



May 26, 2020

### **Voluntary Notice – COVID-19 Impacts and FY2021 Budget Adoption**

In accordance with the continuing disclosure undertakings made by the Hampton Roads Sanitation District (the “District”) in connection with the issuance of the bonds identified on Exhibit A hereto (the “Bonds”), voluntary notice of the following event with respect to the District is hereby provided:

#### **COVID-19 in the Commonwealth of Virginia**

On March 11, 2020, the World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a novel strain of coronavirus. On March 12, 2020, Governor Northam declared a state of emergency in the Commonwealth of Virginia as a result of the COVID-19 pandemic. Subsequently, restrictions designated to address the COVID-19 pandemic have been imposed in Virginia, including but not limited to prohibitions on gatherings of ten (10) or more people, school closures, stay at home orders directing all Virginians to stay home except in extremely limited circumstances, and social distancing measures. It is unknown how extensive the spread of COVID-19 will be in Virginia, nor how long the restrictions will remain in place.

#### **Financial Impact of COVID-19**

Since the declaration of a state of emergency in Virginia in response to COVID-19, based on data available through April 30, there have been no material changes in the District’s billed water consumption.

On March 24, 2020, the District Commission approved the fiscal year 2021 budget maintaining wastewater rates at current levels through June 30, 2021. A planned nine percent regional wastewater rate increase that would have taken effect on July 1, 2020 was eliminated in consideration of the economic stresses created by the COVID-19 pandemic on ratepayers. Holding rates at the 2020 level will be accommodated through reprioritizing some planned investments, obtaining relief from Federal and state regulatory schedules, taking advantage of historically low interest rates and the judicious use of reserves previously set aside for unexpected needs. With these changes, the District expects to be able to adhere to its comprehensive financial policies and targets. At this time, the District assumes rate increases will resume in fiscal year 2022.

The District has suspended service disconnections in a manner consistent with the State Corporation Commission’s order applicable to regulated utilities. The District continues its other standard collection practices consistent with the intent of the SCC order and mindful of the economic stresses caused by the COVID-19 pandemic.

**Finance Department • PO Box 5915, Virginia Beach, VA 23471-0915 • 757.460-2261 • Fax 757.460.8763**

**Commissioners:** Frederick N. Elofson, CPA, Chair • Maurice P. Lynch, PhD, Vice-Chair • Vishnu K. Lakdawala, PhD  
Michael E. Glenn • Stephen C. Rodriguez • Willie Levenston, Jr. • Elizabeth A. Taraski, PhD • Molly Joseph Ward  
[www.hrsd.com](http://www.hrsd.com)

The duration and extent of the impact of COVID-19 on the District's revenues, expenses and cashflow are uncertain and cannot be quantified with any degree of certainty at this time. The District and its Commission maintain the flexibility to adjust the budget during the fiscal year 2021, as the financial impacts become more certain.

Additional information regarding the District's financial conditions and the Bonds can be found at [www.hrsdbonds.com](http://www.hrsdbonds.com).

No representation is made as to the correctness of the CUSIP numbers either on the Bonds or in this Notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Bernas", with a long horizontal flourish extending to the right.

Jay Bernas  
Chief Financial Officer/Director of Finance

Exhibit A

Bond Series	Maturity Date	CUSIP #
Wastewater Revenue Bonds, Series 2009B	November 1, 2020	409327DP5
Wastewater Revenue Bonds, Series 2009B	November 1, 2021	409327DQ3
Wastewater Revenue Bonds, Series 2009B	November 1, 2022	409327DT7
Wastewater Revenue Bonds, Series 2009B	November 1, 2023	409327DU4
Wastewater Revenue Bonds, Series 2009B	November 1, 2029	409327DR1
Wastewater Revenue Bonds, Series 2009B	November 1, 2039	409327DS9
Wastewater Revenue Bonds, Series 2012A	January 1, 2021	409327FD0
Wastewater Revenue Bonds, Series 2012	October 1, 2020	409327GC1
Wastewater Revenue Bonds, Series 2014A	July 1, 2020	409327GG2
Wastewater Revenue Bonds, Series 2014A	July 1, 2021	409327GH0
Wastewater Revenue Bonds, Series 2014A	July 1, 2022	409327GJ6
Wastewater Revenue Bonds, Series 2014A	July 1, 2023	409327GK3
Wastewater Revenue Bonds, Series 2014A	July 1, 2024	409327GL1
Wastewater Revenue Bonds, Series 2014A	July 1, 2025	409327GM9
Wastewater Revenue Bonds, Series 2016A	August 1, 2020	409327GY3
Wastewater Revenue Bonds, Series 2016A	August 1, 2021	409327GZ0
Wastewater Revenue Bonds, Series 2016A	August 1, 2022	409327HA4
Wastewater Revenue Bonds, Series 2016A	August 1, 2023	409327HB2
Wastewater Revenue Bonds, Series 2016A	August 1, 2024	409327HC0
Wastewater Revenue Bonds, Series 2016A	August 1, 2025	409327HU0
Wastewater Revenue Bonds, Series 2016A	August 1, 2025	409327HD8
Wastewater Revenue Bonds, Series 2016A	August 1, 2026	409327HV8
Wastewater Revenue Bonds, Series 2016A	August 1, 2027	409327JU8
Wastewater Revenue Bonds, Series 2016A	August 1, 2028	409327JV6
Wastewater Revenue Bonds, Series 2016A	August 1, 2029	409327HG1
Wastewater Revenue Bonds, Series 2016A	August 1, 2032	409327HW6
Wastewater Revenue Bonds, Series 2016A	August 1, 2035	409327HS5
Wastewater Revenue Bonds, Series 2016A	August 1, 2036	409327HT3
Variable Rate Wastewater Revenue Bonds - Series 2016B	August 1, 2046	409327HZ9
Wastewater Revenue Bonds - Series 2017A	October 1, 2027	409327JA2
Wastewater Revenue Bonds - Series 2017A	October 1, 2028	409327JB0
Wastewater Revenue Bonds - Series 2017A	October 1, 2029	409327JC8
Wastewater Revenue Bonds - Series 2017A	October 1, 2030	409327JD6
Wastewater Revenue Bonds - Series 2017A	October 1, 2031	409327JE4
Wastewater Revenue Bonds - Series 2017A	October 1, 2032	409327JF1
Wastewater Revenue Bonds - Series 2017A	October 1, 2033	409327JG9
Wastewater Revenue Bonds - Series 2017A	October 1, 2037	409327JK0
Wastewater Revenue Bonds - Series 2017A	October 1, 2038	409327JL8
Wastewater Revenue Bonds - Series 2017A	October 1, 2039	409327JM6
Wastewater Revenue Bonds - Series 2017A	October 1, 2040	409327JN4
Wastewater Revenue Bonds - Series 2017A	October 1, 2041	409327JP9
Wastewater Revenue Bonds - Series 2017A	October 1, 2042	409327JQ7
Wastewater Revenue Bonds - Series 2017A	October 1, 2043	409327JR5

Exhibit A  
Continued

Bond Series	Maturity Date	CUSIP #
Wastewater Revenue Bonds - Series 2018A	October 1, 2020	409327JY0
Wastewater Revenue Bonds - Series 2018A	October 1, 2021	409327JZ7
Wastewater Revenue Bonds - Series 2018A	October 1, 2022	409327KA0
Wastewater Revenue Bonds - Series 2018A	October 1, 2023	409327KB8
Wastewater Revenue Bonds - Series 2018A	October 1, 2024	409327KC6
Wastewater Revenue Bonds - Series 2018A	October 1, 2025	409327KD4
Wastewater Revenue Bonds - Series 2018A	October 1, 2026	409327KE2
Wastewater Revenue Bonds - Series 2018A	October 1, 2027	409327KF9
Wastewater Revenue Bonds - Series 2018A	October 1, 2028	409327KG7
Wastewater Revenue Bonds - Series 2018A	October 1, 2029	409327KH5
Wastewater Revenue Bonds - Series 2018A	October 1, 2030	409327KJ1
Wastewater Revenue Bonds - Series 2018A	October 1, 2031	409327KK8
Wastewater Revenue Bonds - Series 2018A	October 1, 2032	409327KL6
Wastewater Revenue Bonds - Series 2018A	October 1, 2033	409327KM4
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2021	409327KZ5
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2022	409327LA9
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2023	409327LB7
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2024	409327LC5
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2025	409327LD3
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2026	409327LE1
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2027	409327LF8
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2028	409327LG6
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2029	409327LH4
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2030	409327LJ0
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2031	409327LK7
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2032	409327LL5
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2033	409327LM3
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2034	409327LN1
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2035	409327LP6
Subordinate Wastewater Revenue Bonds Refunding Series 2019A	February 1, 2039	409327LQ4