



900 Magazine Rd.
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SOUTH CENTRAL WASTEWATER AUTHORITY Board of Directors Meeting

DATE: September 23, 2021

TIME: 2:00 pm

LOCATION: **Appomattox River Water Authority**
Board Room, Administration Building
21300 Chesdin Road
South Chesterfield, VA 23803

AGENDA

1. Call to Order/Roll Call
2. Approval of Minutes: Minutes of the Board Meeting held on July 22, 2021 (Exhibit A, Pages 2 to 8)
3. Public Comment (Exhibit B, Page 9)
4. Executive Director's Report:
 - Nutrient Project Update (Exhibit C, Pages 10 to 11)
 - Status Report: Ongoing Projects/Operations (Exhibit D, Pages 12 to 13)
 - Financials (Exhibit E, Pages 14 to 16)
5. Items from Counsel
 - Draft Incorporating Subdivision Funding Resolution (Exhibit F, Pages 17 to 20)
 - Draft Bond Authorizing Resolution (Exhibit G, Pages 21 to 33)
 - Draft Support Agreement (Exhibit H, Pages 34 to 38)
6. Closed Session
7. Other items from Board Members/Staff Not on Agenda
8. Adjourn

BOARD OF DIRECTORS MEETING
South Central Wastewater Authority
July 22, 2021 at 2:00 p.m.
Location: Appomattox River Water Authority
21300 Chesdin Road, Petersburg, VA 23803

MEMBERS PRESENT:

Doug Smith, Chairman (Colonial Heights)
Kevin Massengill (Dinwiddie)
Joseph Casey, (Chesterfield)

ALTERNATES PRESENT:

Frank Haltom, Secretary/Treasurer (Alternate, Prince George)
George Hayes, (Alternate, Chesterfield)
Scott Morris, (Alternate, Chesterfield)

ABSENT:

Stuart Turille, (Petersburg)
Tangela Innis, (Alternate, Petersburg)
Percy Ashcraft, (Prince George)
Todd Flippin, (Alternate, Colonial Heights)

STAFF PRESENT:

Robert B. Wilson, Executive Director, (ARWA & SCWWA)
James C. Gordon, Asst. Executive Director (ARWA & SCWWA)
Arthur Anderson, (McGuire Woods)
Melissa Wilkins, Business Manager/FOIA (ARWA & SCWWA)
Kathy Summerson, Administrative Assistant (SCWWA)

OTHERS PRESENT:

Chris Pomeroy, (AquaLaw)
Ted Cole, (Davenport) (remote)
Ben Wilson, (Davenport) (remote)
Mitch Brigulio, (Davenport) (remote)
Andrew Barnes, (Petersburg) (remote)
Elizabeth McDonald, (Petersburg) (remote)

The SCWWA meeting was called to order after the ARWA meeting by Mr. Smith, Chairman, at 3:41 p.m.

1. Call to Order/Roll Call

The roll was called:	Doug Smith	Present
	Kevin Massengill	Present
	Joseph Casey	Present
	Frank Haltom	Present

2. Approval of Minutes: Minutes of the Regular Meeting of the Board on May 20, 2021

Upon a motion by Mr. Haltom and seconded by Mr. Massengill the following resolution was adopted:

RESOLVED, that the Minutes of the Regular Meeting of the Board on May 20, 2021 are hereby approved:

For: 4 Against: 0 Abstain: 0

3. Public Comment

There were no Public Comments.

4. Executive Director's Report:

- Nutrient Project Update**

Mr. Wilson reported on the nutrient project update. He introduced Chris Pomeroy, President of AquaLaw. Mr. Pomeroy, along with Preston Bryant of McGuireWoods Consulting, assisted the Authority with navigating through the legislative process. In addition to going around talking to all the Delegates and Senators, Mr. Pomeroy and Mr. Bryant worked directly with Director Paylor and Secretary Strickler. That's where we received the significant financial support through the WQIF. Mr. Pomeroy is also Legal Counsel for VAMWA, so we were successful in getting the backing of that organization.

Mr. Pomeroy reported on the Grant Agreement. He stated this is the largest grant percentage in the history of the program which dates to 1997. This is one of the largest remaining facilities that does not have enhanced nutrient removal technology, so there are many interested parties looking to see this project done. The legislation that was passed gave permitting relief for this facility and all the others that will matter going forward, a concept referred to as "floating caps". Over the past couple of years, the project has moved from a regulatory wish to a mandate. We are having this grant approval discussion today because of state law that has come along concurrently and made it mandatory. The team has been hustling to get favorable State participation financially.

Mr. Pomeroy pointed out specific requirements in the Grant Agreement. He stated there were a couple of things that were non-negotiable, and a couple of things unique to the project that are very favorable. He referred to paragraph 4.1 of the Agreement that State's commitment is subject to appropriations. They have an excellent track record dating since 1997. In paragraph 4.2 the program operates on a re-imbursement basis, so you can make monthly requisitions for the percent recovery costs incurred. On a positive note, costs incurred to-date, such as the engineering you have advanced, is

recoverable through the process. He is often questioned about Article 8 Material Breach, and the notation of a possible repayment, essentially a penalty provision. What this relates to is the Grant Agreement comes with a technical performance standard of certain nitrogen and phosphorus concentration. It is an annual average number. This is a longer term average so we can average out some hiccups over the course of the year. It is rare anyone has a problem complying. There is essentially a 20% buffer built in for a margin of error. Paragraph 8.3, Extraordinary Conditions, if timely exercised, you have enough time to inform the State if you have an extraordinary condition that precluded your compliance. With a timely notice and a reasonable explanation, if there is something that exceeded the 20% buffer in terms of noncompliance, there is an opportunity to negotiate away penalties.

Mr. Pomeroy stated the terms that were non-negotiable came out in the Authority's favor. There are a couple of details to address to move if it is the pleasure of the Board. We do have a couple of details to iron out with DEQ staff. He referred to the most important page in the Board package, which was Exhibit "B", Total Project Budget. The total project cost is \$89,866,374. The project team had a goal to advance this project on total cost share of not more than \$35,000,000. This project came in at less than \$31,000,000. His recommendation is that this is the best deal that has ever come through this program.

Mr. Smith commended the whole group that worked on this for getting something that has never been done before. The Grant Agreement for this project is exceptional.

Mr. Massengill stated he wanted to echo the Chair's comments. Staff did a phenomenal job and exceeded expectations. From Dinwiddie County's perspective, they appreciate all the hard work to do something historic. We needed something for this region to be able to move forward on other things. This is tremendous for this area.

Dr. Casey stated the same accolades. He had a couple of things to resolve. Initially this project was \$130,000,000 to \$150,000,000. He asked if the \$112,000,000, is the same scope project or has it gotten more refined. Mr. Wilson stated we were at \$124,000,000 and went through the VE (Value Engineering) process. We changed the treatment process, and there was a significant savings. Dr. Casey stated he is fine with the Grant process, but there was one small thing to make sure it is not on the Resolution. Mark out the word "million" which is beside \$30,000,000 under Board Action Requested. He imagined the members would have to go back to their localities. Dr. Casey asked what we need to do as a Board. If there is any residual resolution that needs local government support, we must get them behind us sooner than later. That's what he is not clear on. Mr. Pomeroy stated that a lot of internal process goes to your operating agreement. He will defer to SCWWA Counsel and Director on that. The regulatory program caught up with us the same time we were negotiating a financial program. This is no longer optional.

Dr. Casey stated it is the air of consent order compliance without this being a formal consent order. Mr. Pomeroy stated this is a regulatory program and mandate. If you had not started this nearly a year and a half ago, you would have been overcome by the clean water regulatory program and would be trying to do this in a far weaker position. These are the best terms that have ever come along, and he urged the Board to accept the grant and proceed forward.

Mr. Wilson stated when he went before the City of Colonial Heights Council, he talked to Counsel first. The Authority could accept the Grant. When we go for CWRLF or VRA funding, it will require a Resolution from each of the five members supporting the project. Dr. Casey asked what time-period that would be, and Mr. Wilson stated spring of next year. Mr. Anderson stated the RLF application is going in on the 30th of this month. Once the State Water Control Board approves the slate in December, we should be working on the credit terms. We have already started discussions with VRA as they administer that part of the program. Dr. Casey stated there are two votes that would be needed assuming we get the approval. This body must follow through and underlying individual jurisdictions need to pass so we need six votes. Mr. Wilson stated we have Mitch Brigulio with Davenport on remote. He asked Mr. Brigulio to run numbers for both RLF and VRA funding. We ran debt service calculations for \$30,000,000 and \$35,000,000 for 20, 25 and 30 year loans. The debt service we are currently collecting in the rates will cover 20 year loans on \$30,000,000 or \$35,000,000 with either RLF and VRA, and you will end up with a refund.

Mr. Smith referred to the chart that shows \$112,584,540 and asked if it included engineering costs as part of those totals and Mr. Wilson answered yes, that it was listed as A/E. The grant writer indicated that as soon as they ink this, we could start applying for re-imbursement. We have fronted \$3,300,000 for engineering.

In looking at the two loans in total, the difference is about \$3,000,000 over 30 years. The question is after doing the evaluation if we went with VRA instead of RLF if you don't have to do federal wages and buy American, etc., what would that leave us. One caveat that we keep looking at if we use the term "debt service forgiveness", we still must take that into strong consideration. We are going to ask Davenport to go through an evaluation to see what that difference is because that will help us decide.

Mr. Smith stated regarding the action proposed for today, approving the Grant Agreement resolution, and asked what the specific time frame was for the Grant Agreement in the finalized form after any additional discussions. Mr. Pomeroy stated two or three months might be more realistic. Mr. Smith stated regarding our options with this agreement is there any disadvantage if we bring it back closer to when you have a little bit more of that information at our next meeting. Can we take this action at the next meeting? Does that create us any disadvantages? Mr. Pomeroy stated there is some interest at the office in Richmond of collecting another signature from you, so we could use that to create a little urgency perhaps to get a resolution on the 96% issue. Mr. Smith stated if it helps then he thinks it is worthy of us doing it. Mr.

Wilson stated that these numbers could change in Exhibit “B”. They are stated as “As Bid”, so they will redo this table when we bid this project.

Mr. Haltom thanked Mr. Pomeroy, Mr. Wilson, and the whole team for providing the best possible scenario. Dr. Casey stated that it would benefit local governments if staff can provide draft resolutions for the governing bodies as early as spring if possible so members will be prepared as to what they need to present to their boards. Now is the time to ask questions.

Mr. Smith stated we would break this up into two different actions. The first action is for Board to consider approval and authorization to authorize the Chairman and Executive Director to execute the Grant Agreement, with the minor correction mentioned earlier, the edit to the word “million”.

Upon a motion made by Mr. Massengill and seconded by Dr. Casey the following resolution was adopted:

RESOLVED, that the Board approves and authorizes the Chairman and Executive Director to execute the Grant Agreement, with the minor correction of the word “million”:

For: 4 Against: 0 Abstain: 0

Mr. Smith stated the second part of the staff recommendation was authorization for the Executive Director to submit the application to the Clean Water Revolving Loan Fund in the amount of \$30,000,000 for the local project share.

Upon a motion made by Mr. Massengill and seconded by Haltom the following resolution was adopted:

RESOLVED, that the Board approves and authorizes the Executive Director to submit the application to the Clean Water Revolving Loan Fund in the amount of \$30,000,000 for the local project share:

For: 4 Against: 0 Abstain: 0

- **Status Report**

Mr. Gordon reported on the Status Report.

- **Financials**

Ms. Wilkins reported on the Financials. The first week of August we will be meeting with our CPA and do a preliminary financial audit including looking at all the assets and inventory value. The third week of August is the full financial audit with our audit team. She stated for the last fiscal year we did collect a total of \$886,000 between leachate and septage. These funds go into the capital improvement account. These are being used to cover the total cost we did spend through June for the nutrient engineering costs of \$1,100,000.

Dr. Casey asked with the new plant design will there be the ability to take on greater quantities with the leachate and septage, because you are in a better system. He stated in the audit report of disclosures he thinks we have disclosed the treatment plant itself of what we may be doing or not doing regarding compliance. He stated to just make sure the equipment disclosure is not overstating or understating whatever else is going on with the State approval process. Mr. Wilson stated one point we need to make back on the nutrient project is they are opening our existing VPDES permit, and this consent order is being put in. That permit gets renewed next year so we said to wait until next year because we already have a legislative mandate of January 1, 2026. They are still opening our existing permit and when we go to renew the permit next year that will be stated in that permit. Mr. Gordon replied to Dr. Casey and stated when they designed the plant, they used the existing nutrient loading which includes the leachate and septage. The plant is being designed around that and he is sure there is some flexibility. We can check to see what the limits are.

5. Items from Counsel

There were no items from Counsel.

6. Closed Session

There was no Closed Session.

7. Other Items from Board Members/Staff Not on Agenda

Mr. Smith stated we need to appoint a new Vice-Chairman. Let him know before the next Board meeting and he will bring forward potential candidates.

Mr. Haltom stated what they suspected happened with one of their customers in the business park was that they were pushing oil down their floor drains, got into their grease interceptor, got into their own pump station that pumps into a force main, which got into their station. Their staff responded quickly and raised levels in their pump station to keep it trapped at the top. It has been

staying there and they have been working with the company to get it removed. The company successfully cleaned out their own piece and they are working with them to go on and pay costs upfront, so they do not have to charge them to clean the pump station.

8. Adjourn

Mr. Smith stated, if there is no other business, and asked for motion to adjourn.

Upon a motion by Mr. Massengill and seconded by Dr. Casey the meeting was adjourned at 4:22 p.m.

MINUTES APPROVED BY:

Frank Haltom
Secretary/Treasurer

CERTIFICATE OF SECRETARY-TREASURER

The undersigned Secretary-Treasurer of the South Central Wastewater Authority (the "Authority") hereby certifies that:

1. A regular meeting of the Board of the Authority was duly called and held on July 22, 2021 (the "Meeting"), at which the following members were present and absent:

PRESENT: Mr. Haltom

Dr. Casey

Mr. Massengill

Mr. Smith

ABSENT: Mr. Turille

2. A resolution (the "Resolution") of the Authority entitled "RESOLUTION OF THE SOUTH CENTRAL WASTEWATER AUTHORITY APPROVING THE VIRGINIA WATER QUALITY IMPROVEMENT FUND POINT SOURCE GRANT AND OPERATION AND MAINTENANCE AGREEMENT TO PROVIDE FUNDING FOR THE NUTRIENT REMOVAL TECHNOLOGY UPGRADE PROJECT," was duly adopted at the Meeting by the recorded affirmative vote of at least a majority of all of the members of the Board of the Authority on the motion of Mr. Massengill, which was seconded by Dr. Casey, the ayes and nays being recorded in the minutes of the meeting as shown below:

<u>MEMBER</u>	<u>VOTE</u>
Mr. Haltom	Aye
Dr. Casey	Aye
Mr. Massengill	Aye
Mr. Smith	Aye
Mr. Turille	Absent

3. Attached is a true and correct copy of the Resolution.

WITNESS my signature and the seal of the South Central Wastewater Authority this 22nd day of July 2021.

Frankie Haltom

Frank Haltom, Secretary-Treasurer
South Central Wastewater Authority



**RESOLUTION OF THE SOUTH CENTRAL WASTEWATER AUTHORITY
APPROVING THE VIRGINIA WATER QUALITY IMPROVEMENT FUND POINT
SOURCE GRANT AND OPERATION AND MAINTENANCE AGREEMENT TO
PROVIDE FUNDING FOR THE NUTRIENT REMOVAL TECHNOLOGY UPGRADE
PROJECT**

A. The South Central Wastewater Authority (the “Authority”) is currently in the process of designing upgrades to and additional facilities for the Authority’s wastewater treatment plant as part of its Nutrient Removal Technology Upgrade Project (the “Project”) and considering various options to finance the Project.

B. Pursuant to the Virginia Water Quality Improvement Act of 1997, Chapter 21.1, Title 10.1 of the Code of Virginia (1950), as amended (the “WQIF Act”), the General Assembly created the Virginia Water Quality Improvement Fund (the “Fund”). The Director of the Virginia Department of Environmental Quality (the “Director”), in coordination with the Director of the Virginia Department of Conservation and Recreation, is authorized by the WQIF Act to make Water Quality Improvement grants related to point source pollution control, in accordance with guidelines established pursuant to Section 10.1-2129 of the WQIF Act, and enter into agreements with grantees under the Act which shall, in accordance with Sections 10.1-2130 and 10.1-2131, provide for the payment of the total amount of the grant and require proper long-term operation, monitoring and maintenance of funded projects.

C. The Authority has been approved by the Director to receive a grant (the “Grant”) from the Fund subject to the terms and conditions of the Point Source Grant and Operation and Maintenance Agreement (the “Agreement”) to finance ninety-five percent (95%) of the costs of the portion of the design and installation of the Project eligible for funding under the WQIF Act (the “Eligible Project Costs”). The Authority intends to use the Grant to finance that portion of the Eligible Project Costs not being paid for from other sources.

D. The Agreement, the most recent draft of which has been presented to the Board of the Authority (the “Board”) at this meeting, provides for payment of the Grant and the design and construction of the Project, and also imposes certain requirements for the long-term operation, monitoring, and maintenance of the Project.

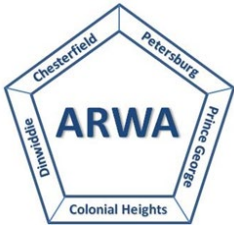
**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE SOUTH
CENTRAL WASTEWATER AUTHORITY THAT:**

1. **Approval of Grant and Agreement.** The Board hereby finds that the acceptance of the Grant and the approval of the Agreement for the purposes described in this Resolution will promote the health, safety, welfare, morals and prosperity of the residents served by the Authority and will promote the governmental purposes for which the Authority was formed. The Board notes that any bonds or other debt that the Authority would issue or incur to pay the portion of the costs of the Project that will not be paid from the Grant requires the approval of all five of the Authority’s incorporating subdivisions, Chesterfield County, the City of Colonial Heights, Dinwiddie County, the City of Petersburg, and Prince George County, pursuant to the Service Agreement dated as of July 2, 1996, between the Authority and the incorporating subdivisions, as amended.

2. Execution and Delivery of Agreement. The draft Agreement presented to this meeting is approved. The Chairman and the Executive Director of the Authority, either of whom may act, are authorized to execute and deliver the final Agreement in substantially the form of the draft presented to this meeting, with such completions, deletions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman or the Executive Director, whose approval shall be evidenced conclusively by the execution and delivery of the final Agreement on the Authority's behalf.

3. Further Actions. The Chairman and the Executive Director and such officers and agents of the Authority as may be designated by the Chairman or the Executive Director are authorized and directed to take such further actions as may be necessary or appropriate regarding the Grant or the Agreement, including the execution and delivery on behalf of the Authority of such instruments, documents or certificates as the Chairman or the Executive Director shall deem necessary or appropriate to carry out the transactions contemplated by this Resolution.

4. Effective Date. This Resolution shall take effect immediately.



APPOMATTOX RIVER WATER AUTHORITY
21300 Chesdin Road
Petersburg, VA 23803



SOUTH CENTRAL WASTEWATER AUTHORITY
900 Magazine Road
Petersburg, VA 23803

GUIDELINES FOR PUBLIC COMMENT AT SCWWA/ARWA BOARD OF DIRECTORS MEETINGS

If you wish to address the SCWWA/ARWA Board of Directors during the time allocated for public comment, please raise your hand or stand when the Chairman asks for public comments.

Members of the public requesting to speak will be recognized during the specific time designated on the meeting agenda for "Public Comment Period." Each person will be allowed to speak for up to three minutes.

When two or more individuals are present from the same group, it is recommended that the group designate a spokesperson to present its comments to the Board and the designated speaker can ask other members of the group to be recognized by raising their hand or standing. Each spokesperson for a group will be allowed to speak for up to five minutes.

During the Public Comment Period, the Board will attempt to hear all members of the public who wish to speak on a subject, but it must be recognized that on rare occasion presentations may have to be limited because of time constraints. If a previous speaker has articulated your position, it is recommended that you not fully repeat the comments and instead advise the Board of your agreement. The time allocated for speakers at public hearings are the same as for regular Board meeting, although the Board can allow exceptions at its discretion.

Speakers should keep in mind that Board of Directors meetings are formal proceedings and all comments are recorded on tape. For that reason, speakers are requested to speak from the podium and wait to be recognized by the Chairman. In order to give all speakers proper respect and courtesy, the Board requests that speakers follow the following guidelines:

- Wait at your seat until recognized by the Chairman;
- Come forward and state your full name and address. If speaking for a group, state your organizational affiliation;
- Address your comments to the Board as a whole;
- State your position clearly and succinctly and give facts and data to support your position;
- Summarize your key points and provide the Board with a written statement or supporting rationale, when possible;
- If you represent a group, you may ask others at the meeting to be recognized by raising their hand or standing;
- Be respectful and civil in all interactions at Board meetings;
- The Board may ask speakers questions or seek clarification, but recognize that Board meetings are not a forum for public debate; Board Members will not recognize comments made from the audience and ask that members of the audience not interrupt the comments of speakers and remain silent while others are speaking so that other members in the audience can hear the speaker;
- The Board will have the opportunity to address public comments after the Public Comment Period has been closed;
- At the request of the Chairman, the Executive Director may address public comments after the session has been closed as well; and
- As appropriate, staff will research questions by the public and respond through a report back to the Board at the next regular meeting of the full Board. It is suggested that citizens who have questions for the Board or staff submit those questions in advance of the meeting to permit the opportunity for some research before the meeting.



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Exhibit C

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, Executive Director
James C. Gordon, Assistant Executive Director

DATE: September 23, 2021

SUBJECT: Nutrient Project Update

Since the July 2021 meeting, the following effort has taken place on the Nutrient Project:

- On August 19th, Mr. Wilson presented the plans for the proposed road across the Roper property to the EDA. They signed off on the road design.
- Mr. Wilson has attended 4 of the 5 member Jurisdiction Supervisor/Council meetings to provide a presentation on the SCWWA Nutrient Reduction Project. He is scheduled to present the project at the 5th members meeting on September 28th.
- Hazen and Sawyer provided the SCWWA with 60% plan and spec submittals on August 2nd.
- Staff reviewed the 60% submittals and provided comments to back Hazen on August 16th.
- A meeting of staff and the design team was held on August 24th to review and discuss staff comments and to discuss Maintenance of Plant Operations (MOPO).
- On August 31st, SCWWA staff attended a virtual meeting/tour of the APG-Neuros plant. APG produces blowers and are one of the manufacturers looking to bid on the Nutrient Reduction Project.
- The Executive Director and Assistant Executive Director participated in a virtual planning meeting with Petersburg to discuss the road across the Roper property. The design includes 24-feet of pavement width (2-12' lanes) with curb and gutter, sidewalk, shared use path, and a planting strip (potential future force main). Petersburg was going to check on the requirements for roads in industrial zoned areas. A requirement for a 46-foot road was mentioned as a possible requirement.
- Staff and Hazen participated in an Electrical and Instrumentation and Controls virtual workshop. The workshop covered many general details related to the project.
- An additional meeting with staff and some of the design team members was held on September 7th. This meeting was setup to discuss some key process decisions that were needed to move forward with the project.
 - Hazen is going to provide details to staff on piping to and from the new south reactor and the north reactor effluent structures.

- Staff and Hazen agreed the Sodium Hypo building can be upgraded to use for Sodium Hypochlorite and Carbon storage. This will eliminate the need for a new carbon feed storage and feed building.
- Staff prefers a flume for effluent flow monitoring instead of an insertion probe.
- The back of the blower building can be repurposed for new blower and NRCY electrical. This will eliminate the need for a new electrical building.
- Additional electrical and structural details are needed
- Hazen was onsite September 9th to further evaluate architectural improvements in the upgrade. The main areas discussed and inspected were the Administration building, Lab, Maintenance, Sodium Hypo Storage building, and Alum building.
- Survey work and inspections being performed by the design engineers to evaluate the work required on the primary clarifiers was completed. Surveyors were able to enter the last two primary clarifiers and take measurements/elevations. While onsite they also entered the manhole meter vaults at the primaries to perform measurements. These are being evaluated for the installation of mag flow meters. Currently there are insertion probes in these locations and the accuracy is questionable and they require significant man hours to maintain.
- Mr. Wilson contacted our WQIF grant writer, Mr. Crocker, and discussed the agreement. Mr. Crocker mentioned that he would revise the agreement and remove the prorated flow adjustment. This will increase the funding SCWWA will receive through WQIF by \$3,000,000 - \$4,000,000. Staff is currently awaiting the revision.

Board Action Requested:

There is no board action requested



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Exhibit D

TO: South Central Wastewater Authority Board of Directors

FROM: Robert B. Wilson, P.E., Executive Director
James C. Gordon, Assistant Executive Director

DATE: September 23, 2021

SUBJECT: Ongoing Projects\Operations

Operating Status Report

This report hits the highlights and does not cover the day-to-day maintenance or preventive maintenance summaries.

➤ General

- The next scheduled Board of Directors Meeting is Thursday, November 18, 2021 at the Appomattox River Water Authority at 2:00 pm.
- The classification and compensation study for both Authorities was advertised, and proposals were received on September 1, 2021. The Archer Company was selected to perform the classification and compensation study.
- The Annual Engineering contract for the Authority's professional engineering services is currently being advertised. Bid must be received by 4:00 pm September 30, 2021.
- On average, the SCWWA received 2 trucks of leachate per day for July 2021 and 4 trucks per day in August 2021. Revenues for July were \$28,423.91 and for August were \$51,759.05. Septage receiving billed \$15,043.88 in July and 16,497.78 in August.
- SCWWA's annual total nitrogen (TN) waste load allocation (WLA) is 350,239 lbs. TN discharged through August 2021 was 295,645 lbs. We have a contract with Chesterfield to purchase 50,000 credits to cover any WLA overage.
- SCWWA's annual total phosphorus (TP) WLA is 28,404 lbs. TP discharged through August 2021 was 16,785 lbs.
- The Vice Chairman position for the SCWWA Board of Directors is currently unfilled.

➤ Operations

- Plant effluent met all permit requirements for July and August 2021.
- The average daily effluent flow for July was 13.33 mgd and August was 17.43 mgd. Precipitation totals in July was 10.36 inches and August was 10.37 inches.
- Recyc. Systems Inc. was awarded the new biosolids disposal contract. Staff has been working with the Recyc. Systems, Inc to remove biosolids. We are pleased with the new contractor so far.
- Staff is working with our Sodium Hypochlorite vendor and Caustic Soda vendor to line up

chemical deliveries. Current conditions are requiring extended planning to ensure loads.

- A class 3 operator was hired and started employment 9/7/2021. The operations department is currently fully staffed.

➤ Maintenance

- Sodium Hypochlorite HDPE tank 2 continues to have issues with a leak at the bulkhead. The tank has been repaired again but will be held for emergency use. A replacement tank has been ordered. SCWWA has 22 days of chemical storage with tank 2.
- Work continues with our electrical vendor to install local disconnects on the RAS pumps.
- Staff assisted surveyor with primary tank and meter vault entries to collect information for the Nutrient Reduction Project.
- Primary tank 1 was rebuilt with new chain and flights.
- Blower 4 motor was sent out for repairs. The repaired motor has been installed and is in service.
- Continuing to work through delayed chemical deliveries.

➤ IT

- Worked with IT vendor to switch out and program new network switches.
- Worked with systems integrator to complete Blower/Hypo PLC upgrade.
- Repaired callbox at entry gate.
- Working with vendor setup cameras for new security cameras.

➤ Laboratory

- Pretreatment inspections continue.
- Whole Effluent Toxicity testing was performed the week of August 23rd. There was no toxicity found in the SCWWA effluent.
- Completed the BioBot sampling to test for SAR-Cov-2 virus concentration in wastewater.
- Received updated applications and updated the SCWWA list of hauled waste customers (septage and leachate).
- Communicating with AMPAC to setup new pretreatment permit.

➤ Drain Pump Station

- Awaiting delivery of the drain pump station and shelter.
- Shop drawings have been received and were approved by WW Associates on August 3rd.

Exhibit E

South Central Wastewater Authority For Month Ending August 31, 2021

Assets

Current Assets

Petty Cash	\$ 250
Wells Fargo Operating Account	\$ 4,067,932
Payments In-Transit To LGIP Fund	\$ 111,725
Total Unrestricted Cash	\$ 4,179,906

Wells Fargo Reserve	\$ 3,916,414
LGIP-ERRF	\$ 2,710,468
LGIP_Capital Improvements Reserve	\$ 7,545,835
Total Restricted Cash	\$ 14,172,717

Total Checking/Savings **\$ 18,352,623**

Accounts Receivable	\$ 72,241
Prepaid Expenses	\$ 46,913
Long Term Receivable (Petgs/Legal)	\$ -

Total Current Assets **\$ 18,471,777**

Fixed Assets

Sewer System Plant	\$ 34,163,853
Equipment & Vehicles	\$ 2,506,266
Plant Machinery	\$ 6,856,858
Construction in Progress	\$ 1,434,833
Land	\$ 92,968
Accumulated Depreciation	\$ (28,103,392)
Total Fixed Assets	\$ 16,951,386

Other Assets

Inventory	\$ 937,503
Def Out Res-Post ER Pension Con	\$ 102,715
Deferred Outflows-GLI OPEB	\$ 31,804
Def Out Res-OPEB Assumptions	\$ 4,181
Def Out Res-OPEB Experience	\$ 41,999
Total Other Assets	\$ 1,118,202

Total Assets

\$ 36,541,365

Liabilities & Equity

Current Liabilities

Accounts Payable	\$ 550,864
Total Current Liabilities	\$ 550,864

Other Current Liabilities

Payroll Accruals	\$ 259,148
Health Ins-ARWA	\$ (759)
Retainage Payable	\$ -
Accrue for Nutrient Credit Purchases	\$ 31,250
Refunds Due Member Localities	\$ 104,726
Total Other Current Liabilities	\$ 394,365

Long Term Liabilities

Net OPEB Obligation	\$ 152,684
Net OPEB Liability-GLI	\$ 143,037
Def Infl-OPEB-Chg of Assumption	\$ 19,960
Deferred Inflows-GLI OPEB	\$ 14,043
Def Inf-Chg in Ex and Act	\$ 1,699
Def Inf Res-Net Dif Pension Inv	\$ (29,762)
Def Inf Res-Pens Chg Assumption	\$ (56,895)
Def Inf Res-Pens Dif Proj/Act E	\$ (144,366)
Net Pension Liability	\$ 517,245
Total Long-Term Liabilities	\$ 617,645

Total Liabilities

\$ 1,562,874

Equity

Retained Earnings	\$ 20,671,428
Initial Locality Contribution Cap.	\$ 14,166,822

Net Income	\$ 140,242
Total Equity	\$ 34,978,491

Total Liabilities & Equity

\$ 36,541,365

South Central Wastewater Authority
YTD Income Statement for the period ending August 31, 2021

Wastewater Rate Center

Revenues and Expenses Summary

<i>Budget</i>	<i>Budget</i>	<i>Actual</i>	<i>YTD Budget</i>	<i>Variance</i>
<i>FY 21/22</i>	<i>Year-to-Date</i>	<i>Year-to-Date</i>	<i>vs. Actual</i>	<i>Percentage</i>

Operating Budget vs. Actual

Revenues

Septage/Misc Revenue	\$ -	\$ -	\$ 111,542	\$ 111,542	#DIV/0!
O&M Revenue	\$ 6,393,600	\$ 1,065,600	\$ 1,065,600	\$ 0	0.00%
Capital Improvements Reserve	\$ 2,500,000	\$ 416,667	\$ 416,667	\$ (0)	0.00%
ER&RF Revenue	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Operating Revenues	\$ 8,893,600	\$ 1,482,267	\$ 1,593,809	\$ 111,542	7.53%

Expenses

Personnel Cost	\$ 2,879,500	\$ 479,917	\$ 462,550	\$ (17,366)	-3.62%
Contractual/Professional Services	\$ 345,000	\$ 57,500	\$ 48,289	\$ (9,211)	-16.02%
Utilities	\$ 485,000	\$ 80,833	\$ 63,984	\$ (16,849)	-20.84%
Communication/Postage/Freight	\$ 41,500	\$ 6,917	\$ 5,029	\$ (1,887)	-27.29%
Office/Lab/Janitorial Supplies	\$ 81,100	\$ 13,517	\$ 34,078	\$ 20,561	152.12%
Insurance	\$ 70,000	\$ 70,000	\$ 67,613	\$ (2,387)	-3.41%
Lease/Rental Equipment	\$ 11,000	\$ 1,833	\$ 1,056	\$ (777)	-42.40%
Travel/Training/Dues	\$ 62,000	\$ 10,333	\$ 9,785	\$ (549)	-5.31%
Safety/Uniforms	\$ 49,000	\$ 8,167	\$ 5,946	\$ (2,220)	-27.19%
Chemicals/Sludge Disposal	\$ 925,000	\$ 154,167	\$ 130,357	\$ (23,810)	-15.44%
Repair/Maintenance Parts & Supplies/Purchases	\$ 530,000	\$ 88,333	\$ 111,305	\$ 22,971	26.01%
Total Operating Expenses	\$ 5,479,100	\$ 971,517	\$ 939,993	\$ (31,524)	-3.24%
Operating Suplus/(Deficit)	\$ 3,414,500	\$ 510,750	\$ 653,816	\$ 143,066	28.01%

Replacement Outlay Budget vs. Actual

Machinery & Equipment	\$ 292,000	\$ 48,667	\$ -	\$ (48,667)	-100.00%
Plant Equipment	\$ 185,000	\$ 30,833	\$ -	\$ -	
Instrumentation	\$ -	\$ -	\$ -	\$ -	#DIV/0!
SCADA	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Computer Equipment	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Motor Vehicles	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Construction	\$ 250,000	\$ 41,667	\$ -	\$ (41,667)	-100.00%
Special Studies	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Replacement Outlay	\$ 727,000	\$ 121,167	\$ -	\$ (90,333)	-74.55%

Nutrient Upgrade Budget vs. Actual

Nutrient Upgrade-Engineering	\$ -	\$ -	\$ 486,099	\$ 486,099	#DIV/0!
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Other Income/Expense Budget vs. Actual

Nutrient Credit Purchases (Expense)	\$ 187,500	\$ 31,250	\$ 31,250	\$ -	0.00%
Nutrient Reduction	\$ -	\$ -	\$ 2,224	\$ 2,224	#DIV/0!
Interest-Income	\$ -	\$ -	\$ 1,551	\$ 1,551	#DIV/0!
Gain/Loss on Disposal	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Other Income-Other	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Alum Litigation Proceeds (Income)	\$ -	\$ -	\$ -	\$ -	#DIV/0!

South Central Wastewater Authority
Executive Review
Cash and Debt Highlights
As of May 31, 2021

Highlights: SCWWA Cash Positions					30-Jun-21	31-Aug-21	Change	Explanation	
Unrestricted Cash & Investments:									
		Petty Cash			\$ 250.00	\$ 250.00	\$ -	On-Hand Petty Cash for incidental expenses	
		Wells Fargo Operating Account			\$ 3,821,332.23	\$ 4,067,931.81	\$ 246,599.58	Financial Policy: All incoming O & M charges under service agreement	
		Wells Fargo Reserve Account			\$ 3,916,414.45	\$ 3,916,414.45	\$ -	Financial Policy: 50% of Authority's Annual O & M Budget	
		Payments In-Transit to LGIP Fund (Performed Quarterly)			\$ (143,670.31)	\$ 111,724.59	\$ 255,394.90	Incoming Leachate Revenues-Moved Quarterly to LGIP Account	
Restricted Cash and Investments:									
		LGIP-ERRF			\$ 2,710,467.97	\$ 2,710,467.97	\$ -	Resolution adopted by BOD, January 2018	
		LGIP-Capital Improvement Reserve			\$ 7,688,458.72	\$ 7,545,834.58	\$ (142,624.14)	Resolution adopted by BOD, January 2018	
Total Cash and Investments					\$ 17,993,253.06	\$ 18,352,623.40	\$ 359,370.34		

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF CHESTERFIELD, VIRGINIA, CONSENTING TO THE ISSUANCE OF A WASTEWATER TREATMENT REVENUE BOND BY THE SOUTH CENTRAL WASTEWATER AUTHORITY AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPORT AGREEMENT IN CONNECTION THEREWITH

WHEREAS, the City of Petersburg, the City of Colonial Heights, Chesterfield County, Dinwiddie County, and Prince George County (collectively, the "Incorporating Subdivisions"), have, by concurrent resolution adopted by their City Councils and Boards of Supervisors (collectively, the "Governing Bodies"), established the South Central Wastewater Authority (the "Authority") pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia (1950), as amended (the "Virginia Code");

WHEREAS, as stated in the Authority's Articles of Incorporation, the purpose for which the Authority was formed is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities (including, without limitation, sewerage trunk or interceptor lines and pumping stations, together with all appurtenant equipment necessary or suitable therefor and all properties, rights, easements or franchises relating thereto and deemed necessary or convenient by the Authority for their operation) (the "Facilities") for the long-range needs of the Incorporating Subdivisions;

WHEREAS, the Authority provides wastewater treatment services to the Incorporating Subdivisions and the Dinwiddie County Water Authority ("DCWA"), pursuant to the terms of a Service Agreement dated July 2, 1996 (the "Service Agreement"), between the Authority, each Incorporating Subdivision and DCWA, as amended;

WHEREAS, unless otherwise defined, each capitalized term used in this Resolution has the meaning given to it in the Service Agreement;

WHEREAS, pursuant to Section 10 of the Service Agreement each Incorporating Subdivision is obligated to pay each month its share of the Operating and Maintenance Costs of the Authority based generally on the Incorporating Subdivision's estimated use of the Facilities as set forth in the Annual Budget for the then-current Fiscal Year, with a "true-up" to occur after the end of such Fiscal Year;

WHEREAS, Section 11.B.1 of the Service Agreement permits the Authority from time to time to authorize, sell and issue Bonds to provide funds for paying all or a portion of the cost of any improvement, expansion or repair of the Facilities and to refund any then-outstanding indebtedness of the Authority, provided that the Authority obtains the unanimous consent of the Incorporating Subdivisions;

WHEREAS, Section 11.B.3 of the Service Agreement provides that, for Bonds issued by the Authority for purposes of improving or repairing the Facilities (as opposed to expanding the Facilities), each Incorporating Subdivision shall pay Monthly debt service charges based on the total of Monthly debt service payments due, if any, on the Bonds multiplied by (a/b) where

a = Total capacity of the Facilities allocated to an Incorporating Subdivision at the beginning of the Month; and

b = Rated capacity of the Facilities at the beginning of the Month.

WHEREAS, Section 11.E of the Service Agreement requires the Authority on a monthly basis to assess and bill each Incorporating Subdivision its share of the any amount the balance in the Equipment Repair and Replacement Fund is less than \$2,500,000 (or such greater amount as unanimously approved by all of the Incorporating Subdivisions), which share is based on the total capacity allocated to the Incorporating Subdivision;

WHEREAS, the payments to be made by an Incorporating Subdivision each month as described in the preceding three recitals are referred to collectively below as the “Monthly Payments”;

WHEREAS, as set forth in Section 3.A.2 of the Service Agreement (i) the obligation of each Incorporating Subdivision to pay the Monthly Payments and any other amounts billed to it under the Service Agreement is payable solely from Gross Revenues of the Incorporating Subdivision’s own System, although it may make such payments from any other funds legally available to it, and (ii) the obligations of each Incorporating Subdivision under the Service Agreement are independent and no Incorporating Subdivision has any obligation to pay any amounts owed to the Authority by any other Incorporating Subdivision;

WHEREAS, by resolution adopted _____, 2021, the Authority has authorized the issuance and sale of its Wastewater Treatment Reserve Bond (the "Nutrient Removal Bond") the proceeds of which will be used, together with other available funds, to pay the costs of the Authority's Nutrient Removal Technology Project, which constitutes an improvement of the Authority's existing facilities and not an expansion thereof within the meaning of Section 11.B of the Service Agreement;

WHEREAS, the Authority has been advised that the Virginia Resources Authority ("VRA"), acting as Administrator of the Virginia Water Supply Revolving Fund, is willing to purchase the Nutrient Removal Bond on terms favorable to the Authority pursuant to a Financing Agreement between VRA and the Authority to be dated as of a date to be specified by VRA (the "Financing Agreement"); and

WHEREAS, VRA has indicated that its agreement to purchase the Nutrient Removal Bond will be conditioned upon each of the Incorporating Jurisdictions undertaking non-binding obligations to appropriate from time to time moneys to the Authority in connection with payments due under the Service Agreement, which constitute the principal source of and security for the payment of the debt service the Nutrient Removal Bond, as set forth in a Support Agreement (the "Support Agreement"), among the Authority, the County and VRA, the most recent draft of which has been presented to this meeting;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF CHESTERFIELD, VIRGINIA, THAT:

1. It is found and determined that the health, safety, welfare, morals and prosperity of the residents of the County of Chesterfield (the "County") who are served by the Authority will be promoted by (i) the County's consent to the Authority's issuance and sale of the Nutrient Removal Bond to pay costs associated with the Authority's Nutrient Removal Technology Project within the parameters set forth in paragraph 2 of this Resolution and (ii) by the agreement by the Board of Supervisors to enter into the Support Agreement to satisfy one of VRA's conditions to the purchase of the 2022 Bond as described below.

2. The County's consent to the issuance and sale of the Nutrient Removal Bond is conditioned on (i) the principal amount of the Nutrient Removal Bond not exceeding \$_____, (ii) the final maturity of the Nutrient Removal Bond not being later than 31 years from the date of issuance, and (iii) the "true" interest cost of the Nutrient Removal Bond not exceeding 5.0% per annum.

3. The Board of Supervisors acknowledges that (i) the obligations of the Authority to set and revise, and of the Incorporating Jurisdictions to pay the Monthly Payments set by the Authority is crucial to the security for the Nutrient Removal Bond, (ii) VRA would not purchase the Bond without the security and credit enhancement provided by the Support Agreement, (iii) VRA will be a third party beneficiary of the Service Agreement for so long as the Nutrient Removal Bond remains outstanding, and (iv) VRA is treating the Support Agreement as a "local obligation" within the meaning of Section 62.1-199 of the Virginia Code, which in the event of a nonpayment thereunder authorizes VRA or the trustee for VRA's bonds to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Virginia Code. Section 62.1-216.1 provides that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the County of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the County for any all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

4. In consideration of the Authority's issuance of the Bond and VRA's agreement to purchase the Nutrient Removal Bond pursuant to the terms of the Financing Agreement, the Chairman or Vice Chairman of the Board of Supervisors or the County Administrator, any of whom may act, is hereby authorized and directed to execute and deliver the Support Agreement. The Support Agreement shall be in substantially the form presented to this meeting, which is hereby approved, with such completions, omissions, insertions or changes not inconsistent with this resolution as may be approved by the Chairman or Vice Chairman of the Board of Supervisors or the County Administrator, in their sole discretion, the execution thereof by the Chairman or Vice Chairman of the Board of Supervisors or the County Administrator to constitute conclusive evidence of his or her approval of such completions, omissions, insertions or changes.

5. The County Administrator is hereby authorized and directed to carry out the obligations imposed on him by the Support Agreement, and to take all proper steps on behalf of the County as may be required, in accordance with the Authority's plan of finance described above.

6. Nothing contained herein or in the Support Agreement is or shall be deemed to be a lending of the credit of the County to the Authority, VRA or to any other holder of the Nutrient Removal Bond or to any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County, nor shall anything contained herein or in the Support Agreement legally bind or obligate the Board of Supervisors to appropriate funds for purposes described in the Support Agreement.

7. All actions previously taken by representatives or agents of the County in furtherance of the plan of finance and issuance of the Nutrient Removal Bond are hereby ratified and approved.

8. This Resolution shall take effect immediately.

SOUTH CENTRAL WASTEWATER AUTHORITY

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A WASTEWATER
TREATMENT REVENUE BOND IN A PRINCIPAL AMOUNT NOT TO EXCEED
\$ _____ AND ADDITIONAL PARITY BONDS AND PROVIDING FOR THE
SECURITY, FORM, DETAILS AND PAYMENT THEREOF**

WHEREAS, the City of Petersburg (“Petersburg”), the City of Colonial Heights (“Colonial Heights”), Chesterfield County (“Chesterfield”), Dinwiddie County (“Dinwiddie”) and Prince George County (“Prince George”) (collectively, the “Incorporating Subdivisions”), have, by concurrent resolutions adopted by their City Councils and Boards of Supervisors (collectively, the “Governing Bodies”), established the South Central Wastewater Authority (the “Authority”) pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia (1950), as amended (the “Act”);

WHEREAS, as stated in the Authority’s Articles of Incorporation, the purpose for which the Authority was formed is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities (including, without limitation, sewerage trunk or interceptor lines and pumping stations, together with all appurtenant equipment necessary or suitable therefor and all properties, rights, easements or franchises relating thereto and deemed necessary or convenient by the Authority for their operation) for the long-range needs of the Incorporating Subdivisions;

WHEREAS, the Authority provides wastewater treatment services to the Incorporating Subdivisions pursuant to the terms of a Service Agreement dated July 2, 1996 (the “Service Agreement”), between the Authority, each Incorporating Subdivision and the Dinwiddie County Water Authority (“DCWA”) as amended;

WHEREAS, as part of the arrangement to purchase from Petersburg certain real estate and the wastewater treatment facilities thereon, together with all appurtenances thereto, located on and in the vicinity of Pocahontas Island in Petersburg and Chesterfield (collectively, and as more particularly defined below, the “Facilities”) , and to finance certain improvements to the Facilities, on July 2, 1996, the Authority issued its \$22,458,767.34 Taxable Sewer Revenue Bond, Series of 1996 (as amended, the “1996 Bond”), as authorized under a resolution styled “RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$22,458,767.34 TAXABLE SEWER REVENUE BOND, SERIES OF 1996, OF THE SOUTH CENTRAL WASTEWATER AUTHORITY AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF (the “1996 Bond Resolution”), which was adopted by the Board of the Authority on June 25, 1996;

WHEREAS, the 1996 Bond Resolution provided for the issuance of Additional Parity Bonds and Subordinate Debt from time to time in the future;

WHEREAS, the Authority made the final debt service payment on the 1996 Bond on October 14, 2014, and has not issued or incurred any other Additional Parity Bonds or Subordinate Indebtedness under the 1996 Bond Resolution;

WHEREAS, the Authority has undertaken the design and installation of [nutrient removal technology] at the Facilities (the “Nutrient Removal Project”);

WHEREAS, the Authority has determined to finance the Nutrient Removal Project from several sources, one of which is the proceeds of an Additional Parity Bond (as more particularly defined below, the “2022 Bond”);

WHEREAS, the Virginia Resources Authority (“VRA”), acting as the Administrator of the Virginia Water Supply Revolving Fund, has offered to purchase the 2022 Bond pursuant to the terms of a Commitment Letter dated _____, 2021, and a Financing Agreement (the "Financing Agreement") between Authority and VRA, to be dated as specified by VRA;

WHEREAS, the Commitment Letter and the current draft of the Financing Agreement have been presented to the Board of the Authority (the “Board”) at this meeting;

WHEREAS, the Board of the Authority intends to adopt this Resolution to amend and restate the 1996 Resolution to authorize the issuance and sale of the 2022 Bond and the issuance of Additional Parity Bonds and to provide for the security, form, details and payment of the 2022 Bond and the Additional Parity Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE SOUTH CENTRAL WASTEWATER AUTHORITY THAT:

1. Definitions. (a) Each capitalized word or term used but not defined herein shall have the same meaning as set forth in the Service Agreement or the Financing Agreement, as appropriate.

(b) The following capitalized words and terms shall have the following meanings as used in this Resolution unless the context requires otherwise:

“2022 Bond Account” means the account established in the Bond Fund for the 2022 Bond.

“Additional Parity Bonds” means any Additional Bonds of the Authority as defined in the Service Agreement which also qualify as Parity Bonds as defined in the Financing Agreement.

“Bonds” means, collectively, the 2022 Bond and any Additional Parity Bonds, but does not include any Subordinate Indebtedness.

“Facilities” means the wastewater treatment plant and any pipe, fixtures or other equipment on the Authority’s property, located on Pocahontas Island in Petersburg and Chesterfield, and other rights with respect thereto, as such facilities exist as of the date of delivery of the 2022 Bond, and as the same may at any time exist thereafter.

“Government Certificates” means certificates representing ownership of United States Treasury bond principal at maturity or coupons for accrual periods, which bonds or coupons are held by a custodian that is independent of the seller of such certificates.

“Government Obligations” means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

“Interest Requirement” means for any Payment Period and as applied to the 2022 Bond or any series of Additional Parity Bonds then Outstanding, the total of the interest that is payable on such Bonds during such Payment Period; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid from the proceeds of Bonds or other irrevocably pledged moneys or from investment (but not reinvestment) earnings thereon to the extent that such earnings may be determined precisely.

“Outstanding” means all Bonds which have been issued and, if required, authenticated and delivered by the Registrar under this Resolution, except:

- (i) Bonds paid or redeemed or delivered to or acquired by the Registrar for cancellation;
- (ii) Bonds deemed to have been paid in accordance with Section 12 of this Resolution; and
- (iii) Bonds in exchange for or in lieu of which other Bonds have been issued and, if required, authenticated and delivered under this Resolution.

“Payment Period” means the period from the date of the 2022 Bond or any series of Additional Parity Bonds to and including the earlier of the immediately succeeding April 1 or October 1 and thereafter shall mean each semiannual period beginning on each April 2 or October 2 to and including the immediately succeeding October 1 or April 1, as applicable.

“Principal Requirement” means, with respect to the 2022 Bond and any series of Additional Parity Bonds, the principal of which is payable semiannually on each April 1 and October 1, the amount of principal payable on such Bonds during the Payment Period in question and, with respect to any series of Additional Bonds the principal of which is payable annually on each October 1, one-half of the principal payable on such date.

“Registered Owner” means the registered owner of the 2022 Bond or any other Bonds.

“Registrar” shall have the meaning set forth in Section 7 of this Resolution.

“Revenues” means all moneys received by the Authority for the use of, and for the services and facilities furnished by, the Facilities, including all payments to the Authority under the Service Agreement [and the Support Agreements] and all other income derived by the

Authority from the operation or ownership of the Facilities, but shall not include (i) any moneys received by the Authority pursuant to Section 11.C. and D. of the Service Agreement (ii) [any revenues derived from the Authority's acceptance and treatment of septage and leachate] and (iii) any investment earnings on the moneys described in (i) and (ii).

"Subordinate Indebtedness" means any Additional Bonds of the Authority as defined in the Service Agreement which constitute Subordinate Bonds as defined in the Financing Agreement.

"Supplemental Resolution" means a resolution supplemental to this Resolution adopted by the Authority pursuant to Section 11 below.

"Support Agreements" means, collectively, the Support Agreements by and between the Authority, the Incorporating Subdivisions and VRA, [to be dated the date of the delivery of the 2022 Bond.]

2. Authorization of the Nutrient Removal Project and the Issuance and Sale of 2022 Bond. The Board determines that it is advisable for the Authority to undertake the Nutrient Removal Project and to borrow money for such purpose and to issue the 2022 Bond therefor. The Board hereby finds that the undertaking of the Nutrient Removal Project and the issuance of the 2022 Bond will promote the health, safety, welfare, morals and prosperity of the residents served by the Authority and will promote the governmental purposes for which the Authority was formed. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Act, the Authority authorizes the issuance and sale to VRA of the 2022 Bond within the parameters set forth in this Resolution to provide funds to be used, along with other available money, to pay costs of the Project.

3. Authorization of Commitment Letter and Financing Agreement. The forms of the Commitment Letter and the Financing Agreement submitted to this meeting are approved. The Chairman and Vice-Chairman of the Authority, either of whom may act, are authorized to execute the Commitment Letter and Financing Agreement in substantially such forms, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman or Vice-Chairman, whose approval shall be evidenced conclusively by the execution and delivery thereof.

4. Details of the 2022 Bond. (a) The 2022 Bond shall be designated "Taxable Wastewater Treatment Revenue Bond, Series 2022," shall be dated the date of its delivery to the Fund and shall be in principal amount not to exceed \$ _____. The 2022 Bond shall provide for the Fund to make principal advances from time to time in an aggregate amount not to exceed \$ _____ and to note such advances on the 2022 Bond as moneys are advanced by the Fund thereunder. An authorized representative of VRA shall enter the amount and the date of each such principal advance on the Certificate of Principal Advances on the 2022 Bond when the proceeds of each such advance are delivered to the Authority.

(b) The Chairman and the Executive Director of the Authority (the "Executive Director") are authorized to determine and approve all of the final terms and details of the 2022

Bond, including, without limitation, its series designation, dated date, maximum principal amount, interest rate or rates, principal payment dates and amounts and final maturity date; provided, however, that (i) the principal amount of the 2022 Bond shall not exceed \$_____, (ii) the “true” interest cost of the 2022 Bond shall not exceed 5.0%, and (iii) the final maturity of the 2022 Bond shall not be later than June 30, 2053.

(c) The approval of the Chairman and the Executive Director of the aforementioned terms and details of the 2022 Bond shall be evidenced conclusively by the execution and delivery of the 2022 Bond on the Authority’s behalf.

5. Prepayment Provisions. The 2022 Bond shall be subject to prepayment as set forth in the Financing Agreement.

6. Execution and Form of 2022 Bond. The 2022 Bond shall be executed by the Chairman or Vice-Chairman of the Authority, the Authority’s seal shall be affixed thereon and attested by the Secretary/Treasurer or Assistant Secretary/Treasurer (if any) of the Authority. The 2022 Bond shall be in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions, and changes not inconsistent with this Resolution as may be approved by the officers signing the 2022 Bond, whose approval shall be evidenced conclusively by the execution and delivery of the 2022 Bond.

7. Registration and Transfer of Bond. (a) The Authority appoints its Secretary/Treasurer as registrar and paying agent (the “Registrar”) for the 2022 Bond. If the offices of the Secretary and Treasurer of the Authority are ever held by different persons, the Treasurer shall serve as Registrar. Upon surrender of the 2022 Bond at the office of the Registrar, together with an assignment duly executed by the Registered Owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Authority shall execute and deliver in exchange a new bond having an equal aggregate principal amount, of the same form and maturity and registered in such name as requested by the then Registered Owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Authority, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

(b) The Registrar shall treat the Registered Owner as the person or entity exclusively entitled to payment and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as Registered Owner on the registration books on the 15th of the month preceding each payment date.

8. Mutilated, Lost or Destroyed Bond. If the 2022 Bond has been mutilated, lost or destroyed, the Authority shall execute and deliver a new bond of like date and tenor in exchange and substitution for, and cancellation of, such mutilated 2022 Bond or in lieu of and in substitution for such lost or destroyed 2022 Bond; provided, however, that the Authority shall so execute and deliver a new bond only if the Registered Owner has paid the reasonable expenses and charges of the Authority in connection therewith and, in the case of a lost or destroyed 2022 Bond, (i) has filed with the Authority and the Registrar evidence satisfactory to the Authority and the Registrar

that such 2022 Bond was lost or destroyed and (ii) has furnished indemnity satisfactory to the Registrar.

9. Pledge of Revenues and Funds. (a) Subject to the right of the Authority to apply the Revenues to the payment of the Operating and Maintenance Costs, the Revenues, the 2022 Bond Account and the Equipment Repair and Replacement Fund are pledged to the payment of the principal of and interest on the 2022 Bond. Additional Parity Bonds secured by the Revenues and the Equipment Repair and Replacement Fund on parity with the 2022 Bond may be issued under the terms of the Financing Agreement and the Service Agreement.

(b) The 2022 Bond shall be payable solely from Revenues and amounts in the 2022 Bond Account and the Equipment Repair and Replacement Fund and nothing in the Financing Agreement, the Service Agreement, the 2022 Bond or this Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth, including the Authority, any Incorporating Subdivision and DCWA. The issuance of the 2022 Bond shall not directly or indirectly or contingently obligate the Commonwealth of Virginia or any county, city, town or other subdivision of the Commonwealth of Virginia, including the Authority, any Incorporating Subdivision and DCWA, to levy any taxes whatever therefor or to make any appropriation for its payment except from the Revenues and other property pledged pursuant to this Resolution and the Financing Agreement. The Authority has no taxing power.

(c) It is covenanted and agreed with the Registered Owner that so long as the 2022 Bond is Outstanding and unpaid the Authority shall:

(d) Fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the Facilities and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues Available for Debt Service will equal at least 100% of the amount required during the Fiscal Year to pay the principal of and interest on the 2022 Bond, any Additional Parity Bonds, the Additional Payments, Subordinate Indebtedness and all other indebtedness of the Authority payable from Revenues, including, without limitation, generally accepted accounting principles, and becoming due and payable in such Fiscal Year, and any required payments into the Equipment Repair and Replacement Fund. If, for any reason, the Revenues are insufficient to satisfy the foregoing covenant, the Authority shall within 90 days adjust and increase its rates, fees and other charges or reduce the Operating and Maintenance Costs so that the Revenues satisfy such requirement, provided that the obligations of each Incorporating Subdivision under the Service Agreement are independent and no Incorporating Subdivision has any obligation to pay any amounts owed to the Authority by any other Incorporating Subdivision; and

(e) Apply the Revenues in each Fiscal Year first to pay the Operating and Maintenance Costs and then to pay principal of and interest on the 2022 Bond and any Additional Parity Bonds as more particularly described in Section 10 of this Resolution.

10. Funds and Accounts. (a) Establishment. There are hereby established the following funds and accounts to be held by the Authority subject to subsection (b) below:

(1) The South Central Wastewater Authority Operating Fund (the “Operating Fund”);

(2) The South Central Wastewater Authority Bond Fund (the “Bond Fund”), in which there will be established a separate account with respect to the 2022 Bond (the “2022 Bond Account”) and each series of Additional Parity Bonds to be issued by the Authority;

(3) The South Central Wastewater Authority Equipment Replacement and Reserve Fund (the “Equipment Replacement and Reserve Fund”);

(4) The South Central Wastewater Authority Subordinate Indebtedness Fund (the “Subordinate Indebtedness Fund”); and

(5) The South Central Wastewater Authority General Fund (the “General Fund”).

(b) Transfer. The Authority may by Supplemental Resolution transfer the Bond Fund, the Equipment Repair and Replacement Fund and/or the Subordinate Indebtedness Fund and the Authority’s duties with respect thereto to a bond trustee or similar fiduciary.

(c) Operating Fund. The Authority shall deposit into the Operating Fund as received all Operating and Maintenance Charges under the Service Agreement. The Authority shall pay the Operating and Maintenance Costs of the Facilities as the same become due and in accordance with the Annual Budget. Investment earnings realized from the investment of moneys in the Operating Fund shall be retained therein.

(d) Bond Fund. (1) The Authority shall pay when due from the appropriate accounts in the Bond Fund the principal of and interest on the 2022 Bond and each series of Additional Parity Bonds and any late charges with respect thereto.

(2) Unless otherwise provided in a Supplemental Resolution, the Authority shall, on or before the 20th day of each month, commencing with the first complete month following the issuance of the 2022 Bond (each a “Deposit Day”), deposit pro rata in each account of the Bond Fund the sum of:

(A) one-sixth (1/6th) of the Interest Requirement for the then current Payment Period for the 2022 Bond or series of Additional Parity Bonds with respect to which the account was established; provided, however, that unless otherwise provided in a Supplemental Resolution, the amount so deposited on account of the then current Interest Requirement on each Deposit Day after the delivery of the 2022 Bond or series of the Additional Parity Bonds up to and including the first interest payment date for the 2022 Bond or the series of

Additional Parity Bonds shall be that amount which when multiplied by the number of such deposits will be equal to the amount of such current Interest Requirement respecting the 2022 Bond or such series of Additional Parity Bonds during such first Payment Period;

(B) one-sixth (1/6th) of the amount of the Principal Requirement for the then-current Payment Period; provided, however, that unless otherwise provided in a Supplemental Resolution, the amount so deposited on account of the then current Principal Requirement on each Deposit Day after the delivery of the 2022 Bond or the Additional Parity Bonds up to and including the end of the first Payment Period for the 2022 Bond or series of Additional Parity Bonds shall be that amount which when multiplied by the number of such deposits will be equal to the amount of such current Principal Requirement respecting the 2022 Bond or such series of Additional Parity Bonds during such first Payment Period; and

(3) Any payments received pursuant to Section 11.A.2. of the Service Agreement to pay late charges or other charges (including Additional Payments) under the Financing Agreement shall be credited to the 2022 Bond Account and used immediately upon receipt to pay such charges.

(4) The Authority shall deposit any amounts transferred to the Bond Fund from the Subordinate Indebtedness Fund pursuant to subsection (e) below and from the Equipment Repair and Replacement Fund pursuant to subsection (f)(2)(A) below in the account or accounts of the Bond Fund for which such amounts were transferred.

(5) Unless otherwise provided in a Supplemental Resolution, excess deposits and investment earnings credited to any account in the Bond Fund shall remain therein and future deposits to the Bond Fund shall be reduced by the amount so credited. Payments due from the Incorporating Subdivisions under Section 11.A.2. and B. of the Service Agreement in the months following the date upon which such amounts are credited shall be reduced by the amounts so credited.

(6) If the Supplemental Resolution authorizing any series of Additional Parity Bonds shall provide that the interest is payable otherwise than semiannually on April 1 and October 1 of each year or that the principal is payable otherwise than annually on October 1 or semiannually on April 1 and October 1, then the Authority shall provide in such Supplemental Resolution for such deposits to the Bond Fund as shall be necessary to accrue evenly and to ensure the sufficiency of the required deposits to make timely payment of the debt service on such series of Additional Parity Bonds.

(e) Subordinate Indebtedness Fund. The Authority shall use money in the Subordinate Indebtedness Fund, first, to make transfers to the Bond Fund to pay the debt service on the 2022 Bond or series of Additional Bonds for which the balance in the applicable account of the Bond Fund is insufficient and, second, to make payments of debt service on any Subordinate Indebtedness when due.

(f) Equipment Replacement and Reserve Fund. (1) The Authority shall on each Deposit Date deposit in the Equipment Replacement and Reserve Fund the amounts received from the Incorporating Subdivisions pursuant to Section 11.E. of the Service Agreement, amounts received by the Authority to replenish transfers made pursuant to subsection (f)(2)(A) below and such additional amounts as may be provided by resolution of the Authority.

(2) The Authority may use moneys in the Equipment Replacement and Reserve Fund, as needed, as follows:

(A) To transfer to the Bond Fund to pay the debt service on the 2022 Bond or series of Additional Parity Bonds for which the balance in the applicable account of the Bond Fund is insufficient; and

(B) To pay the cost of repairs and replacements of the Facilities and the cost of acquisition or construction of improvements, extensions, additions or replacements required to be charged to capital account by generally accepted accounting principles and which constitute or will constitute a part of the Facilities.

(3) Investment earnings realized on moneys in the Equipment Replacement and Reserve Fund shall be retained in the Fund.

(g) General Fund. (1) The Authority shall deposit in the General Fund immediately upon receipt the amounts received from the Incorporating Subdivisions pursuant to Section 11.C. and D. of the Service Agreement and such additional amounts as may be provided by resolution of the Authority.

(2) Moneys paid into the General Fund under Section 11.C. and D. of the Service Agreement shall be used only for the purposes for which they were paid.

(3) Any other money in the General Fund may be used by the Authority for any lawful purpose, including, without limitation, for deposit to any fund or account established under this Resolution.

(4) Amounts in the General Fund are not pledged to secure the 2022 Bond or other Bonds.

(h) Miscellaneous Revenues. All Revenues other than those specifically provided for above shall be deposited to the credit of the funds and accounts established pursuant to this Resolution as the Authority may determine from time to time by resolution; provided, however, that any such resolution providing for deposits to the credit of the Subordinate Indebtedness Fund shall provide that each such deposit shall be made only after depositing to the credit of the Bond Fund the amount, if any, required to cure any deficiencies in amounts theretofore required to be transferred to the Bond Fund pursuant to subsection (d)(2) above.

(i) Permitted Investments. Any money held in the funds and accounts established above may be invested and reinvested by the Authority in investments which are at the time legal investments for public funds with respect to such funds and accounts under the Investment of Public Funds Act (Chapter 45, Title 2.2, Code of Virginia (1950), as amended) or any subsequent provision of law applicable to such investments.

11. Supplemental Resolutions. (a) Supplemental Resolutions without Consent of Registered Owners. The Authority, from time to time and at any time, may without the consent of the Registered Owners of any Bonds issued hereunder adopt such resolutions supplemental hereto ("Supplemental Resolutions") as shall be consistent with the terms and provisions of this Resolution (which Supplemental Resolutions shall thereafter form a part hereof):

(1) to cure an ambiguity or formal defect or omission, or to correct or supplement any provision herein that may be inconsistent with any other provision herein, or

(2) to grant to, or confer upon the Registered Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Registered Owners, or

(3) to add to the conditions, limitations and restrictions thereafter to be observed by the Authority under the provisions of this Resolution, or

(4) to provide for the issuance of Additional Parity Bonds and Subordinate Indebtedness, to provide for coupon Bonds if then permitted, to provide for the issuance of uncertificated (book entry) Bonds, and to provide for such other related matters as may be required or contemplated by or appropriate under this Resolution, including without limitation, the establishment and funding of one or more funds or accounts or subaccounts in the accounts established under this Resolution, or

(5) to add to the covenants and agreements of the Authority in this Resolution other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, or

(6) to make any other changes to the extent such changes, in the opinion of the Authority, would not materially adversely affect the interests of the Registered Owners.

Not more than thirty days following the adoption of any Supplemental Resolution (except a Supplemental Resolution entered into pursuant to paragraph (4) above fixing the details of any series of Bonds issued to the extent such Supplemental Resolution does not amend this Resolution in a manner other than as permitted by this Section as to which no notice need be given) for any of the purposes of this Section the Authority shall cause a notice of the proposed adoption of such Supplemental Resolution to be mailed, first class, postage prepaid, to all Registered Owners. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the office of the Authority for inspection for all Registered Owners.

A failure on the part of the Authority to mail the notice required by this Section shall not affect the validity of such Supplemental Resolution.

(b) Modification of Resolutions with Consent of Registered Owners. Subject to the terms and provisions contained in this Section, and not otherwise, the Registered Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding that will be affected by a proposed Supplemental Resolution shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Authority of such Supplemental Resolution or Resolutions as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of the Registered Owners of all affected Bonds Outstanding (i) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (iii) the creation of a pledge or lien on the Revenues than the pledge and lien created by this Resolution, or (iv) a preference or priority of any Bond over any other Bond, or (v) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by the Registered Owners of the adoption and acceptance of any Supplemental Resolution as authorized in subsection (a) above.

If at any time the Authority shall determine that it is desirable to adopt any Supplemental Resolution pursuant to this subsection (b), the Authority shall cause notice of the proposed execution of such Supplemental Resolution to be mailed, first class, postage prepaid, to all Registered Owners. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the Authority for inspection by all Registered Owners. The Authority shall not, however, be subject to any liability to any Registered Owners by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Resolution when approved and consented to as provided in this Section.

Whenever, at any time within three years after the date of the first mailing of such notice, the Authority shall receive an instrument or instruments in writing purporting to be executed by the Registered Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding that are affected by a proposed Supplemental Resolution, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Authority may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Registered Owner, whether or not such Registered Owner shall have consented thereto.

If the Registered Owners of not less than a majority in aggregate principal amount of Bonds Outstanding that are affected by a proposed Supplemental Resolution at the time of the execution of such Supplemental Resolution shall have consented to and approved the execution

thereof as herein provided, no Registered Owner shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Authority from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section, this Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Authority, the Registrar and all Registered Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Resolution as so modified and amended.

(c) Exclusion of Authority-Held Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Section, and the Authority as Registered Owner of such Bonds shall not be entitled to consent or take any other action provided for in this Section.

12. Defeasance. (a) If the Authority shall pay or cause to be paid the principal of and premium, if any, and interest on all Bonds Outstanding hereunder, together with all other sums payable hereunder by the Authority, then and in that case the rights, title and interest of the Registered Owners in and to the estate pledged to them under this Resolution shall cease, terminate and become void, and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution.

(b) If the Authority shall pay or cause to be paid to the Registered Owners of less than all of the Outstanding Bonds the principal of and premium, if any, and interest on such Bonds, or such portions thereof, which is and shall thereafter become due and payable upon such Bonds, or such portions thereof, such Bonds, or such portions thereof, shall cease to be entitled to any lien, benefit or security under this Resolution.

(c) Any Outstanding Bond (or any portion thereof) shall be deemed to have been paid for the purposes of subsection (a) or (b) of this Section when (i) there shall have been deposited with an escrow agent for the Registered Owners either moneys in an amount which, or Government Obligations and/or Government Certificates the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys in an amount which, together with the moneys, if any, deposited with or held by the escrow agent available therefor, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said Bond (or portion thereof) on or prior to the redemption date or maturity date thereof, as the case may be, (ii) in case said Bond (or portion thereof) has been selected for redemption in accordance with the provisions hereof prior to its maturity, the Authority shall have given to the Registrar irrevocable instructions to give in accordance with the provisions thereof notice of redemption of such Bond (or portion thereof), (iii) in the event said Bond is not to mature or be redeemed within the next succeeding sixty days, the Authority shall cause notice to the Registered Owner of said Bond (or portion thereof) to be given stating that moneys or Government

Obligations and/or Government Certificates have been deposited with the escrow agent as provided in this Section 12 and that said Bond (or portion thereof) is deemed to have been paid in accordance with this Section 12 and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal thereof and premium, if any, and interest thereon and (iv) satisfactory provisions shall have been made for the payment of the escrow agent's fees and expenses, and all fees and expenses payable by the Authority in connection with the defeasance of said Bond.

(d) The moneys and Government Obligations and/or Government Certificates deposited with the escrow agent pursuant to this Section and all payments of principal or interest thereon shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds (or portions thereof) deemed to have been paid in accordance with this Section.

(e) If Bonds (or portions thereof) are deemed to have been paid in accordance with the provisions of this Article by reason of the deposit with the escrow agent of moneys or Government Obligations and/or Government Certificates, no amendment to the provisions of this Section which would adversely affect the Registered Owners of such Bonds (or portions thereof) shall be made without the consent of each Registered Owner affected thereby.

(f) All money and Government Obligations and/or Government Certificates held pursuant to this Section shall be held in trust and applied to the payment, when due, of the Bonds (or portions thereof) payable therewith.

13. Effect of Partial Invalidity. In case any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution, but this Resolution shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Resolution shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

14. Other Actions. All other actions of Authority officials in conformity with the purposes and intent of this Resolution are ratified, approved and confirmed. The Authority officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the transactions approved or contemplated by this Resolution and to obtain the approval of the Incorporating Subdivisions of the issuance and sale of the 2022 Bonds and the Support Agreements as required pursuant to the Service Agreement, the Commitment Letter and the Financing Agreement.

15. Repeal of Conflicting Resolutions. All resolutions or parts thereof in conflict with this Resolution are repealed.

16. Effective Date. This Resolution shall take effect immediately.

**SUPPORT AGREEMENT
SOUTH CENTRAL WASTEWATER AUTHORITY**

THIS SUPPORT AGREEMENT (this "Support Agreement") is made as of _____, 2022, among the **COUNTY OF CHESTERFIELD, VIRGINIA** (the "County"), the **SOUTH CENTRAL WASTEWATER AUTHORITY** (the "Authority"), and the **VIRGINIA RESOURCES AUTHORITY** ("VRA"), acting as Administrator of the Virginia Water Facilities Revolving Fund, the purchaser of the Nutrient Removal Bond, as hereinafter defined, pursuant to a Financing Agreement dated as of _____, 2022 (the "Financing Agreement"), between VRA and the Authority.

WHEREAS, the City of Petersburg, the City of Colonial Heights, Chesterfield County, Dinwiddie County, and Prince George County (collectively, the "Incorporating Subdivisions"), have, by concurrent resolution adopted by their City Councils and Boards of Supervisors (collectively, the "Governing Bodies"), established the South Central Wastewater Authority (the "Authority") pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia (1950), as amended (the "Virginia Code");

WHEREAS, as stated in the Authority's Articles of Incorporation, the purpose for which the Authority was formed is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities (including, without limitation, sewerage trunk or interceptor lines and pumping stations, together with all appurtenant equipment necessary or suitable therefor and all properties, rights, easements or franchises relating thereto and deemed necessary or convenient by the Authority for their operation) (the "Facilities") for the long-range needs of the Incorporating Subdivisions;

WHEREAS, the Authority provides wastewater treatment services to the Incorporating Subdivisions pursuant to the terms of a Service Agreement dated July 2, 1996 (the "Service Agreement"), between the Authority, each Incorporating Subdivision and the Dinwiddie County Water Authority ("DCWA"), as amended;

WHEREAS, unless otherwise defined, each capitalized term used in this Resolution has the meaning given to it in the Service Agreement;

WHEREAS, pursuant to Section 10 of the Service Agreement each Incorporating Subdivision is obligated to pay each month its share of the Operating and Maintenance Costs of the Authority based generally on the Incorporating Subdivision's estimated use of the Facilities as set forth in the Annual Budget for the then-current Fiscal Year, with a "true-up" to occur after the end of such Fiscal Year;

WHEREAS, Section 11.B.3 of the Service Agreement provides that, for Bonds issued by the Authority for purposes of improving or repairing the Facilities (as opposed to expanding the Facilities), each Incorporating Subdivision shall pay Monthly debt service charges based on the total of Monthly debt service payments due, if any, on the Bonds multiplied by (a/b) where

a = Total capacity of the Facilities allocated to an Incorporating Subdivision at the beginning of the Month; and

b = Rated capacity of the Facilities at the beginning of the Month.

WHEREAS, Section 11.E of the Service Agreement requires the Authority on a monthly basis to assess and bill each Incorporating Subdivision its share of the any amount the balance in the Equipment Repair and Replacement Fund is less than \$2,500,000 (or such greater amount as unanimously approved by all of the Incorporating Subdivisions), which share is based on the total capacity allocated to the Incorporating Subdivision;

WHEREAS, the payments to be made by an Incorporating Subdivision each month as described in the preceding three recitals are referred to collectively below as the “Monthly Payments”;

WHEREAS, as set forth in Section 3.A.2 of the Service Agreement (i) the obligation of each Incorporating Subdivision to pay the Monthly Payments and any other amounts billed to it under the Service Agreement is payable solely from Gross Revenues of the Incorporating Subdivision’s own System, although it may make such payments from any other funds legally available to it and (ii) the obligations of each Incorporating Subdivision under the Service Agreement are independent and no Incorporating Subdivision has any obligation to pay any amounts owed to the Authority by any other Incorporating Subdivision;

WHEREAS, by resolution adopted ____, 2021 (the "Authority Authorizing Resolution"), the Authority has authorized the issuance and sale of its Westchester Treatment Revenue Bond (the "Nutrient Removal Bond"), the proceeds of which will be used, together with other available funds, to pay the costs of the Nutrient Removal Technology Project, which constitutes an improvement of the Authority's existing facilities and not an expansion thereof within the meaning of Section 11.B of the Service Agreement;

WHEREAS, VRA has agreed to purchase the Nutrient Removal Bond pursuant to the Financing Agreement;

WHEREAS, as a condition to the purchase by VRA of the Nutrient Removal Bond, VRA is requiring each of the Incorporating Subdivisions to enter into a support agreement substantively identical to this Support Agreement; and

WHEREAS, on __, 2021 (the “County Resolution”), the Board of Supervisors of the County (the “Board”) adopted a resolution (i) consenting to the issuance of the Bond within certain parameters and (ii) approving this Support Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the issuance of the Bond by the Authority, the purchase of the Nutrient Removal Bond by VRA and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. Unless otherwise defined, each capitalized term used in this Support Agreement shall have the meaning given it in the Service Agreement or in the Financing Agreement.

2. The County agrees that the terms of the Nutrient Removal Bond are within the parameters set forth in paragraph 2 of the County Resolution.

3. If at any time the revenues available to the Authority shall be insufficient to pay in a timely fashion any of the Operating and Maintenance Expenses, the payment of debt service on the Nutrient Removal Bond or to replenish the Equipment Repair and Replacement Fund in accordance with the terms of the Service Agreement, the Authority Authorizing Resolution, the Nutrient Removal Bond and the Financing Agreement, either because (i) the Authority has failed to set and revise the Monthly Payments by the County as required to make such payment or (ii) the County has failed to make a payment of its Monthly Payments as provided under the Service Agreement, the Authority shall notify the County and VRA of the amount of such insufficiency and the County Administrator of the County shall request an appropriation from the Board in the amount necessary to make such payment; provided that under no circumstances will the County Administrator be obligated to request, or the Board to appropriate, any to pay or cover any amounts owed to the Authority by any other Incorporating Subdivision.

4. The County Administrator shall present each request for appropriation pursuant to paragraph 3 above to the Board, and the Board shall consider such request at the Board's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify VRA as to whether the amount so requested was appropriated. If the Board shall fail to make any such appropriation, the Authority shall add the amount of such requested appropriation to the Monthly Payments to be made by the County for the Authority's next Fiscal Year.

5. The Board hereby undertakes a non-binding obligation to appropriate such amounts as may be requested from time to time pursuant to paragraph 3 above, to the fullest degree and in such manner as it consistent with the Constitution and laws of the Commonwealth of Virginia. The Board, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards do likewise.

6. The County and the Authority acknowledge that (i) the obligations of the Authority to set and revise, and of the Incorporating Jurisdictions to pay, the Monthly Payments to the Authority is crucial to the security for the Nutrient Removal Bond, (ii) VRA would not purchase the Nutrient Removal Bond without the security and credit enhancement provided by this Support Agreement, (iii) VRA will be a third party beneficiary of the Service Agreement for so long as the Nutrient Removal Bond remains outstanding and (iv) VRA is treating this Support Agreement as a "local obligation" within the meaning of Section 62.1-199 of the Virginia Code, which in the event of a nonpayment hereunder authorizes VRA or the Trustee to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Virginia Code. Section 62.1-216.1 provides that if the Governor is satisfied that the nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the County of all funds, or of any part of them, appropriated and payable by the

Commonwealth of Virginia to the County for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

7. Nothing herein contained is or shall be deemed to be a lending of the credit of the County to the Authority, VRA or to any holder of the Nutrient Removal Bond or to any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County, nor shall anything herein contained legally bind or obligate the Board to appropriate funds for the purposes described herein.

8. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to _____, Attention: County Administrator, (ii) if to the Authority, _____, Attention: _____, and (iii) if to VRA, to 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director. Any party may designate any other address for notices or requests by giving notice.

9. It is the intent of the parties hereto that this Support Agreement shall be governed by the laws of the Commonwealth of Virginia.

10. This Support Agreement shall remain in full force and effect until the Nutrient Removal Bond and all other amounts payable by the Authority under the Financing Agreement have been paid in full.

11. This Support 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]

IN WITNESS WHEREOF, the parties hereto have each caused this Support Agreement to be executed in their respective names as of the date first above written.

COUNTY OF CHESTERFIELD, VIRGINIA

By: _____
County Administrator

**SOUTH CENTRAL WASTEWATER
AUTHORITY**

By: _____
Chairman

VIRGINIA RESOURCES AUTHORITY

By: _____
Executive Director

[SIGNATURE PAGE OF SUPPORT AGREEMENT]