in order to make recommendations of municipal securities in the secondary market¹.

In addition to Rule 15c2-12, HRSD must abide by covenants in the Enabling Act – Amended 2017, Senior Trust Agreement – March 1, 2008, Subordinate Trust Agreement – Amended March 1, 2016, VRA Master Financing Agreement – February 2016, JP Morgan Remarketing Agreement – April 2016 and the Bank of America (BAML) Credit Agreement – Amended March 2016. HRSD's Trustee for the bond indentures is Bank of New York Mellon (BNY).

2.0 Purpose

The purpose of these procedures is (i) to provide guidance to management regarding reporting required by the various Continuing Disclosure Agreements and Financing Agreements HRSD has entered in connection with its financings (Exhibit D); (ii) to provide a quick reference of pertinent information regarding the requirements; (iii) to provide direction regarding the appropriate filing, determination of filing deadline, and identification and required reporting of listed events as defined in the financing documents.

3.0 Regulations

The documentation requirements of annual reporting, filing of annual financial information, and reporting of listed events are prescribed by application of Rule 15c2-12, adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934.

The designated site to submit required reporting, as defined in the Bond documents, is the Electronic Municipal Market Access (EMMA) system, which is administered by the Municipal Securities Rulemaking Board (MSRB).

4.0 Remarketing Agreement for 2016B Variable Rate Bonds

This section is included to outline key requirements in the Remarketing Agreement, since it is specific to the variable rate debt. According to the Remarketing Agreement, dated April 1, 2016, between HRSD and JP Morgan (Remarketing Agent), the issuance of subordinate variable rate Wastewater Revenue Bonds Series 2016B, the following actions are key requirements for HRSD:

- 4.1 Written notice of (i) each rating, change in the status of any rating of the Bonds or proposed change in the status of any rating of the Bonds by any national rating agency, (ii) each mandatory tender or optional or mandatory call for redemption of one or more of the Bonds, (iii) any amendment, modification or supplement to the Subordinate Trust Agreement or any Credit Facility, and (iv) any provision, substitution or expiration of any Credit Facility.
- 4.2 Promptly notify the Remarketing Agent by electronic means of any material adverse changes in the condition of the District, financial or otherwise, or any fact or circumstance which may constitute, or with the passage of time will constitute, an event of default under the Trust Agreement or any Credit Facility.
- 4.3 Provide the Remarketing Agent with a copy of any report, financial statements or reportable event notice disseminated, distributed or provided in satisfaction of or as may be required pursuant to such undertaking.
- 4.4 Provide monthly to the holders of the Bonds (through a filing on The Electronic Municipal Market Access (“EMMA”) system administered by the MSRB) (a) information comparable to the information contained in the Official Statement under the heading “INVESTMENT POLICY AND SOURCES OF LIQUIDITY — Historical Pool Balance” and (b) certain data relating to the District’s financial performance relative to the budget adopted for the then-current fiscal year, such data to be substantially in the forms historically used by the District in reporting such data.

HRSD has established internal management procedures related to the Failed Remarketing of its Variable Rate Bonds. These procedures will be reviewed and updated periodically.

5.0 Annual Disclosure Requirements

- 5.1. Audited Financial Statements must include updated financial information, debt information, and operating data (refer to Exhibit A). HRSD's annual Comprehensive Annual Financial Report (CAFR) satisfies this requirement.
- 5.2. Certificate of No Default states to the best knowledge of the signers, the District is not default in the performance of any covenant contained in this Trust Agreement. If a default has occurred, specifying each such default of which the signers may have knowledge and whether each such default has been corrected. If any default has not been remedied then such report of independent public accountants, to the best knowledge of the signers, shall identify what, if any, corrective action will be taken to cure such default.
- 5.3. Commission Adopted Budget must include operating and non-operating revenues and expenses for the ensuring Fiscal Year.
- 5.4. Insurance Certificates for comprehensive general liability insurance, commercial automobile insurance, including owned and hired automobiles, property coverage on an All Risk basis, and workers' compensation insurance. At least once every five years, the Independent Insurance Consultant shall review HRSD's insurance requirements (Senior Trust Agreement Section 709b).
- 5.5. Self-Insurance statement by Independent Insurance Consultant that the anticipated funding of any self-insurance fund is actuarially sound. HRSD shall provide the Trustee a report of an Independent Insurance Consultant not less than every three (3) years, which report shall state whether the anticipated funding of any self-insurance fund is sufficient. (Subordinate Trust Agreement Section 708b)

6.0 Monthly Disclosure Requirements

HRSD will submit monthly reports to EMMA and Standard & Poors (S&P) to comply with Section 4.4 of these procedures. The S&P report is a self-liquidity worksheet showing securities held. The monthly EMMA report is HRSD's Finance Department monthly report which includes financials on a cash basis.

7.0 Event Notice Requirements

7.1 Listed Event

A listed event must be reported **within ten (10) business days** of the occurrence of the event to EMMA. Rule 15c2-12 Event Notices include, but are not necessarily limited to:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, certain notices from the IRS or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the obligated person or issuer
- Consummation of a merger, consolidation or acquisition of, or the sale of all or substantially all of the assets of, an obligated person or issuer, other than in the ordinary course of business, or the entry into or termination of an agreement relating to such actions if other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change in the name of a trustee, if material
- Failure of an issuer or obligated person to provide annual financial information as required
- Incurrence of a Financial Obligation (as defined below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties
- Disclosures for asset-backed securities under SEC Rule 15Ga-1

For purposes of this Section 7.2, “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to EMMA consistent with Rule 15c2-12.

7.2 Additional/Voluntary Event-Based Disclosures

- Amendment to continuing disclosure undertaking
- Notice to investors pursuant to bond documents
- Certain communications from the Internal Revenue Service
- Secondary market purchases
- Bid for auction rate or other securities
- Capital or other financing plan
- Litigation/enforcement action
- Change of tender agent, remarketing agent, or other on-going party
- Derivative or other similar transaction
- Other event-based disclosures

8.0 Reporting

8.1 Reporting shall be completed prior to the deadlines as shown in Exhibit B.

8.2 In accordance with the Enabling Act, revised 2017 Acts of Assembly, c. 66 Amended §§ 1 and 2, and the Trust Agreement copies of HRSD’s financial statements (CAFR) are to be distributed to the Commonwealth of Virginia and to each county, city and town within the HRSD service area.

8.3 Annual and event filings must be to BNY, electronically submitted to EMMA at <https://emma.msrb.org/> and posted on HRSD’s Investor website. The prescribed format for EMMA is currently portable document format (PDF).

8.4 Failure to file by the required deadline will require HRSD to submit a Notice of Failure to File Annual Report. This will be done in coordination with HRSD’s bond counsel. HRSD shall consult with bond counsel following any failure to meet a reporting requirement described above to analyze future disclosure or reporting requirements associated with such failure.

9.0 Effectiveness

The required reporting, as may be amended from time to time, will be effective as long as the Bonds are outstanding.

HRSD shall review these Internal Management Procedures for Continuing Disclosure Agreements periodically and make revisions as necessary and appropriate.



Jay Bernas, PE
Chief Financial Officer/Director of Finance

8/23/19

Date: August 23, 2019

EXHIBIT A
CONTENT OF ANNUAL REPORT
HAMPTON ROADS SANITATION DISTRICT

(a) **Financial Information.** Updated information including summary financial results, treatment charge collection rate, revenue collections from the District's largest customers, and a five-year comparison of revenues, expenses, debt service and debt service coverage ratios.

(b) **Debt Information.** Updated information including the debt service requirements of long-term indebtedness.

(c) **Operating Data.** Updated operating data including wastewater flows to the Wastewater System and its major treatment plants, the treatment capacities of its major treatment plants, total billed wastewater flows, and changes in rates and charges.

In general, the foregoing will include information as of the end of the most recent fiscal year or as of the most recent practicable date. Where information for the fiscal year just ended is provided, it may be preliminary and unaudited. Where information has historically been provided for more than a single period, comparable information will in general be provided for the same number of periods where valid and available. Where comparative demographic or economic information for the District and the United States as a whole is contemporaneously available and, in the judgment of the District, informative, such information may be included. Where, in the judgment of the District, an accompanying narrative is required to make data presented not misleading, such narrative will be provided.

EXHIBIT B

CONTINUING DISCLOSURE AND OTHER DISCLOSURE REPORTING DEADLINES

ANNUAL REQUIREMENTS

	Senior Trust		Subordinate Trust		VRA Master Financing Agreement	
	Deadline	Section Reference	Deadline	Section Reference	Deadline	Section Reference
CAFR	Nov 27 150 days from FY end	712	Nov 27 150 days from FY end	711	Dec 27 180 days from FY end	10.2
Certificate of No Default	Nov 27 150 days from FY end	712	Nov 27 150 days from FY end	711	Dec 27 180 days from FY end	10.3
Adopted Annual Budget	Jun 1 ¹	713	Jun 1 ¹	712	"Promptly"	5.2
Insurance Certificate/Reports	No fixed date <i>Review every 5 years</i>	709	<i>Not Req'd</i>	708	No fixed date <i>Annually</i> ²	9.1
Self-Insurance Statement/Report	No fixed date ³ Review Annually	709c	No fixed date Review Annually/Submit every 3 years ⁴	708b	<i>Not Req'd</i>	

RED denotes more stringent requirement to be followed, other agreement deadlines omitted

¹ Senior Trust 713 - On or before the 1st day of the last month preceding the beginning of each Fiscal Year the Commission will adopt a budget of operating and non-operating revenues and expenses for the ensuing Fiscal Year.

² VRA 9.1 – The Borrower shall provide no less often than annually and upon the written request of VRA a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

³ Senior Trust 709c - If HRSD shall be self-insured (excluding deductibles) for **any coverage**, the report of the Independent Insurance Consultant mentioned above **shall state whether the anticipated funding of any self-insurance fund is actuarially sound**, and if not, the required funding to obtain such result, and any such self-insurance coverage shall be reviewed by the Independent Insurance Consultant not less frequently than annually.

⁴ Subordinate Trust 708b - Provide the Trustee a report of an Independent Insurance Consultant selected by the District not less than **every three (3) years**, which report shall state whether the anticipated funding of any **self-insurance fund for comprehensive general liability and property coverage** is sufficient, and if not, the required funding to obtain such result, and any such self-insurance coverage shall be reviewed by the Independent Insurance Consultant **not less frequently than annually**. The Subordinate Trust Agreement was restated March 1, 2016.

QUARTERLY REQUIREMENTS

HRSD Securities Listings are submitted no later than the 15th day of April, July, October, and January for the respective preceding quarter to Fitch Ratings.

MONTHLY REQUIREMENTS

Per Section 4.4 of these procedures as required by the JP Morgan Remarketing Agreement

1. Standard and Poor's filing is submitted no later than the 15th of each month.
2. EMMA filing is submitted no later than the 4th Thursday of each month.

EXHIBIT C

CONTINUING DISCLOSURE AND OTHER DISCLOSURE REQUIREMENTS SUMMARY DISTRIBUTION LIST

	Listed Event	CAFR	Certificate of No Default	Adopted Annual Budget	Insurance Certificates/ Report	Self-Insurance Statement
HRSD's Investor Website	X	X	X	X		
Trustee (BNY)	X	X	X	X	<i>Note 1</i>	<i>Note 2</i>
EMMA	X	X	X	X		
VRA	X	X	X	X	X	
JP Morgan	X	X	X	X		
BAML	X	X	X			
Commonwealth and HRSD Localities		<i>Note 3</i>				
Ratings Agencies	X	X	X	X		

NOTES:

1. **Senior Trust Agreement (Section 709b)** The District shall engage an Independent Insurance Consultant to review the insurance requirements of the District from time to time (**but not less frequently than every 5 years**) with the appropriate District personnel and **provide a report of its findings to a District Representative**. If the Independent Insurance Consultant makes written recommendations for the increase, decrease or elimination of any coverage, the District shall consider adjusting such coverage in accordance with such recommendations, subject to a good faith determination of the Commission that such recommendations, in whole or in part, are in the best interests of the District. Notwithstanding anything in this Section to the contrary, the District shall have the right, without giving rise to an Event of Default solely on such account, (i) to maintain insurance coverage below that most recently recommended by the Independent Insurance Consultant, if the District furnishes to the Trustee a report of the Independent Insurance Consultant to the effect that the insurance so provided affords the greatest amount of coverage available for the risk being insured against at rates which in the judgment of the Independent Insurance Consultant are reasonable in connection with reasonable and appropriate risk management, or (ii) to adopt alternative risk management programs which the Independent Insurance Consultant determines to be reasonable, including, without limitation, to self-insure in whole or in part individually or in connection with other institutions (but subject to the provisions of subsection (c) of this Section), to participate in programs of captive insurance companies, to participate with other wastewater treatment systems in mutual or other cooperative insurance programs or to participate in state or federal insurance programs, all as may be approved by the Independent Insurance Consultant as reasonable and appropriate risk management by the District.

2. **Subordinate Trust Agreement (Section 708b)** If the District shall be self-insured (excluding deductibles) for comprehensive general liability and property coverage, the District **shall provide the Trustee a report** of an Independent Insurance Consultant selected by the District not less than **every three (3) years**, which report **shall state whether the anticipated funding of any self-insurance fund is sufficient**, and if not, the required funding to obtain such result, and any such **self-insurance coverage shall be reviewed by the Independent Insurance Consultant not less frequently than annually**.

3. **Enabling Act 2017 § 34**. The Commission shall keep and preserve complete and accurate accounts and records of all moneys received and disbursed by it and of all of its business and operations and of all property and funds owned or managed by it or under its control, and shall prepare and transmit **to the Governor and to the governing body of each county, city and town which is in whole or in part embraced within the District, annually** and at such other times as the Governor shall require, complete and accurate reports as to the state and content of such accounts and records, together with such information with respect thereto as the Governor may require. (1960, c. 66)

EXHIBIT D
FORM OF
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”), dated as of _____, 201_ is executed and delivered by Hampton Roads Sanitation District (the “District”) in connection with the issuance by the District of its Subordinate Wastewater Revenue Bonds, Refunding Series 201_ (the “Bonds”), pursuant to the provisions of an Amended and Restated Trust Agreement, dated as of March 1, 2016, as supplemented (the “Trust Agreement”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee. The proceeds of the Bonds are being used by the District to provide funds to _____.. The District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The District acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Disclosure Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Dissemination Agent” shall mean the District, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Filing Date” shall have the meaning given to such term in Section 3(A) hereof.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, the District’s Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

“Holder” or “holder” shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

“Listed Events” shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the District;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
- (xiv) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
- (xv) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of Financial Obligation in this Section 2 to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of such Bonds.

“Repository” shall mean The Electronic Municipal Market Access (“EMMA”) system administered by the Municipal Securities Rulemaking Board. EMMA is recognized as a National Repository for purposes of the Rule.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

A. The District shall, or shall cause the Dissemination Agent to, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the “Filing Date”) that is not later than December 31 after the end of any Fiscal Year (commencing with its Fiscal Year ending June 30, 2019). Not later than ten (10) days prior to the Filing Date, the District shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement and (iii) shall include the District’s audited financial statements or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of the District must be submitted, if and when available, together with or separately from the Annual Report.

B. The annual financial statements of the District shall be prepared on the basis of generally accepted accounting principles and will be audited. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be filed with the Repository when they become publicly available.

C. If the District fails to provide an Annual Report to the Repository by the date required in subsection A hereto or to file its audited annual financial statements with the

Repository when they become publicly available, the District shall send a notice to the Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, annual financial information relating to the District, including operating data, updating such information relating to the District as described in Exhibit A, all with a view toward assisting the Participating Underwriters in complying with the Rule.

Any or all of such information may be incorporated by reference from other documents, including official statements of securities issues with respect to which the District is an “obligated person” (within the meaning of the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Repository. The District shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. The District will provide within ten business days to the Repository, notice of any of the Listed Events.

SECTION 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance and final retirement of all the Bonds.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is permitted or required by the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. Any person referred to in Section 12 (other than the District) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to file its Annual Report or to give notice of a Listed Event. The holders of not less than a majority in aggregate principal amount of Bonds Outstanding may take such actions as may be necessary and appropriate, including seeking

mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the District hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Trust Agreement or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 11. Format of Filings. Unless otherwise required by the Repository, all notice, documents and information provided to the Repository pursuant to this Disclosure Agreement shall be provided to EMMA, the current Internet address of which is www.emma.msrb.org. All notices, documents and information provided to the EMMA shall be provided in an electronic format prescribed by the Repository (currently, portable document format (pdf) which must be word-searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the Repository.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Participating Underwriters and the holders from time to time of the Bonds, and shall create no rights in any other person or entity.

HAMPTON ROADS SANITATION DISTRICT

By: _____
Director of Finance

EXHIBIT E

**NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]**

**Re: HAMPTON ROADS SANITATION DISTRICT
SUBORDINATE WASTEWATER REVENUE BONDS,
REFUNDING SERIES 20__**

CUSIP NO.: 409327

Dated: _____

NOTICE IS HEREBY GIVEN that Hampton Roads Sanitation District has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds, the proceeds of which were used to _____. [The District anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.]

Dated: _____

HAMPTON ROADS SANITATION DISTRICT

By _____